



# 2023

## Annual Report

Report on non-financial information of the PZU Group  
and PZU SA for 2023

[pzu.pl](https://pzu.pl)

We care about what is **most**  
**important** in life.

INSURANCE | HEALTH | INVESTMENT | BANKING

# Table of contents

To go to the desired page, click on the corresponding item in the table.

## Table of contents

1. Approach to reporting ..... 5

2. PZU Group and PZU characteristics ..... 6

3. Business model and value creation ..... 11

3.1. Value chain ..... 11

3.2. Stakeholder map ..... 13

3.3. Value creation ..... 14

4. ESG Strategy ..... 16

4.1. ESG ambitions for 2030–2050 ..... 19

5. Key non-financial performance indicators ..... 21

6. Taxonomy – disclosure under Article 8 of Regulation (EU) 2020/852<sup>1</sup> ..... 24

6.1. Insurance and reinsurance activities ..... 24

6.2. Investment activity ..... 29

7. ESG risk management ..... 48

7.1. Responsibility related to ESG ..... 48

7.2. Key ESG risks ..... 49

7.3. Policies and procedures on non-financial issues ..... 50

8. Social issues ..... 51

8.1. Responsible sales ..... 52

8.2. Customer dialog and improvement process ..... 56

8.3. Preventing exclusion ..... 58

8.4. Sports and physical activity ..... 60

8.5. Health prevention ..... 62

8.6. Prevention ..... 64

8.7. Cultural patronage ..... 66

8.8. Charity ..... 67

9. Employee issues ..... 69

9.1. Employment structure ..... 70

9.2. Work environment ..... 77

9.3. Organizational culture ..... 79

9.4. Diversity in relations with employees ..... 82

9.5. Engagement surveys, dialog and trade unions ..... 86

9.6. Remuneration and benefits ..... 88

9.7. Training and development ..... 90

9.8. Knowledge and experience sharing ..... 94

9.9. Safety ..... 95

10. Environmental issues ..... 96

10.1. Business of the PZU Group in the face of climate change ..... 96

10.2. Product offering – prevention and adaptation ..... 101

10.3. Direct impact exerted by the PZU Group on the environment ..... 110

10.4. Energy consumption ..... 115

10.5. Carbon footprint ..... 119

11. Respect for human rights ..... 124

12. Counteracting corruption ..... 126



# 1. Approach to reporting

PZU published the Management Board’s report on the activity of the PZU Group and PZU for 2023, which is also an integrated report. The report presents the PZU Group's activities by integrating financial and business results along with environmental, social, and corporate governance issues. The non-financial information presented in this report is to help readers understand better the results in respect of ESG strategy execution and cultivate long-term relations with key stakeholders.

For the purpose of the non-financial information statement referred to in Article 49b and Article 55(2c) of the Accounting Act, PZU prepared this Report on non-financial information of the PZU Group and PZU SA for 2023, including non-financial information in line with the requirements of the Act.

The data presented in the report are for the period from 1 January 2023 to 31 December 2023.

Contact information for the report:

Investor Relations Team  
e-mail: [daneniefinansowe@pzu.pl](mailto: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 2022 and 2023 have been checked by an independent external company doing business as Veritas Polska Sp. z o.o.

The report covers the consolidated non-financial data of the PZU Group and its parent company PZU, in accordance with the organization structure included in the Consolidated Financial Statements for the year ended 31 December 2023.

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.

In 2023, no significant changes occurred in PZU Group’s structure. Details in this regard are presented in [the Chapter “PZU Group Strategy”](#).

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 2023, no significant adjustments to the information were made.

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.





## 2. PZU Group and PZU characteristics

For more than 220 years, PZU has been growing its business, gaining experience and using its potential to protect what is most valuable – the life and well-being of its clients, their families, assets and companies. Every day, the Group develops to grow be able to provide the most personalized, comprehensive and flexible offer to its clients. The priority for the PZU Group and the measure of its success is to generate benefits for its shareholders and clients in a sustainable and responsible manner.

The Powszechny Zakład Ubezpieczeń Group is the largest financial group in Poland and Central and Eastern Europe. PZU heads up the group with its traditions dating back to 1803 when the first insurance company was established on Polish soil. PZU is a public company. The stock of PZU has been listed on the Warsaw Stock Exchange (WSE) since 2010. Since its stock exchange debut PZU has been part of WIG20, an index of the Warsaw Stock Exchange’s largest companies. It is one of the most highly valued companies and heavily traded stocks on the Polish stock exchange. Since 2019, the shares of PZU have been also part of the WIG ESG (sustainability) index.

The main shareholder of PZU is the State Treasury, holding 34.19% of shares. Other PZU shares are held by investors from all across the world.

The PZU Group’s consolidated assets total PLN 468 billion.

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 PZU Group is the leader of the insurance market in Poland, with shares measured by gross premiums written in the non-life insurance segment and the life insurance segment of 32.1% and 40.1%, respectively (data for three quarters of 2023).

PZU companies also offer investment, pension, and banking products as well as medical services. They render assistance services to retail clients and businesses through strategic partnerships.

PZU is the most recognizable brand in Poland. Aided brand awareness is at the level of 99%<sup>1</sup>.

#1

the largest insurance and banking group in Central and Eastern Europe<sup>2</sup>

99%

the most recognizable brand in Poland<sup>1</sup>

22 million

Clients

PLN 40.8 billion

stock market capitalization<sup>3</sup>

1) Continuous brand monitoring, CAWI, nat-rep 18-65, data for January-December 2023; percentage of respondents in the target group declaring familiarity with the brand by indicating it in a list of different brands  
2) By assets  
3) At the end of 2023



PZU Group

Market position of PZU Group companies

KEY:

🏠

Non-life insurance

👤

Life insurance

⚙️

Market position in terms of assets under management







💰

Market position in terms of assets


⊕

Market position in terms of medical revenues


POLAND

		<div>🏠</div> <div>👤</div>
	#1	
		
	#2	<div>💰</div>
	#8	
TFI PZU	#3	<div>⚙️</div>
OFE PZU	#3	
Pekao TFI	#5	
	#3	<div>⊕</div>


LITHUANIA

	#1	<div>🏠</div>
	#6	<div>👤</div>


LATVIA

	#1	<div>🏠</div>
---	----	--------------

ESTONIA

	#4	<div>🏠</div>
---	----	--------------

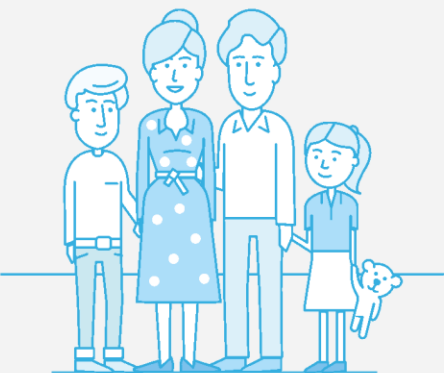
UKRAINE

	#10	<div>🏠</div>
	#4	<div>👤</div>





# Key PZU Group business areas



## INSURANCE

For many years the PZU Group has provided insurance cover in all of the most important areas of private, public and business life, thereby safeguarding its clients’ lives, assets and health.

PZU (non-life insurance, including motor, residential and buildings, agricultural and third party liability insurance) and PZU Życie (life insurance) are the leaders on Poland’s insurance market. Since 2014, following the acquisition of LINK4, the Group has offered insurance under two brands:

the most recognizable PZU brand, with its 220-year tradition, and the much younger LINK4 brand, associated with direct sales channels. In 2015 the third brand, TUW PZUW, or Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych, a mutual insurer, was founded to sell and handle insurance products for companies in various industries, focusing on cooperation with large corporates, medical entities (hospitals and clinics) as well as for church institutions and local government units.

The PZU Group is also the leader in the insurance market in the Baltic States (Lithuania, Latvia, Estonia). It also conducts insurance activity in Ukraine.

Poland is the Group’s core market, where it generates 89.9% of its revenue (measured by gross insurance revenue). The insurance activity in the Baltic States and in Ukraine generates 10.1% of its revenue.



## INVESTMENTS

The PZU Group is one of the largest asset managers on the Polish market. It is also the market leader in employee pension schemes.

It offers a broad range of investment products: open-ended and closed-ended investment fund and pension products, such as open-ended pension funds, individual retirement accounts (IRA), individual retirement security accounts with the PZU Voluntary Pension Fund, employee pension schemes (EPS), or employee capital schemes (ECS). TFI PZU also invests the PZU Group’s own funds.

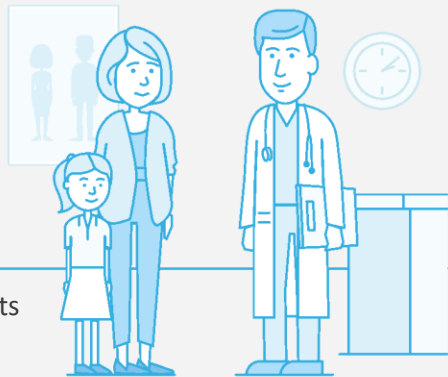
The PZU Group has three mutual fund management companies: PZU TFI, Pekao TFI and Alior TFI. It also has Powszechnie Towarzystwo Emerytalne PZU managing the PZU Złota Jesień Open-end Pension Fund and the PZU Voluntary Pension Fund.

## HEALTH

Striving to satisfy the clients’ needs better and more fully the PZU Group intensively grows the health insurance segment along with associated medical care services.

The health business deals with the following activities: (i) sales of health products in the form of insurance and sales of non-insurance products (occupational medicine, medical subscriptions, partnerships and prevention programs); (ii) construction and development of medical infrastructure in Poland to give clients the best accessibility to the health care services rendered.

The PZU Zdrowie network includes nearly 130 of its own, more than 2,300 partner branches and 888 samples-taking points. Its advantages include quick appointments, respecting referrals for tests from physicians from outside the PZU Zdrowie network, remote medical consultations which make it possible, in addition to obtaining medical advice or discussing test results, to receive a prescription or referral to tests. The offer is supplemented by prevention services.



## BANKING

The PZU Group’s banking business comprises two groups of companies: Bank Pekao (a member since 2017) and Alior Bank (a member since 2015).

Bank Pekao, established in 1929, is a universal commercial bank offering a full range of banking services provided to individual and institutional clients. It is one of the largest financial institutions in Central and Eastern Europe, and the second largest bank in Poland.

Alior Bank is a universal deposit and credit bank. It was established in 2008 as a start-up. It combines the principles of traditional banking with innovative solutions, thanks to which it systematically strengthens its market position and sets out trends for the development of the Polish banking sector.

Tightening cooperation with banks has opened up enormous growth opportunities for the PZU Group, especially in terms of integrating and focusing its services on clients at every stage of their personal and professional development. Cooperation with the banking segment forms an additional plane for PZU to build lasting client relations. PZU Group’s business within its banking model involves bancassurance and assurbanking.



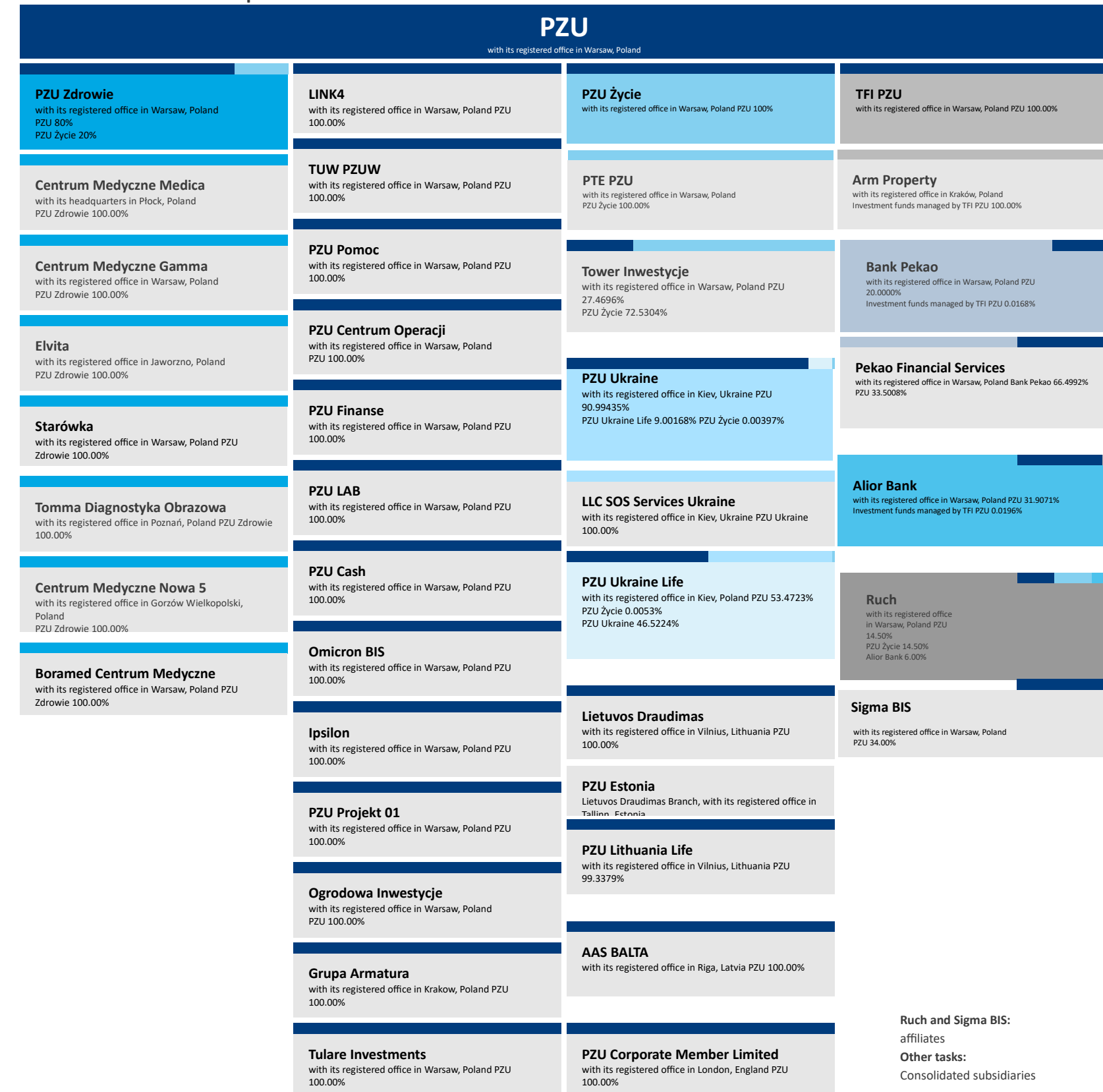
CLIENT

## PZU Group's structure

## Structure of the PZU Group as of 31 December 2023

- The following branches operate within **PZU Zdrowie**:
  - CM FCM in Warsaw,
  - CM Tarnów,
  - CM Nasze Zdrowie in Warsaw,
  - CM in Opole,
  - CM Cordis in Poznań,
  - CM in Warsaw,
  - CM in Kraków,
  - CM in Poznań,
  - CM in Wrocław,
  - CM in Gdańsk,
  - CM in Kielce,
  - CM Warsaw Chmielna,
  - CM in Radom,
  - CM in Łódź,
  - CM in Częstochowa
- The **PZU Zdrowie Group** includes: Medica Medical Center Group, Elvita Group, Tomma Group and Old Town, Nowa 5 Medical Center, Gamma Medical Center and Boramed Medical Center.
- The **Centrum Medyczne Medica Group** consists of the following companies:
  - Przedsiębiorstwo Świadczeń Zdrowotnych i Promocji Zdrowia ELVITA – Jaworzno III sp. z o.o.
  - Przedsiębiorstwo Usług Medycznych PROELMED sp. z o.o., based in Łaziska Górne
- The **Tomma Group** is composed of the following companies:
  - Tomma Diagnostyka Obrazowa S.A.
  - Bonus-Diagnosta sp. z o.o.
- The **Alior Bank Group** includes, among others:
  - Alior Bank S.A.
  - Alior Services sp. z o.o.
  - Alior Leasing sp. z o.o. (which has:
    - 90% stake in Alior Leasing Individual sp. z o.o. (created on 29 august 2023)
    - 100% of shares in AL Finance sp. z o.o. (until 5 August 2021 – Serwis Ubezpieczeniowy sp. z o.o.), which owns 10% of Alior Leasing Individual sp. z o.o.),
  - Meritum Services ICB SA (On 8 December 2023, Absource sp. z o.o. merged with Meritum Services ICB SA. All assets of Absource sp. z o.o. were taken over by Meritum Services ICB S.A.),
  - Alior TFI SA,

### Structure of the PZU Group as of 31 December 2023





- CORSHAM sp. z o.o.,
- RBL\_VC sp. z o.o.,
- RBL\_VC sp. z o.o. - ASI S.K.A.;
- The **Bank Pekao Group** is composed of, among others:
  - Bank Pekao SA,
  - Pekao Bank Hipoteczny SA,
  - Pekao Leasing sp. z o.o. (which owns 100% of PEUF sp. z o.o.),
  - Pekao Investment Banking SA,
  - Pekao Faktoring sp. z o.o.,
  - Centrum Kart SA, Pekao Financial Services sp. z o.o.,
  - Pekao Direct sp. z o.o. (until 16 January 2020 – Centrum Bankowości Bezpośredniej sp. z o.o.),
  - Pekao Investment Management SA (which owns 100% of Pekao TFI SA),
  - Krajowy Integrator Płatności SA (affiliate)
- The **Lietuvos Draudimas Group** includes:
  - UAB „B10 biurai”,
  - UAB „B10 apartamentai”

The structure chart does not include investment funds or companies in liquidation or under bankruptcy.

**Changes in the structure of the PZU Group in 2023**

The following changes transpired in the structure of the PZU Group in 2023 up to the date of signing of the financial statements:

- 1 January 2023 marked the opening of AQ’s liquidation;
- On 14 March 2023, the company UAB “B10 biurai” was registered. The shares were acquired by Lietuvos Draudimas;
- On 14 March 2023, the company UAB “B10 apartamentai” was registered. The shares were acquired by Lietuvos Draudimas;
- On 31 May 2023, PZU Zdrowie acquired a 100% stake in Boramed Centrum Medyczne, with its registered office in Warsaw;
- On 31 October 2023, PZU Zdrowie (the acquiring company) merged with Centrum Medyczne Św. Łukasza, with its registered office in Częstochowa (the acquired company);
- On 25 January 2024, a transaction was finalized for PZU to acquire 100% of the share capital of Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych, based in Warsaw, from Orlen Spółka Akcyjna. As Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie, based in Warsaw, is a 100% subsidiary of Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych, the consequence of acquiring the latter entity is that Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie will also enter the PZU Group.



# 3. Business model and value creation

Operational processes, with insurance business as the key element, are at the core of the PZU Group’s value creation model, generating over 60%<sup>1</sup> of the Group operating result. The offering is supplemented by health, banking, investment and pension products. 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 – insurance offered by PZU and PZU Życie – are of greatest importance.

## 3.1. Value chain

The value chain includes a number of processes, resources and relationships that enable the Group to conduct its business. The value chain also reflects and is closely linked to the life cycle of the Group’s products, creating a comprehensive structure, which covers all stages: from product conception, through product handling, to the end of the life cycle, and in the case of insurance, the latter can still last for several years after the end of coverage.

Value moves along the chain, driven by collaboration, innovation and process improvement, and thus plays its role in the Group’s growth, in strengthening its market position, and in building shareholder value. In model terms, the PZU Group’s value chain consists of four elements: suppliers, operations, sales and clients.



1) adjusted for PZU’s shares in the Group banks

## I. Suppliers (upstream)

The PZU Group cooperates with suppliers from many industries, in such business areas as administration, real property and information technology.

The largest group of suppliers are business partners for IT, real property, utilities and energy purchases. The spectrum of supplies is wide, i.e., from comprehensive orders in the area of information technology and consulting to conventional goods and services.

Any company wishing to cooperate with PZU shall familiarize itself with and accept the “Code of Conduct and CSR Best Practices for PZU Group’s Suppliers” at the stage of submitting the Supplier Registration Form to be entered into the List of Qualified Suppliers. The Code is a collection of principles for the PZU Group and all its suppliers. Conducting business in accordance with these principles and promoting the Code’s values constitute an important criterion for evaluating potential business partners. Moreover, when suppliers submit their offers, they must sign the declaration that they have familiarized themselves with and accepted the Code.

The Code defines requirements for suppliers in the areas of environment, society and corporate governance.

PZU and PZU Życie conduct periodic and ad hoc audits of suppliers. The ESG area has been mandatory as part of supplier audits since 2023.

Appropriate audit recommendations may be made if a supplier is found to commit serious violations or fails to comply with required standards of respecting human rights or the environment. Based on these standards, a mitigation plan for the risks as identified may be prepared, implemented and monitored.

## II. Operating activities

PZU Group’s processes involve employees, partners and platforms. The main areas of operations include: insurance, banking, investment, health.

The key processes related to the insurance area are as follows:

- market research, research into client needs and expectations;
- creation and development of products and services;
- sales and distribution;
- claims handling;
- handling of benefits and liabilities;
- service provision and management of client relations;
- operations (sales processing and settlement, contract servicing);
- data security;
- management of the Company’s financial resources.

Supporting processes (insurance business):

- human resource management;
- information management;

- IT management, development and maintenance;
- accounting;
- financial service;
- administration and logistics;
- corporate support (including legal services, corporate governance, marketing and communications, investor relations, etc.).

III. Sales and distribution

The PZU Group provides its clients with a comprehensive product offering through synergies within the conglomerate companies, offering access via a variety of distribution channels. Among all insurers operating in Poland, PZU provides its clients with the access to the largest sales and service network (as part of the insurance offering). At the end of 2023 it included: 409 branches, 8.2 thousand tied agents and agencies, 3.8 thousand multiagencies, over 1 thousand insurance brokers, as well as remote distribution channels (including PZU sales hotline at 600 600 601 and mojePZU). When it comes to bancassurance and strategic partnerships, the PZU Group collaborates with 13 banks and 27 strategic partners.

The PZU Group’s clients in Poland have access to Bank Pekao’s distribution network (493 own branches and 81 partner centers) and Alior Bank’s distribution network (522 branches, including 161 traditional branches, 7 Private Banking branches, 13 Corporate Banking Centers and 341 partner centers). Both banks have professional call centers and mobile and Internet banking platforms.

In the Baltic States where the PZU Group is in the insurance business, its distribution network consists of

548 agents, 20 multiagencies and 447 brokers. PZU also cooperates with 5 banks and 11 strategic partners.

In Ukraine, insurance products are distributed through 250 agents and in collaboration with 26 multiagencies, 38 brokers and 11 banks.

IV. Clients (downstream)

The Group enjoys the trust of 22 million clients. It offers products and services to retail clients, small and medium enterprises and big business entities. PZU places the client in the center of attention and integrates all areas of activity around them. This allows PZU to offer more and more tailored, flexible and comprehensive products and services, adapted to the needs of the clients at every stage of their private and professional lives, wherever and whenever it is most convenient for them.

It is the strategic ambition of PZU to develop ecosystems which will deliver comprehensive solutions for both institutional and individual clients. Those ecosystems allow for new opportunities to build long-term client relationships, thanks among other things to new interactions in various areas of the client's life. The key elements contributing to the development of PZU's consistent technological edge in integrated customer service include digitalization, use of artificial intelligence (AI), Big Data and advanced analytics, as well as mobility and omni-channel approach. Technological transition is supported by cloud computing.

By insuring millions of Poles, PZU has real influence on their lives. Above all, the claims and benefits paid out help families to maintain financial stability in difficult situations caused by sudden and unforeseen events. Additionally, thanks to its products and investment

funds, PZU supports Poles in accumulating savings and increases their awareness in this area, thus improving the welfare of society.

From the corporate perspective, the claims paid out contribute to the stabilization of business operations, as well as improve competitiveness and economic viability. As climate change proceeds, this will be even more important, both for entrepreneurs themselves and from a systemic point of view, that is as a safety buffer against catastrophic events.



### 3.2. Stakeholder map

From a management perspective, the analysis of the value chain and the strategic actions taken based on this value, takes into account the needs and specifics of the stakeholder groups involved. The implementation of these assumptions relies on the process of mapping, needs research and active dialog. Groups are distinguished based on the degree of involvement in the Group's operations and their materiality in terms of their impact on PZU's 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.





### 3.3. Value creation

The insurance and financial businesses 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. 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.

The management aspects are described based on the International Integrated Reporting Council’s “IIRC” guidelines<sup>1</sup>. At this point, we present crucial issues of value creation over time with the use of available capital, i.e. the resources that the organization can access and use to create value.

1) <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).

#### 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.

#### Human capital

Human capital management involves matters related to creating a workplace, caring for safety, building relationships and dialog, supporting diversity, managing talents, and retaining key employees.

#### Social and relational capital

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

#### 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.

#### 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.

Direct economic value generated and shared (data in PLN million)	2020	2021	2022*	2023
Income	37,102	39,127	45,583	59,097
Operating expenses excluding payroll, tax on financial institutions and investments in the community	(26,069)	(25,166)	(30,581)	(34,735)
Total costs from salaries and benefits for employees	(5,366)	(5,642)	(6,073)	(7,104)
Income tax	(1,841)	(1,492)	(1,672)	(3,126)
Levy on financial institutions	(1,203)	(1,290)	(1,452)	(1,496)
Voluntary contribution to invest funds in the wider community	(93)	(103)	(138)	(185)
Dividends paid to all shareholders	0	(3,696)	(2,578)	(3,206)
Economic value retained	2,530	1,738	3,088	9,245

The retained value presented represents the amount remaining after distributing the generated economic value among the company’s stakeholders. This amount does not coincide with the net profit presented in the Profit and loss account, as it also includes dividends paid (as shared economic value).

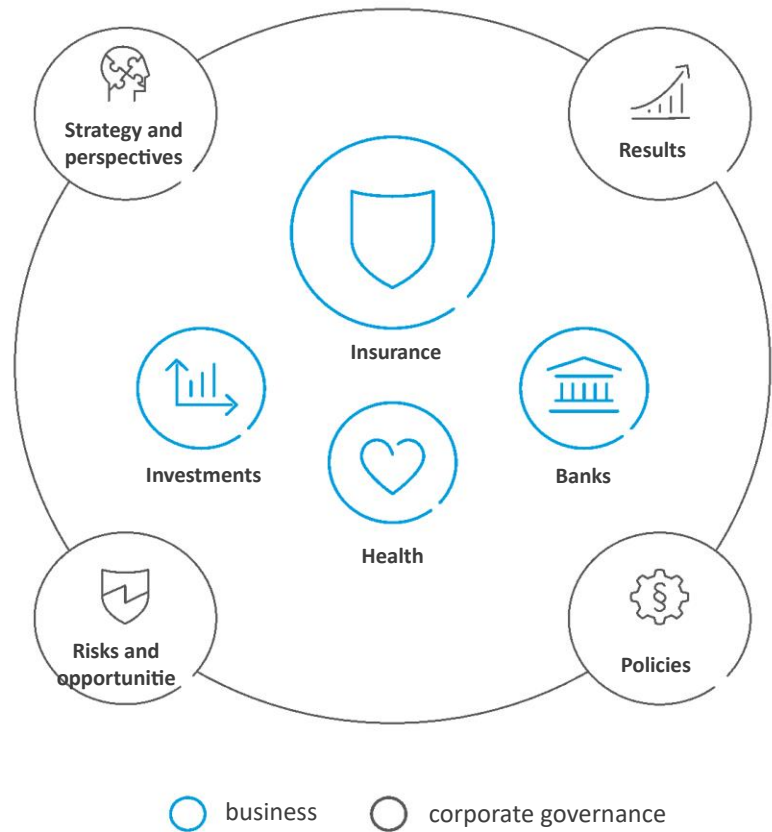
\*Restated data. Restatement of comparative data resulting from the application of IFRS 17

Capitals (2022/2023)







	<b>Financial</b> <ul style="list-style-type: none"><li>• PLN 429.2 billion / PLN 467.9 billion – assets</li><li>• PLN 48.4 billion / PLN 60.5 billion – equity</li><li>• PLN 6.2 billion / PLN 6.2 billion – subordinated bonds</li></ul>
	<b>Intellectual</b> <ul style="list-style-type: none"><li>• PLN 154 million / PLN 193 million – expenditures on project activities</li><li>• 6 / 6 – number of innovation centers</li><li>• 2 / 2 – number of accelerator and mentoring programs</li></ul>
	<b>Human</b> <ul style="list-style-type: none"><li>• 9.8 thousand / 9.8 thousand - number of employees per FTE (PZU and PZU Życie)</li><li>• 9.5 thousand / 8.2 thousand - number of tied agents and agencies (PZU and PZU Życie)</li><li>• 28.5% / 26.5% – percentage of people working remotely (PZU and PZU Życie)</li></ul>
	<b>Social and relational</b> <ul style="list-style-type: none"><li>• PLN 54.2 million / PLN 70.3 million – funds transferred for prevention activities (PZU and PZU Życie)</li><li>• PLN 35.5 million / PLN 42.7 million – funds transferred for sponsorship activities (PZU and PZU Życie)</li><li>• PLN 28.0 million / PLN 38.0 million – funds transferred to the PZU Foundation's operations</li></ul>
	<b>Infrastructural</b> <ul style="list-style-type: none"><li>• ~200 thousand / 400TB / ~200 thousand / 400TB – number of tables / data in the warehouse</li><li>• 1 540 / 1 505 – number of PZU, Pekao and Alior Bank branches</li><li>• ~130 / ~130 – number of PZU Zdrowie's own branches</li></ul>
	<b>Natural</b> <ul style="list-style-type: none"><li>• 123 187 [GJ] / 130 196 [GJ] – energy consumption from non-renewable fuels (PZU and PZU Życie)</li><li>- 129,079 [GJ] / 134,644 [GJ] – consumption of purchased and produced energy (PZU and PZU Życie)</li><li>- 49,991 [GJ] / 50,096 [GJ] – ... of which energy from renewable sources</li></ul>

Operating model

Based on tangible and intangible resources, the PZU Group creates value for shareholders, customers, employees and agents, exerting influence on the Polish economy and its sectors. In doing so, the PZU Group makes effective use of its scale of operations, innovation (products, service, services), more than 220 years of experience and knowledge of customer needs – today and tomorrow.



Results from capitals (2022/2023)

	<b>Financial</b> <ul style="list-style-type: none"><li>• PLN 24.7 billion / PLN 26.9 billion – insurance revenue</li><li>• PLN 15.4 billion / PLN 28.2 billion – investment result</li><li>• PLN 3.8 billion / PLN 5.8 billion – net profit for shareholders of PZU's parent company</li></ul>
	<b>Intellectual</b> <ul style="list-style-type: none"><li>• 44 / 45 – NPS recommendation index – after insurance purchase</li><li>• 25 / 23 – NPS recommendation index – after insurance is availed of</li><li>• 8 / 6 – number of innovative projects submitted for implementation</li></ul>
	<b>Human</b> <ul style="list-style-type: none"><li>- 46% / 50% – employee engagement rate</li><li>• 8.0% / 9.0% – Rate of new employees (in full-time equivalents at PZU and PZU Życie)</li><li>• 10.4% / 8.7% – rate of voluntary terminations and dismissals (PZU and PZU Życie)</li></ul>
	<b>Social and relational</b> <ul style="list-style-type: none"><li>• 457 500/ 153 555 – number of beneficiaries of PZU employee voluntarism</li><li>• 9 / 12 – number of volunteerism actions organized by the PZU Foundation</li><li>• 12.2 million / 14.7 million – number of recipients of social activities in the area of safety and sustainable lifestyle</li></ul>
	<b>Infrastructural</b> <ul style="list-style-type: none"><li>• &gt;3,5 thousand / &gt;3,5 thousand - number of active data warehouse users / Business Intelligence users on average per month</li><li>- &gt;3.3 million / &gt;4.0 million – number of users of the sales and service platform myPZU</li><li>• 117 thousand / 196 thousand - number of active inPZU users</li></ul>
	<b>Natural</b> <ul style="list-style-type: none"><li>• 16.3% / 14.6% – reduction of eCO2 emissions in Scope I compared to the base year (2018)</li><li>• 56.4% / 55.8% – reduction of eCO2 emissions in Scope II (market-based) compared to the base year (2018)</li><li>• 2.63 / 2.61 – emissions (scope 1 and 2) per employee (Mg CO2e / employee)</li></ul>

Impact (2023)

<b>Clients</b> <p>PZU Group has 22 million clients, including 16 million insurance clients. Relationships of PZU Group companies cover about 80% of households in Poland. Through its compensation payments and loans, PZU helps maintain financial stability for families and businesses.</p>  <ul style="list-style-type: none"><li>• PLN 15.7 billion / PLN 15.7 billion – claims and benefits paid</li><li>• PLN 37.5 billion / PLN 42.3 billion – liabilities under insurance contracts</li><li>• PLN 212.7 billion / PLN 218.8 billion – loan receivables</li></ul>	<b>Employees</b> <p>The PZU Group has 38,800 employees (FTE). As one of the country's largest employers, it cares about the friendly work environment, health and well-being of its employees, strengthening their skills and offering them a wide range of training and development opportunities.</p>  <ul style="list-style-type: none"><li>• 5.0 billion PLN / PLN 5,8 billion – salaries</li><li>• PLN 109 million / PLN 135 million – 3rd pillar contributions, including EPSs/ECSs</li><li>• PLN 7.0 million / PLN 6.7 million – ZFŚS (amount from net profit allocated to the Company Social Benefits Fund)</li></ul>	<b>Shareholders</b> <p>PZU has shareholders in more than 50 countries. It is one of the largest Polish companies listed on the Warsaw Stock Exchange. Since its debut on the WSE in 2010, more than PLN 29.3 billion has already been allocated for dividend payments.</p>  <ul style="list-style-type: none"><li>• PLN 1.94 / 2.40 PLN – paid dividend per share</li><li>• 5.5% / 6.8% – dividend yield</li><li>• 5.7% / 40.2% – total (annual) rate of return on PZU shares (TSR)</li></ul>	<b>Central administration</b> <ul style="list-style-type: none"><li>• PLN 1.5 billion / PLN 1.5 billion – tax on financial institutions</li><li>• PLN 88.9 billion / PLN 104.0 billion – sovereign bonds</li></ul> <b>Social responsibility</b>  <b>Climate and environment</b> 
--	--	--	--





# 4. ESG Strategy

The PZU Group’s existing 2021-2024 “Potential and Growth” strategy is based on focusing on customer needs, personalization and flexibility of offerings, and embedding these requirements in specially created ecosystems. Its achievement involves the implementation of a modern business model with observance of the principles of sustainable development and environmental care. It also assumes an improved quality of life for employees and customers and a commitment to the development of local communities.

PZU Group’s strategy for 2021–2024 was built on the basis of **4 fundamental goals**:



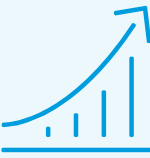
stable dividend and growing written premium and revenue



leveraging the potential of PZU Group



innovations



sustainable growth

The PZU Group is committed to the development of a responsible organization, strongly emphasizing the ESG factors in its strategy (environment, social responsibility and governance). The priority for the Group is to provide benefits for clients and shareholders in a sustainable and responsible manner. The success of the PZU Group will be built based on contemporary business models widely incorporating ESG criteria, setting standards in this respect on the financial market. This approach permits the making of decisions supporting sustainable development in the context of the products being offered, cooperation with business partners, care for the well-being of employees and local communities, and building value-based leadership.

The Group supports the development of low-carbon economy, is committed to just energy transition and encourages communities to adopt sustainable and safe lifestyles and builds a modern, responsibly-managed organization. Through these and many other initiatives, the PZU Group pursues the ambition of becoming a trusted partner for green transition, the best place to work on the markets where it conducts business and improve the quality of life for the entire society.

The ESG strategy “Balanced Growth” is part of the PZU Group's business strategy and includes activities in 3 main areas (#responsible organization, #trusted partner in green transformation, #better quality of life).

Below are the adopted ambitions and details of their implementation in 2023.

## 1) Giving consideration to ESG targets in the company’s strategic objectives and implementing 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 2023, PZU and PZU Życie implemented 36 ESG targets. An expansion of the catalog of targets to include decarbonization activities is planned for 2024.

## 2) 70% of key purchase processes which accounted for ESG criteria

Any company wishing to cooperate with PZU shall familiarize itself with the Code of Conduct and Good ESG Practices of PZU Group Suppliers and accept its contents at the stage of submitting the Supplier Registration Form. The Code is a collection of principles for the PZU Group and all its suppliers. Conducting business in accordance with these principles and promoting the Code’s values constitute an important criterion for evaluating potential business partners. Moreover, when suppliers submit their offers, they must sign the declaration that they



have familiarized themselves with and accepted the Code.

In 2023, the document was updated in response to new challenges in the ESG area. The modified content of the “Code Conduct and Good ESG Practices” was authorized by resolutions of the Management Boards of PZU and PZU Życie. In 2023, ESG requirements were included in 53% of key purchasing processes.

3) Increase of the current exposure to investments supporting climate and energy transition by PLN 500 million in 2021–2024



In 2023, PZU and TFI PZU monitored the market for financing supporting the climate-energy transition, with a view to possible involvement and participation in financing such investments. They also analyzed new financing structures and trends in the climate-energy transition financing market.

In response to the growing popularity of ESG-linked corporate financing, PZU and TFI PZU have actively joined the trend, rewarding and stimulating financed entities to make their businesses more sustainable. At the end of 2023, the portfolio of investments supporting the climate-energy transition amounted to PLN 2.645 billion.

4) 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. Medium-sensitive industries include: chemicals, transport, automotive, construction and agriculture. The assessment of clients is 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.

In 2023, the ESG assessment methodology for key corporate clients was updated. The main changes include modifying the strategy indicator to take into account updates to client databases, enabling ESG assessments based on clients’ non-financial reports, updating the assignment of sectors to high, medium and low ESG risk-sensitive categories based on the EU Taxonomy, among others. In addition, another group of customers has been evaluated in accordance with the strategy. In 2023, the implementation of the activities translated into the realization of the indicator “Assessment for ESG factors of the largest corporate insurance clients in ESG-sensitive sectors” at 40%.

5) 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.

PZU and PZU Życie continuously takes actions aimed at reducing scope 1 greenhouse gas emissions associated with combustion of fuels. Among other things, there were efforts to transition to a low-carbon vehicle fleet in 2023. As a result, the fleet was increased by 43 cars, i.e., 5 electric cars and 38 hybrid cars. Investment activities at PZU’s real property were also implemented, which translated into reductions in thermal energy, electricity and atmospheric 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 2022. 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 2022, the funds were allocated to wind power development in India. The companies purchased offset units equivalent to emissions for PZU and PZU Życie of 17,425 Mg of CO2. PTE PZU (purchased units equivalent to 24 Mg of CO2) and TUW PZUW (92 Mg of CO2) also joined the effort. The funds from the CERs purchased by TUW PZUW have been earmarked for the development of a hydroelectric complex – hydroelectric plants on the Jordão River in Brazil. In addition to the CO2 offset made, TUW PZUW has

purchased 1,040 CDUs (carbon dioxide units) from the State Forests. CDUs represent 1 ton of CO2 that will be accumulated in the forest stand and soil as a result of additional activities. The purchase of CDUs represents TUW PZUW’s contribution to mitigating the negative effects of climate change in Poland.

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.

6) Achieving 10–15 million recipients of social activities in the area of safety and sustainable lifestyle during the year

In 2023, PZU continued its nationwide Dobra Družyna prevention program, which aims – by popularizing and supporting physical activity for children and young people – to reduce the risk of disease and other insurance accidents. 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. In 2023, 450 entities selected from more than 3,000 that applied during the ongoing call for proposals in March and April received funding amounting to PLN 5 million. Funds from the program could be used by beneficiaries to cover the costs of renting sports facilities, purchasing sports equipment, transportation to sports competitions, and entry fees for games and sports competitions. The funding covered nearly 100 sports. In total, Dobra

Drużyna PZU prevention program, in the 2<sup>nd</sup> edition by the end of 2023, reached 51,000 children practicing 80 sports across the country, primarily in smaller towns.

For years, PZU has been conducting and supporting various health prevention campaigns as part of its preventive 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 the first edition of the nationwide health prevention campaign called Zdrowe Życie (Healthy Life). In 2023, the project continued, and its scale far surpassed the first edition. During the 6 months of the campaign, mobile health towns visited 25 locations (up from 12 locations in the previous edition). They traveled 17,130 km, devoting nearly 900 hours of attention to the health issues of Poles and performing 112,437 medical examinations and procedures in the process. 2,714 patients were referred for further diagnosis or treatment. 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 also provided by social media. This was complemented by a campaign on local radio stations. Total campaign audience: 14.7 million

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

Adopted in 2021, 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.

In 2023, existing activities were developed and new activities were created under the umbrella of the #DobryStan (#well-being) strategy. In June 2023, the first edition of the “Summer School of Wellbeing” program was held, which was dedicated to introducing techniques and methods of emotion regulation, mental regeneration in daily life and task management. This was an open workshop for PZU employees who are interested in developing their knowledge and skills in the field of well-being. During the World Mental Health Day in October, all employees were invited to participate in three webinars and discussions on building mental resilience and developing skills to create a work-life balance. The culmination of educational and promotional activities in 2023 was a series of hybrid events in the regions organized under the slogan #JesieńPełnaDobrejEnergii (#AutumnFullofGoodEnergy), which responded to the needs of employees reported in the engagement survey. Employees from offices in Wrocław, Rzeszów and Opole, among others, were invited to participate in the events. During the workshop, physical therapists, nutritionists and psychologists gave advice on how to care for yourself, what to do to gain energy and to make healthy eating and physical activity a lifestyle. From 2021, 55.70% of employees participated in the well-being program activities.





4.1. ESG ambitions for 2030–2050

The UN Agenda for Sustainable Development and its Sustainable Development Goals are the world’s largest corporate effort. They set the basis for companies’ sustainable development strategies and actions. PZU is also taking steps to implement Agenda 2030.

UN Agenda 2030

1 KONIEC ZUBÓSTWEM

2 ZERO GŁODU

3 DOBRE ZDROWIE I JAKOŚĆ ŻYCIA

4 DOBRA JAKOŚĆ EDUKACJI

5 RÓWNOŚĆ PŁCI

6 CZYSTA WODA I WARUNKI SANITARNE

7 CZYSTA I DOSTĘPNA ENERGIA

8 WZROST GOSPODARCZY I GODNA PRACA

9 INNOWACYJNOŚĆ, PRZEMYSŁ, INFRASTRUKTURA

10 MNIEJ NIERÓWNOŚCI

11 ZRÓWNOWAŻONE MIASTA I SPOŁECZNOŚCI

12 ODPOWIEDZIALNA KONSUMPCJA I PRODUKCJA

13 DZIAŁANIA W DZIEDZINIE KLIMATU

14 ŻYCIE POD WODĄ

15 ŻYCIE NA LĄDZIE

16 POKÓJ, SPRAWIEDLIWOŚĆ I SILNE INSTYTUCJE

17 PARTNERSTWA NA RZECZ CEŁÓW

CELE

ZRÓWNOWAŻONEGO ROZWOJU

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).

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 sustainable business across the value chain.

According to the current strategy, by 2024, it is planned to:

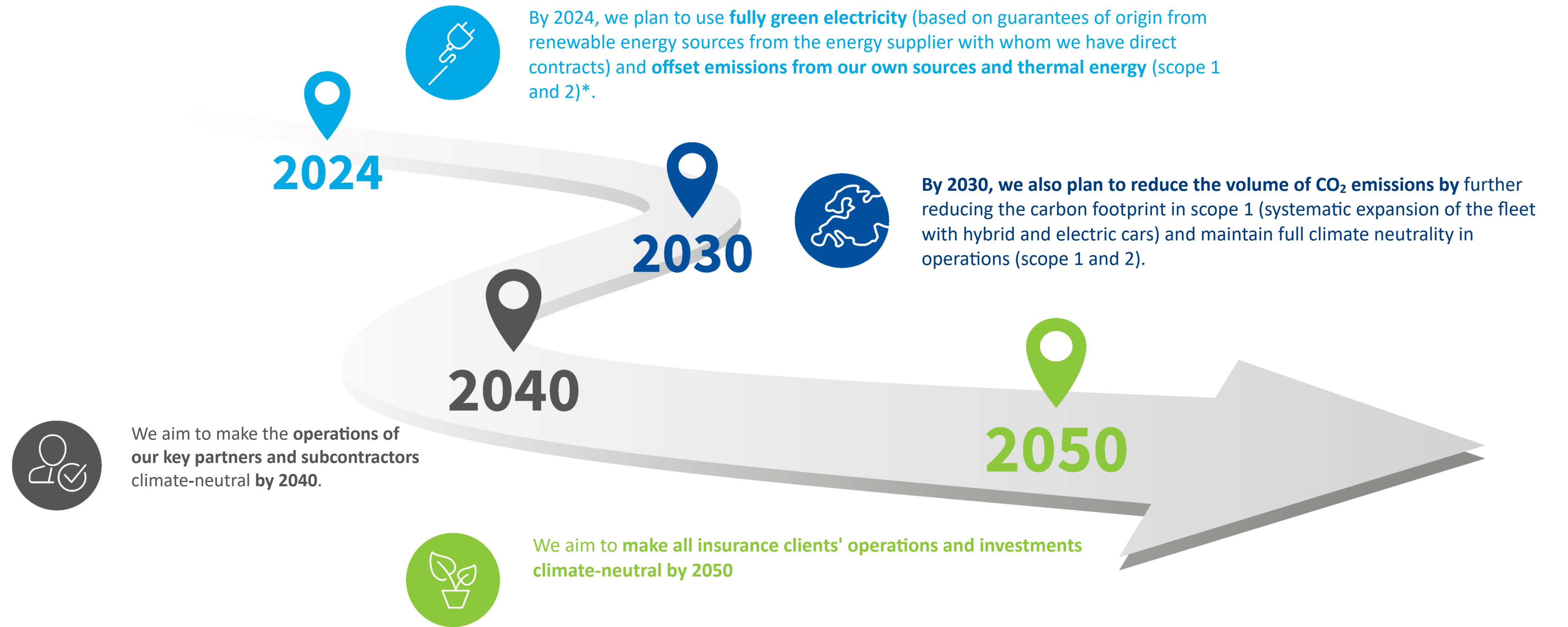
- achieve climate neutrality in scope 1 and 2, through reduction of energy consumption, use of RES and emission offsets (implementation/support of reduction projects leads to processes that contribute to the reduction of greenhouse gas emissions);
- reduce of other resources in day-to-day operations: 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 and 2050, the Group’s ambition is to achieve climate neutrality of suppliers and business partners, and ultimately also of insurance clients and investments. In 2024, it is planned to begin work on new strategic directions that will more sincerely address today's challenges of sustainable development.

	<div><div>PZU</div><div>#Responsible organization</div></div>	<div><div>🏠</div><div>#Trusted Partner in green transformation</div></div>	<div><div>👤</div><div>#Better quality of life</div></div>
	<div>We are creating a modern organization managed in a responsible manner</div>	<div>We support the development of a low-carbon economy, nurturing a sustainable transformation</div>	<div>We encourage local communities to conduct sustainable and safe lifestyles</div>
Our ambitions	<div>An employer committed to responsible leadership and shaping the right attitudes among employees</div> <div>Trusted business partner promoting the idea of sustainable development</div>	<div>PZU Group developing insurance offerings to support the climate-energy transition</div> <div>Responsible investor supporting safe and sustainable transition</div> <div>Green organization operating on the basis of sustainable decision-making and governance processes</div>	<div>Responsible partner to support safety in local communities</div> <div>A reliable guide to a sustainable lifestyle</div>
Sustainable development goals	<div>5 RÓWNOŚĆ PŁCI</div> <div>8 WZROST GOSPODARCZY I GODNA PRACA</div> <div>10 MNIEJ NIERÓWNOŚCI</div> <div>12 ODPOWIEDZIALNA KONSUMPCJA I PRODUKCJA</div>	<div>7 CZYSTA I DOSTĘPNA ENERGIA</div> <div>9 INNOWACYJNOŚĆ, PRZEMYSŁ, INFRASTRUKTURA</div> <div>12 ODPOWIEDZIALNA KONSUMPCJA I PRODUKCJA</div> <div>13 DZIAŁANIA W DZIEDZINIE KLIMATU</div> <div>15 ŻYCIE NA LĄDZIE</div>	<div>3 DOBRE ZDROWIE I JAKOŚĆ ŻYCIA</div> <div>4 DOBRA JAKOŚĆ EDUKACJI</div> <div>11 ZRÓWNOWAŻONE MIASTA I SPOŁECZNOŚCI</div>



\*) Definition of scope 1 and 2 available on the indicator definitions page.  
Notes on emission ranges refer to the classification indicated in the GHG Protocol



# 5. Key non-financial performance indicators

“Balanced Growth” – PZU SA & PZU Życie ESG Strategy for 2021-2024

ESG



Indicators		2021	2022	2023	Value for 2024
ESG Metrics included in the business strategy					
ESG assessment of the biggest corporate insurance clients from sectors sensitive to ESG risks.		Development of methodology	20%	40%	55%
Increase of the current exposure to investments supporting climate and energy transition (in total in 2021–2024)		PLN 450 million	PLN 716.7 million	PLN 2.645 billion	PLN 500 million
Achieving CO <sub>2</sub> neutrality in own operations by 2024 (scope 1 and 2)*	purchase of energy with a guarantee of origin from RES	~80% of electricity coming from RES (100% in own real property)	81% of electricity coming from RES (100% in own real property)	79% electricity derived from RES (100% in own real property)	100% of purchased electricity in own real property
	CO <sub>2</sub> emissions compensation	17,000 mg CO <sub>2</sub> (compensation for 2020)	17,508 mg CO <sub>2</sub> (compensation for 2021)	17,425 mg CO <sub>2</sub> (compensation for 2022)	Compensation for CO <sub>2</sub> emissions that cannot be reduced
Reduction of CO <sub>2</sub> emissions from own sources*		- 26.2% (location-based method)	-25.5% (location-based method)	-23.1% (location-based method)	3% – 10% by 2024 relative to 2019
Other ESG Strategy metrics					
Reduction in electricity consumption		- 14.7%	-15.8%	-13.6%	3% – 10% by 2024 relative to 2019
Assessment in terms of ESG factors of investments in ESG-sensitive sectors		Development of methodology	82%	86%	55%
Development of insurance offerings for technologies supporting the energy and climate transition in Poland		3 products	3 products	3 products	1 product





“Balanced Growth” – PZU SA & PZU Życie ESG Strategy for 2021-2024

ESG



Indicators		2021	2022	2023	Value for 2024
ESG Metrics included in the business strategy					
Number of recipients of community activities on safety and sustainable lifestyles (recipients of activities in a given year)		10 million	12.2 million	14.7 million	15 million
Percentage of employees covered by the well-being program (total of all recipients of activities in 2021-2024)		Developing the #DobryStan (#well-being) strategy	39%	55.7%	70%
Other ESG Strategy metrics					
Development of a product offering that incorporates elements of social commitment		Analysis of activities	>54,000 policies issued Free TPL insurance for citizens of Ukraine	2,006 PZU DOM policies under the Large Family Card program	Development of offerings
Percentage of corporate client employees covered by prevention activities affecting their health and safety (recipients of activities in a given year)		18%	13.1%	12.9%	10%
Number of recipients of industry partnership activities for insurance education (total of all recipients of activities in 2021-2024)		Establishing partnerships	409,135	56,951	100,000
Development of employee volunteering	Number of hours devoted to volunteering (in total in 2021–2024)	12,179	75,865	14,593	50,000
	Number of beneficiaries (in total in 2021–2024)	39,423	457,500	153,555	200,000

“Balanced Growth” – PZU SA & PZU Życie ESG Strategy for 2021-2024

ESG



Indicators	2021	2022	2023	Value for 2024
ESG Metrics included in the business strategy				
Giving consideration to ESG targets in the Company’s strategic objectives and implementing them by the senior management	24 ESG targets (achieved)	30 ESG targets (achieved)	36 ESG targets (achieved)	Inclusion of ESG targets in the strategic goals and forwarding them to the WKK for implementation
Integrating ESG requirements into key procurement processes	Analysis for incorporating ESG requirements	46%	53%	70%
Other ESG Strategy metrics				
Percentage of employees covered by an intergenerational cooperation program (total of all training participants in 2021-2024)	Development and launch of e-learning	14%	30%	60%
Percentage of employees participating in a comprehensive sustainable development education program (total of all training participants in 2021–2024)	Launching an intranet educational tab about ESG	11%	32%	60%
Assessment of key-status suppliers for ESG risks Conducting supplier segmentation	55%	100%	100%	
Joining new initiatives / organizations / partnerships – promoting sustainable development	2	5 (from 2021)	7 (from 2021)	3

# 6. Taxonomy – disclosure under Article 8 of Regulation (EU) 2020/852<sup>1</sup>

Information disclosed based on 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.

The PZU Group is engaged in insurance, reinsurance and investment activities.

## 6.1. Insurance and reinsurance activities

The EU taxonomy includes a list of economic activities<sup>1</sup> with significant environmental impacts. For each of the activities identified in the EU Taxonomy, technical screening criteria have been prepared, i.e. conditions that an economic activity must meet to be considered environmentally sustainable.

Non-life insurance and reinsurance activities are defined in the EU Taxonomy as activities that support adaptation to climate change.<sup>2</sup> To be considered environmentally sustainable, non-life insurance and reinsurance activities must meet **technical screening criteria**

1) 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

2) Definition of enabling activities according to the EU Taxonomy (Article 16 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020) – “An economic activity should qualify as contributing substantially to one or more of the environmental objectives set out in this Regulation where it directly enables other activities to make a substantial contribution to one or more of those objectives. Such enabling activities should not lead to a lock-in of assets that undermine long-term environmental goals, considering the economic lifetime of those assets, and should have a substantial positive environmental impact, on the basis of life-cycle considerations.”

(as defined in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council, together with delegated acts and supplementary regulations) for determining the conditions under which an economic activity qualifies as contributing substantially to climate change adaptation, not causing significant harm to any of the other environmental objectives, and operating in accordance with the **principle of minimum guarantees**. Pursuant to Article 8 of the EU 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 Council<sup>3</sup>, 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(3) of Delegated Regulation 2021/2178 of the European Parliament and of the Council<sup>4</sup> (“Delegated Act”) stating more precisely Article 8 of the Taxonomy in the context of financial undertakings doing their reporting, they are obligated to present qualitative and quantitative disclosures for PZU and PZU Group in 2024 in respect of 2023.

3) 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

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



Quantitative disclosures for PZU

PZU	Substantial contribution to climate change adaptation			DNSH (the “do no significant harm” principle)					
Economic activities (1)	Absolute premiums, year 2023 (3)	Proportion of premiums, year 2023 (4)	Proportion of premiums, year t -1 (5)	Climate change mitigation (7)	Water and marine resources (8)	Circular economy (9)	Pollution (10)	Biodiversity and ecosystems (11)	Minimum safeguards (12)
	PLN	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	896,631,293	5.54%	n/a	Y	Y	Y	Y	Y	Y
A.1.1 Of which reinsured	220,508,747	1.36%	n/a	Y	Y	Y	Y	Y	Y
A.1.2 Of which stemming from reinsurance activity	33,436,483	0.21%	n/a	Y	Y	Y	Y	Y	Y
A.1.2.1 Of which reinsured (retrocession)	22,312,791	0.14%	n/a	Y	Y	Y	Y	Y	Y
A.2. Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	7,359,732,527	45.47%	n/a						
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	7,931,134,923	49%	n/a						
Total (A.1 + A.2 + B)	16,187,498,743	100%	n/a						



Quantitative disclosures for PZU Group

PZU Group	Substantial contribution to climate change adaptation			DNSH (the “do no significant harm” principle)					
Economic activities (1)	Absolute premiums, year 2023 (3)	Proportion of premiums, year 2023 (4)	Proportion of premiums, year t -1 (5)	Climate change mitigation (7)	Water and marine resources (8)	Circular economy (9)	Pollution (10)	Biodiversity and ecosystems (11)	Minimum safeguards (12)
	PLN	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	935,783,674	4.72%	n/a	Y	Y	Y	Y	Y	Y
A.1.1 Of which reinsured	248,479,120	1.25%	n/a	Y	Y	Y	Y	Y	Y
A.1.2 Of which stemming from reinsurance activity	0	0.00%	n/a	Y	Y	Y	Y	Y	Y
A.1.2.1 Of which reinsured (retrocession)	0	0.00%	n/a	Y	Y	Y	Y	Y	Y
A.2. Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	8,971,009,295	45.26%	n/a						
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	9,912,429,209	50.01%	n/a						
Total (A.1 + A.2 + B)	19,819,222,178	100%	n/a						





6.1.2. Contextual information in support of the quantitative indicators including the scope of assets and activities covered by the KPIs, information on data sources and limitation, and

explanations of the nature and objectives of Taxonomy-aligned economic activities and the evolution of the Taxonomy-aligned economic activities over time, starting from the second year of implementation, distinguishing between business-related and methodological and data-related elements

Indicators pertaining to insurance activity

According to the requirements set forth in the Delegated Act, the second group of indicators for insurance undertakings should specify what proportion 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 conditions specified in Delegated Regulation 2021/2139.

Compliance criteria

In order to determine the proportion of Taxonomy-aligned activities and to calculate the ratios in a way that provides full information, the PZU Group prepared a methodology based on the Delegated Regulation and conducted a review of all insurance products belonging to the non-life insurance product lines (Group II)

indicated in the Delegated Regulation. Based on the review, those that provide insurance cover for the occurrence of climate-related risks listed in Appendix A to Annex II to the Delegated Regulation were singled out. Analysis was then carried out for these products in accordance with the technical screening criteria for insurance activities. Products aligned with the EU Taxonomy were considered to be those that meet all the required criteria.

Criteria for risk modeling

As required by the Delegated Regulation, insurance companies are using state-of-the-art techniques to model climate risks.

In PZU, climate risks and extreme climatic events are analyzed under the calculations covered by the standard formula (flood, hurricane), as well as under ORSA (flood, fire for the largest exposures in forested areas including agricultural fields). Under ORSA, PZU SA conducts stress tests, as well as sensitivity analyses that include stress scenarios based on four NGFS scenarios. The mandatory ORSA projections also consider the impact of climate risks on PZU SA's solvency position in the short-term 3-year perspective (a perspective consistent with business planning).

In addition, PZU has an advanced flooding risk model that was developed in cooperation with the IMGW.

The model uses hydraulic modeling to propagate water surges across Poland. PZU applies this model to its insurance activities related to the taxonomy products it offers. The flooding risk model is used in business processes in particular in the underwriting process for corporate clients, as well as in the pricing process for

consumers and small and medium-sized enterprises for insurance in the line of fire and other property damage.

Product and distribution criteria

According to the requirements of the Delegated Regulation, in the scope of products that are related to climate risks, the insurance companies have to:

- analyze clients’ interest in protection from climate risks and address them accordingly in product offerings;
- apply preferential pricing terms for clients that encourage them to reduce or prevent the effects of climate risks; such incentives can be, for example, discounts for certain client activities;
- inform clients of the possible benefits of reducing or preventing the effects of climate risks;
- educate clients on actions they could take to mitigate or prevent climate risks.

In PZU, products in the following lines were considered to be aligned with the EU Taxonomy:

- 7 – Insurance against fire and other property losses
- 11 – Assistance insurance.

Insurance against fire and other property losses for businesses and consumers protect against climate risks. Under their terms, corporate and clients and SMEs can get a discount for fire protections, and SME clients and consumers can also get a discount for flood protections. In the case of corporate insurance, an individual risk assessment is made, in which all factors are taken into account, including any adaptive and preventive measures. For SME client and consumer insurance,

discounts are included in the product's tariff design. In all of the aforementioned types of insurance, clients in the sales and service process receive compendia or information with advice on how to get insurance against climate risks and their impact on the price or insurance cover. Compendia are also published at [www.pzu.pl](http://www.pzu.pl) under the product tabs and the sustainability tab. These types of insurance are also accompanied by the possibility of purchasing additional risk transfer insurance as defined by the EU Taxonomy. For example, clients who choose to use PZU Dom can also extend insurance cover to, for example, the garage and other non-residential buildings in the event that the fire brigade floods the building during firefighting, and for home assistance such as hotel stays in the event of a fortuitous event, including those related to climate risks.

For all of the products described above, PZU explores client interest in climate risk protection during the product development and sales process.

Criteria for data sharing

There is a declaration on the PZU website regarding the sharing of data with public administrations, as required by the EU Taxonomy. <https://www.pzu.pl/grupa-pzu/zrownowazony-rozwoj/taksonomia-ue>.

Criteria for claims handling

In accordance with the requirements of the EU Taxonomy, PZU reports that it has a procedure for handling large-scale claims. “Crisis management procedure in claims handling” applies to mass property damage resulting from, among other things: flooding, hurricane, flood, heavy rain, hail, snow, lightning surge, effects of winterkill, drought and earthquake.



This procedure provides additional resources for large-scale incidents to ensure a high level of claims handling in terms of quality and timeliness. This procedure applies to all taxonomic products and complements the high standards of claims handling.

Criteria for the “Do No Significant Harm” principle

In accordance with the requirements of the EU Taxonomy, the principle of “Do No Significant Harm” is included in the premium calculation. Client activities related to the “extraction, storage, transportation or production of fossil fuels” and the insurance of “vehicles, property or other assets for such purposes” were identified on the basis of the Polish Classification of Business Activity (PKD), and in a few cases at the contract level. Insurance against such activities is excluded from the calculation of taxonomic indicators.

Calculation of taxonomic indicators based on insurance activities

PZU calculates insurance taxonomic indicators only on the basis of products that meet all the requirements of the EU Taxonomy, taking into account exclusions related to the “Do No Significant Harm” principle.

According to the European Commission's publication of a preliminary interpretation regarding the implementation of Article 8 of the EU Taxonomy in the context of the disclosures required by the Disclosure Delegated Act, dated 21 December 2023, only the portion of the premium that covers climate risks was included in the calculation. This portion was estimated for each taxonomic product based on the share of damages that result from climate risks in all damages over the past 10 years.

Reinsurance activities

Taxonomy analysis of reinsurance activities was limited to intragroup activities. PZU does not have relevant data for non-group activities.

The PZU Group's potentially taxonomic activities are mainly reinsured against fire and other property damage. In addition, close cooperation between the insurer and reinsurer on climate risk modeling ensures that risk modeling and product requirements are met. The intragroup activities assume that reinsurance of premium from products that meet all the requirements of the EU Taxonomy is also the basis for meeting the product criteria of the EU Taxonomy for reinsurance. The data sharing declaration published on PZU's website also includes data on its reinsurance activities. PZU also confirms the handling of claims in reinsurance in accordance with the requirements of the EU Taxonomy.

Consolidation at the PZU Group level

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 calculations take into account the principles of consolidation, particularly exclusions between Group companies.

PZU has prepared guidelines for interpreting the EU Taxonomy for insurance, reinsurance, investment

activities and meeting the principle of minimum safeguards. In 2023, TUW PZUW met all the requirements of the EU Taxonomy and was included in the consolidated Taxonomy-aligned activities indicator for the PZU Group. TUW PZUW meets the criteria for risk modeling according to the Taxonomy, products and client communication, as well as claims handling. TUW PZUW also has a special procedure for handling claims on a massive scale and has declared data sharing. TUW PZUW also meets the principle of minimum safeguards by, among other things, implementing a human rights due diligence process.

6.1.3. Description of compliance with Regulation (EU) 2020/852 (“Taxonomy”) in a financial company’s business strategy, product design processes and cooperation with clients and business partners.

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 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.

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 clients;
- non-governmental organizations – the PZU Group wants to be a partner in social, economic and climate activities.

6.2. Investment activity

In June 2021, the European Commission adopted the EU Taxonomy Climate Delegated Act (“Climate Delegated Act”)<sup>5</sup> to implement the EU Taxonomy with respect to economic activities that significantly contribute to climate change mitigation and adaptation goals. In March 2022, the European Commission amended the Climate Delegated Act to add criteria for certain new energy related activities.<sup>6</sup> In June 2023, the European Commission adopted the EU Taxonomy Environmental Delegated Act (the “Environmental Delegated Act”) for the remaining environmental objectives<sup>7</sup> and amended the Climate Delegated Act to add criteria for new activities in the manufacturing and transportation sectors.<sup>8</sup>

5) Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

6) Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities

In July 2021, the European Commission adopted a delegated act specifying the disclosure obligations of companies under Article 8 of the Taxonomy Regulation for those of their activities that are EU Taxonomy-eligible and EU Taxonomy-aligned (the “Disclosures Delegated Act”).<sup>9</sup> This Delegated Act was amended in June 2023 by the Environmental Delegated Act in order to make the information requirements consistent with the Environmental Delegated Act.

Non-financial undertakings began reporting *key performance indicators*, KPIs) under the EU Taxonomy as of 1 Jan 2023. The Disclosures Delegated Act requires financial undertakings to use KPIs disclosed by their counterparties when calculating their own KPIs, including the Green Investment Ratio (GIR).

7) Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities

8) Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives

9) 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



Financial undertakings shall begin reporting their KPIs on 1 January 2024. Given that the calculation of financial undertakings' KPIs, including the GIR, depends on the flow of information and data from financial and non-financial undertakings in which investments are made, it can be expected that the robustness and accuracy of these KPIs will gradually improve as more undertakings adopt the EU Taxonomy, and as the flow of data from non-financial undertakings to financial undertakings increases.

In addition, the disclosure rules of the Disclosures Delegated Act for financial undertakings do not cover specific exposures referred to in its Article 9, such as certain sovereign debt exposures, as well as exposures to unlisted small and medium-sized enterprises (“SMEs”) and certain non-EU undertakings. Article 9 of the Disclosures Delegated Act requires the European Commission to review the treatment of these exposures and assess the impact of a possible expansion of the KPIs to cover these exposures.

Given this limited scope of the current disclosure regulations, KPIs cannot currently reflect the entire financing of business activities aligned with the EU Taxonomy by financial undertakings.

While the financial undertakings’ KPIs are intended to faithfully reflect the extent to which a financial undertaking finances EU Taxonomy-aligned economic activities, they do not impose any restrictions on financing any specific sector, including strategic sectors, or any specific economic entities, including SMEs. Therefore, these specific sectors and entities should also continue to be funded. Accordingly, the KPIs of financial undertakings, including the GIR, should be placed in the broader context of the financing and investment operations of financial undertakings, since these undertakings finance not only EU Taxonomy-aligned economic activities, but all legitimate economic activities and business entities.

Disclosures under Annex X to the Disclosures Delegated Act

The weighted average value of all investments made by insurance or reinsurance companies that are directed at funding, or are associated with Taxonomy-aligned economic activities, <b>relative to the value of total assets covered by the KPI</b> , with following weights for investments in undertakings per below:		The weighted average value of all investments made by insurance and reinsurance companies that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below:	
Turnover-based: %	0.73%	Turnover-based: [monetary amount (PLN)]	2,131,789,096
Capital expenditures-based: %	1.25%	Capital expenditures-based: [monetary amount (PLN)]	3,628,339,435
The percentage of assets <b>covered by the KPI relative to total investments</b> made by insurance or reinsurance companies (all assets under management). Excluding investments in sovereign entities.		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities	
Coverage ratio: %	74.27%	Coverage: [monetary amount (PLN)]	291,190,530,696
Additional, complementary disclosures: breakdown of <b>denominator</b> of the KPI			
The percentage of derivatives relative to total assets covered by the KPI.		The value in monetary amounts of derivatives.	
X %	0.61%	[monetary amount (PLN)]	1,780,165,820





The proportion of exposures to EU financial and non-financial undertakings <b>not subject to</b> Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings <b>not subject to</b> Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	33.49%	For non-financial undertakings: [monetary amount (PLN)]	97,531,413,466
For financial undertakings:	7.51%	For financial undertakings: [monetary amount (PLN)]	21,857,750,087
The proportion of exposures to financial and non-financial undertakings <b>z from non-EU countries not subject to</b> Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings <b>from non-EU countries not subject to</b> Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	1.96%	For non-financial undertakings: [monetary amount (PLN)]	5,698,821,620
For financial undertakings:	0.28%	For financial undertakings: [monetary amount (PLN)]	802,201,965
For non-financial undertakings: X %	6.00%	For non-financial undertakings: [monetary amount (PLN)]	17,460,197,203
For financial undertakings: X %	0.93%	For financial undertakings: [monetary amount (PLN)]	2,715,584,131
The proportion of <b>exposures to other counterparties and assets</b> over total assets covered by the KPI:		Value of <b>exposures to other counterparties and assets</b> :	
X %	44.65%	[monetary amount (PLN)]	130,008,766,380

The proportion of the insurance or reinsurance undertaking’s investments <b>other</b> than investments held in respect of <b>life insurance contracts where the investment risk is borne by the policy holders</b> , that are directed at funding, or are associated with, <b>Taxonomy-aligned</b> economic activities:		Value of insurance or reinsurance undertaking’s investments <b>other</b> than investments held in respect of <b>life insurance contracts where the investment risk is borne by the policy holders</b> , that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	
Turnover-based: X %	0.72%	Turnover-based: [monetary amount (PLN)]	2,094,688,036
Capital expenditures-based: X %	1.21%	Capital expenditures-based: [monetary amount (PLN)]	3,527,918,138
The value of all the investments that are funding <b>economic activities that are not Taxonomy-eligible</b> relative to the value of total assets covered by the KPI:		Value of all the investments that are funding <b>economic activities that are not Taxonomy-eligible</b> :	
X %	29.21%	[monetary amount (PLN)]	85,064,636,670
The value of all the investments that are funding <b>Taxonomy-eligible</b> economic activities, but <b>not Taxonomy-aligned</b> relative to the value of total assets covered by the KPI:		Value of all the investments that are funding Taxonomy-eligible economic activities, but <b>not Taxonomy-aligned</b> :	
X %	27.46%	[monetary amount (PLN)]	79,949,430,104



Additional, complementary disclosures: breakdown of <b>numerator</b> of the KPI			
The proportion of <b>Taxonomy-aligned exposures to financial and non-financial undertakings subject to</b> Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of <b>Taxonomy-aligned exposures to financial and non-financial undertakings subject to</b> Articles 19a and 29a of Directive 2013/34/EU:	
<b>For non-financial undertakings:</b>		<b>For non-financial undertakings:</b>	
Turnover-based: %	0.45%	Turnover-based: [monetary amount (PLN)]	1,320,117,517
Capital expenditures-based: %	0.97%	Capital expenditures-based: [monetary amount (PLN)]	2,816,870,951
<b>For financial undertakings:</b>		<b>For financial undertakings:</b>	
Turnover-based: %	0.00%	Turnover-based: [monetary amount (PLN)]	206
Capital expenditures-based: %	0.00%	Capital expenditures-based: [monetary amount (PLN)]	21,611
The proportion of the insurance or reinsurance undertaking’s investments <b>other</b> than investments held in respect of life insurance contracts <b>where the investment risk is borne by the policy holders</b> , that are directed at funding, or are associated with, Taxonomy-aligned economic activities:		Value of insurance or reinsurance undertaking’s investments <b>other</b> than investments held in respect of life insurance contracts <b>where the investment risk is borne by the policy holders</b> , that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	
Turnover-based: %	0.72%	Turnover-based: [monetary amount (PLN)]	2,094,688,036
Capital expenditures-based: X %	1.21%	Capital expenditures-based: [monetary amount (PLN)]	3,527,918,138

The proportion of <b>Taxonomy-aligned exposures to other</b> counterparties and assets over total assets covered by the KPI:		Value of <b>Taxonomy-aligned exposures to other</b> counterparties and assets over total assets covered by the KPI:	
Turnover-based: %	0.28%	Turnover-based: [monetary amount (PLN)]	805,785,796
Capital expenditures-based: %	0.28%	Capital expenditures-based: [monetary amount (PLN)]	805,785,796

Breakdown of the numerator of the KPI per environmental objective		
Taxonomy-aligned activities – provided “do-not-significant-harm” (DNSH) and social safeguards positive assessment:		
1. Climate change mitigation	Turnover: %	0.7442%
	CapEx: %	1.1616%
2. Climate change adaptation	Turnover: %	0.0916%
	CapEx: %	0.1510%

Transitional activities:	
A % (Turnover)	0.0088%
B % (CapEx)	0.0220%
Enabling activities:	
B % (Turnover)	0.1147%
B % (CapEx)	0.4549%

Disclosures under Annex XII to the Disclosures Delegated Act

Disclosures based on the Turnover KPI of the counterparty

Template 1 Nuclear and fossil gas related activities

	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Template 2 Taxonomy-aligned economic activities (denominator)

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	11,435,295	0.00%	11,435,295	0.00%	0	0.00%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	258	0.00%	258	0.00%	0	0.00%





	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	14,323	0.00%	14,323	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,406,959,258	0.48%	1,359,761,842	0.47%	47,197,416	0.02%
8.	Total applicable KPI	1,418,409,134	0.49%	1,371,211,718	0.47%	47,197,416	0.02%

Template 3 Taxonomy-aligned economic activities (numerator)

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	3,449	0.00%	3,449	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	11,451,260	0.54%	11,451,260	0.54%	0	0.00%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	256	0.00%	256	0.00%	0	0.00%



	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	14,277	0.00%	14,277	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	1,416,096,611	66.43%	1,360,441,509	63.82%	55,655,102	2.61%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	1,427,565,853	66.97%	1,371,910,751	64.35%	55,655,102	2.61%

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	13,405,487	0.00%	11,744,912	0.00%	1,660,575	0.00%

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	64,181,125	0.02%	64,181,125	0.02%	0	0.00%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1,622,597	0.00%	1,622,597	0.00%	0	0.00%
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI</b>	<b>80,953,770,993</b>	<b>27.80%</b>	<b>78,530,511,435</b>	<b>26.97%</b>	<b>2,423,259,558</b>	<b>0.83%</b>
8.	<b>Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>81,032,980,202</b>	<b>27.83%</b>	<b>78,608,060,069</b>	<b>27.00%</b>	<b>2,424,920,133</b>	<b>0.83%</b>

Template 5 Taxonomy non-eligible economic activities

	Economic activities	Amount (PLN)	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	172,279	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	666,101	0.00%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3,662	0.00%
7.	<b>Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI</b>	<b>79,628,033,309</b>	<b>27.35%</b>
8.	<b>Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI</b>	<b>79,628,875,350</b>	<b>27.35%</b>

Disclosures based on the CapEx KPI of the counterparty

Template 2 Taxonomy-aligned economic activities (denominator)

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	152,099	0.00%	152,099	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	11,357,707	0.00%	11,225,289	0.00%	132,419	0.00%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1,071	0.00%	1,071	0.00%	0	0.00%

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2,683	0.00%	2,683	0.00%	0	0.00%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	12,942	0.00%	12,942	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	2,915,085,777	1.00%	2,694,656,630	0.93%	220,429,147	0.08%
8.	Total applicable KPI	2,926,612,281	1.01%	2,706,050,715	0.93%	220,561,565	0.08%



Template 3 Taxonomy-aligned economic activities (numerator)

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	164,858	0.00%	164,858	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	11,331,189	0.31%	11,198,770	0.31%	132,419	0.00%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1,058	0.00%	1,058	0.00%	0	0.00%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	2,504	0.00%	2,504	0.00%	0	0.00%

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	12,589	0.00%	12,589	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	2,914,738,824	80.33%	2,694,538,758	74.26%	220,200,066	6.07%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	2,926,251,022	80.65%	2,705,918,537	74.58%	220,332,484	6.07%





Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	254,019,620	0.09%	252,918,753	0.09%	1,100,867	0.00%

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	107,940,347	0.04%	107,940,347	0.04%	0	0.00%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3,050,162	0.00%	3,050,162	0.00%	0	0.00%
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI</b>	<b>83,115,431,148</b>	<b>28.54%</b>	<b>79,160,126,906</b>	<b>27.18%</b>	<b>3,955,304,242</b>	<b>1.36%</b>
8.	<b>Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>83,480,441,276</b>	<b>28.67%</b>	<b>79,524,036,167</b>	<b>27.31%</b>	<b>3,956,405,109</b>	<b>1.36%</b>

Template 5 Taxonomy non-eligible economic activities

	Economic activities	Amount (PLN)	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	935,602	0.00%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	102,446	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	575,269	0.00%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
7.	<b>Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI</b>	<b>77,147,355,490</b>	<b>26.49%</b>
8.	<b>Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI</b>	<b>77,148,968,806</b>	<b>26.49%</b>

Disclosures based on Article 10(7) of the Disclosures Delegated Act

Proportion in the covered assets of exposures to Taxonomy-eligible economic activities pursuant to Environmental Delegated Act

PZU Group	
Proportion in total assets of exposures to economic activities that qualify as contributing substantially to the sustainable use and protection of water and marine resources	0.00%
Proportion in total assets of exposures to economic activities that qualify as contributing substantially to the transition to a circular economy	0.41%
Proportion in total assets of exposures to economic activities that qualify as contributing substantially to pollution prevention and control	0.00%
Proportion in total assets of exposures to economic activities that qualify as contributing substantially to the protection and restoration of biodiversity and ecosystems	0.00%
Assets covered by KPI [million PLN]	291,191

Proportion in the covered assets of exposures to Taxonomy-eligible economic activities pursuant to Sections 3.18–3.21 and 6.18–6.20 of Annex I and Sections 5.13, 7.8, 8.4, 9.3, 14.1 and 14.2 of Annex II to the Climate Delegated Act

PZU Group	
Proportion in total assets of exposures to economic activities that qualify as contributing substantially to climate change mitigation (pursuant to Regulation 2021/2139) – expanded economic activities added to Regulation 2021/2139 by Regulation 2023/2485	0.04%
Proportion in total assets of exposures to economic activities that qualify as contributing substantially to climate change adaptation (pursuant to Regulation 2021/2139) – expanded economic activities added to Regulation 2021/2139 by Regulation 2023/2485	0.04%
Assets covered by KPI [million PLN]	291,191

6.2.1. Contextual information in support of the quantitative indicators including the scope of assets and activities covered by the KPIs, information on data sources and limitation

A key performance indicator (KPI) for insurance companies' investment activities is the Green Investment Ratio (GIR). It indicates the proportion of an insurance company's investments that are directed at funding, or are associated with, EU Taxonomy-aligned economic activities, with respect to all investments. It is calculated in accordance with Annex IX to the Disclosures Delegated Act and presented in accordance with Table 2 in Annex X to the Disclosures Delegated Act. Qualitative information was prepared in accordance with Annex XI to the Disclosures Delegated Act.

The PZU Group is a mixed group (consisting of both financial and non-financial undertakings), and the parent company is an insurance company, so the disclosures under the Disclosures Delegated Act have been structured from the insurance company's point of view.

Indicators pertaining to investment policy

There are four tables in this report and the PZU Group's 2023 non-financial information report:

- 1) Green Investment Ratio pursuant to Annex X to the Disclosures Delegated Act.

- 2) Indicators for certain new energy related activities – nuclear and fossil gas related activities pursuant to Annex XII to the Disclosures Delegated Act.
- 3) Eligibility indicators for the four environmental objectives pursuant to Article 10(7)(a) of the Disclosures Delegated Act as amended by Article 5(2) of the Environmental Delegated Act.
- 4) Eligibility indicators for new activities in the manufacturing and transportation sectors under the two climate objectives pursuant to Article 10(7)(a) of the Disclosures Delegated Act as amended by Article 5(2) of the Environmental Delegated Act.

In accordance with the guidelines in the supplementary documents mentioned above, the indicators were calculated on the basis of the standards used in financial reporting, namely International Financial Reporting Standards. 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.

Disclosures have been prepared on a consolidated basis. The basis is the consolidated assets from the consolidated financial statements of the PZU Group. Companies subject to full consolidation are treated as “transparent.”

Separate KPIs for PZU SA's PZU Group subsidiaries have not been calculated and presented. In future years, if such regulatory guidelines and market practice become firmly established, the PZU Group will consider

calculating and presenting KPIs for subsidiaries that are non-financial and financial undertakings (e.g., pursuant to Annexes III–IV to the Disclosures Delegated Act for asset managers, pursuant to Annexes V–VI for credit institutions, etc.), and calculating a consolidated KPI for the PZU Group based on the share of a given business in PZU Group revenue and the KPI for the given business.

The funds of unit-linked funds (UL) are invested in, among other things, investment fund participation units and titles. The calculation of indicators for the PZU Group's investment activities was based on the so-called look through approach, i.e. the companies in the portfolios of these investment funds were taken into account in the proportion that corresponds to the value of the IEF's investment in the investment fund. The look through approach mentioned above did not apply to ETF funds, of which ETFs in the portfolios of PZU Group insurance companies in Lithuania and Latvia, including under IEFs, constituted a significant position. In the next few years, the PZU Group will endeavor to include ETF funds under the so-called look through approach.

Where the PZU Group invests in investment funds (UCITS or AFI), the so-called look through approach is planned to continue to be applied, while a solution in which turnover-based and CapEx-based KPIs of the asset manager that manages that UCITS or AIF would be used to calculate its own KPIs is not planned.

After applying the look through approach criterion, the PZU Group had exposure to a large number of investee issuers, and for some issuers the share of issuer-issued instruments in PZU Group assets (using the look through approach criterion) was very low. It was assumed that the impact of the KPIs of such issuers on the value of the PZU Group's KPI was insignificant, and

therefore it was determined that the KPIs of issuers with a value of PZU Group investment lower than PLN 25,000 would not be taken into account (assuming the look through approach criterion). Such a cut-off point was selected using an expert method, also taking into account the cost of obtaining market data. After taking this cut-off point into account, the issuers whose indicators have been omitted represent a total of about PLN 25 million, which is less than 0.15% of the PZU Group's assets covered by the KPI. For such exposures, it was assumed that their activities are not EU Taxonomy-eligible, so they are not EU Taxonomy-aligned either. This approach is in line with the European Sustainable Finance Platform's guidelines, according to which the Disclosures Delegated Act is silent on the application of materiality thresholds for eligible activities, so a company can always report a small activity as not EU Taxonomy-eligible.

Data sources

Disclosures regarding the investment activities of the PZU Group were prepared based on the following data sources:

- internal data from accounting systems and financial reports;
- data on the entities, in which an investment was made, obtained from external services, in particular Bloomberg;
- data on the entities, in which an investment was made, obtained directly from those entities;
- internal data on investment properties or data obtained from the managers of these properties. Data from external services, including Bloomberg, generally reflect data published by companies, but it



cannot be ruled out that at the current stage of market and system development, data from external services may not fully reflect data published by companies. This can result in data discrepancies, for example, between data from a report under Annex X of the Disclosures Delegated Act and Annex XII to the Disclosures Delegated Act.

Disclosures of the PZU Group's investment activities for 2023 are published together with the PZU Group's consolidated activity report in the first quarter of 2024. At the same time, non-financial reports for 2023 of non-financial and financial undertakings, in which the PZU Group has made investments, will be published. Therefore, for the vast majority of investee undertakings data for 2023 was not yet available at the stage of preparing this disclosure. Therefore, for the calculation of indicators for the investment activities of the PZU Group, the 2022 data for the investee undertakings was adopted. The goal was to ensure data consistency for all investee undertakings.

For investee undertakings that do not publish non-financial reports, but are part of a group that is subject to non-financial reporting and that are covered by the group report, the group indicators derived from the consolidated report were adopted. On the other hand, in cases where there is no substantive justification (e.g., a completely different activity than the group's leading activity, a project under construction, etc.) it is permissible not to include the group indicator.

According to the Disclosures Delegated Act, financial undertakings may use estimates for assessing the Taxonomy-alignment of their exposures to undertakings referred to in paragraph (6), points (e) and (f) [undertakings established in a third country], where those financial undertakings are able to demonstrate

compliance with all criteria of Article 3 of Regulation (EU) 2020/852, except with the criteria laid down in Article 3, point (b) of that Regulation [does not cause serious harm to any of the environmental objectives set forth in Article 9 in accordance with Article 17]. Financial undertakings shall formalize, document and make public the methodology upon which such estimations are based, including the approach and research methodology, the main assumptions and precautionary principles used. However, the PZU Group has decided not to use such estimates. Therefore, only data provided by investee undertakings were used for calculations. The estimates made by the Bloomberg service were also not used.

The PZU Group has decided not to individually contact the entities, in which it has made investments, to obtain data prior to official publication due to the costs associated with performing this task, given the scale of the PZU Group's operations. The PZU Group also decided not to make independent estimates of data for other entities due to the prudent approach adopted.

**Investments (assets under management)**

Pursuant to Annex IX to the Disclosures Delegated Act, investments shall mean all direct and indirect investments, including investments in collective investment undertakings and participations, loans and mortgages, property, plant and equipment, as well as, where relevant, intangibles.

The following asset items from the financial statements were considered investments:

- Property, plant and equipment (with only own properties included under this item);
- Investment property;

- Entities accounted for using the equity method;
- Assets pledged as collateral for liabilities;
- Assets held for sale (with only investment and own properties included under this item, while other types of assets are not included);
- Loan receivables from clients;
- Investment financial assets, except for cash and deposits;
- Derivative financial instruments (according to Article 7(2) of the Disclosures Delegated Act, they are included in the denominator, while they are excluded from the numerator).

The following asset items from the financial statements were assumed not to meet the definition of investments, and therefore were not included in the reporting framework:

- Goodwill;
- Intangible assets;
- Deferred tax assets;
- Insurance contract assets;
- Reinsurance contract assets;
- Other assets;
- Receivables;
- Cash and cash equivalents.

Pursuant to Article 7(1) of the Disclosures Delegated Act, exposures to central governments, central banks and supranational issuers shall be excluded from the calculation of the numerator and denominator of key performance indicators of financial undertakings.

Therefore, covered assets were assumed to be all investments made by the insurance company (total assets / total AuM), excluding investments in sovereign entities:

[covered assets (KPI)] = [all investments (total assets / total AuM)] – [investments in sovereign entities (exposures to central governments, central banks and supranational issuers)]

Securities guaranteed or secured by the Stet Treasury, including bonds issued by Bank Gospodarstwa Krajowego and the Polish Development Fund, were also considered exposures to central governments. Among others, the European Investment Bank has been recognized as a supranational issuer.

Exposures to regional governments and to local government units were not considered to be exposures to central governments. The financial instruments they issue, such as municipal bonds, have been included in the denominator – the assets covered by the KPI – while they are excluded from the numerator. This approach was not applied to exposures to regional governments and local government units in the portfolios of investment funds in which the PZU Group made investments, to which the look through approach was applied. These exposures are excluded from the denominator, as are exposures to central governments. The PZU Group will endeavor to also include these exposures using the look through approach to the denominator – to the assets covered by the KPI – in future years.

Additional assumptions

Pursuant to Article 7(3) of the Disclosures Delegated Act, exposures to undertakings that are not obliged to



publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU shall be excluded from the numerator of key performance indicators. Accordingly, environmentally sustainable bonds of Small and Medium Enterprises (“SMEs”) and financing of renewable energy projects (“RES”) (e.g., wind farms) were excluded from the KPI numerator, and loans to such entities were also excluded.

PZU Group voluntarily discloses the estimated green investment ratio (GIR) calculated as if the financing of RES projects was included in the KPI numerator. In this case, the GIR would be 0.84%. It should be emphasized that this is a voluntary disclosure and does not constitute a disclosure under the law.

Pursuant to Annex IX to the Disclosures Delegated Act, debt securities with the purpose of financing specific identified environmentally sustainable activities or projects or environmentally sustainable bonds issued by an investee undertaking have been included in the numerator up to the value of EU Taxonomy-aligned economic activities that the proceeds of those bonds and debt securities finance, on the basis of information provided by the investee undertaking.

The denominator (in the assets covered by the KPI) included derivatives recognized in assets in the financial statements, without offsetting with derivative liabilities.

According to Article 7(4) of the Disclosures Delegated Act, without prejudice to Article 7(1) of this Act, environmentally sustainable bonds or debt securities with the purpose of financing specific identified activities that are issued by an investee undertaking shall be included in the numerator of key performance indicators up to the full value of Taxonomy-aligned economic activities that the proceeds of those bonds

and debt securities finance, on the basis of information provided by the investee undertaking. On the other hand, as indicated above, if such information is not available, general indicators for the undertaking/group from the parent company's non-financial report are adopted. Exposures whose purpose is not to finance specific identified activities are included in the weighted numerator of the issuer's turnover KPI and capital expenditure KPI in accordance with the method set forth in Annexes III, V, VII and IX to the Disclosures Delegated Act. Where an investee undertaking has issued the environmentally sustainable bonds or debt securities with the purpose of financing specific identified activities, financial undertakings shall discount (correct) the KPI of the investee undertaking accordingly to avoid double counting.

It was assumed that since Article 7(4) of the Disclosures Delegated Act refers only to environmentally sustainable bonds or debt securities, the rules described in this provision should not be interpreted broadly to include other forms of investments, such as loans made for such purposes.

It was assumed that Article 7(4) of the Disclosures Delegated Act is not a special provision to Article 7(3) of the Act. Article 7(4) was assumed to apply to the situation where an undertaking subject to non-financial reporting (under Article 7(3)) issues environmentally sustainable bonds. In this case, their revenues were taken into account up to the full amount, rather than as an overall indicator of compliance with the EU Taxonomy for the undertaking's activities.

In the case of investments in credit institutions, green asset ratios (GARs) were adopted in place of revenue (REVENUE) and capital expenditures (CAPEX) in the form of GAR\_REVENUE and GAR\_CAPEX indicators. For

investments in insurance companies, green investment ratios (GIRs) in the form of GIR\_REVENUE and GIR\_CAPEX ratios were adopted in place of revenue (REVENUE) and capital expenditures (CAPEX). In the absence of a GIR for a particular insurance company, the Green Underwriting Ratio (GUR) was adopted.

Financial undertakings are defined in Article 1(8) of the Disclosures Delegated Act. Undertakings that provide other financial services but meet the criteria in this definition were considered non-financial undertakings. The classification was made on the basis of the Bloomberg service, based on detailed subsectors within the Financials sector.

Undertakings covered by Articles 19a and 29a of Directive 2013/34/EU, i.e., those subject to non-financial reporting obligations, were determined based on data from external services. For undertakings in Poland, the Instrat Foundation database was used. For undertakings from other countries, the Bloomberg service was used, with the assumption that an undertaking with more than 500 employees, according to the Bloomberg service, is covered by the non-financial reporting obligation. No additional verification was made in this regard.

In reporting the breakdown of the KPI numerator by environmental objective, transition and enabling activities were reported without the breakdown of climate objectives (*climate change mitigation*, CCM and *climate change adaptation*, CCA). The data comes from the Bloomberg service. The PZU Group works with ESG data providers regarding the completeness and quality of the data. The PZU Group will endeavor to report transition and enabling activities by climate and environmental objectives in the following years as part of the KPI numerator breakdown.

The data for the item Loans receivable from clients were prepared by the banks in the PZU Group included in the consolidated report. The data were prepared in accordance with the rules set forth in Annexes V–VI to the Disclosures Delegated Act.

### The principle of minimum safeguards

For the purposes of calculating in their KPIs EU Taxonomy-aligned exposure to other undertakings, financial undertakings themselves do not have to comply with the minimum safeguards, due to the fact that financing activities are not EU Taxonomy-eligible. Each undertaking that the PZU Group invests in determines and reports on its own whether it meets the minimum safeguards. An undertaking can only consider its activities to be EU Taxonomy-aligned if it meets the minimum safeguards. If an undertaking reports that a certain percentage of its activities is EU Taxonomy-aligned, it means that it meets the minimum safeguards. PZU SA Group does not perform any additional verification.

### Unit-linked funds

In accordance with Annex IX to the Disclosures Delegated Act, the additional disclosures distinguished the proportion of the investments held in respect of life insurance contracts where the investment risk is borne by the policy holders and the proportion of remaining investments. The investments held in respect of life insurance contracts where the investment risk is borne by the policyholders include life insurance with an insurance equity fund (“IEF”).

As indicated above, the *look through approach* was applied, taking into account all investments held in the

portfolios of investment funds whose participation titles or units are held in the portfolios of IEFs.

Investments in real estate

As indicated above, real estate, which is included in the following asset items on the balance sheet, was analyzed for alignment with the EU Taxonomy:

- property, plant and equipment,
- assets held for sale.

It has been assumed that real estate-specific indicators will be used to assess real estate alignment with the EU Taxonomy, rather than revenue (REVENUE) or capital expenditures (CAPEX), which real estate does not have. Real estate has its own criteria and indicators for alignment with the EU Taxonomy. Investments are shown on a look-through approach basis, so the relevant investments are real estate (buildings) that are owned by individual companies in the PZU Group, including special purpose vehicles owned by the PZU FIZAN Sektor Nieruchomości 2 fund.

The EU Taxonomy alignment rate calculated for the real estate is shown under both revenue (REVENUE) and capital expenditures (CAPEX) items.

In the absence of currently formed standards for analyzing the EU Taxonomy, it was decided to test alignment with the EU Taxonomy only for existing buildings. Buildings under construction were found to be not EU Taxonomy-aligned.

In the criteria that refer to the erection of buildings before or after 31.12.2020, the date of submission of the building permit application was considered the “date of erection.”

Only those buildings that have already obtained an occupancy permit or other decision with similar effect were evaluated, even if it applies only to a small part of the building. Warehouse parks were similarly assessed. It was also conservatively assumed that if even one of the buildings in the warehouse park did not meet the requirements of the EU Taxonomy, the entire warehouse park was assessed as not EU Taxonomy-aligned.

The following guidelines and assumptions were adopted for the analysis of the energy demand criterion for buildings constructed before 31.12.2020. In Poland, energy demand classes are not used in energy certificates, so this criterion is checked before answering the question “Does the building belong to the 15% of the most efficient buildings (residential or non-residential, respectively, for buildings constructed before 31.12.2020) in the country in terms of primary energy demand (PED)?”. For all types of real estate, including office, warehouse and retail buildings erected before 31 December 2020, this criterion is met:

- up to 15% of the most efficient buildings (criterion for Objective 1 – climate change mitigation) if PED (EP) < 118.26 kWh/m² per year;
- up to 30% of the most efficient buildings (criterion for Objective 2 – climate change adaptation), if PED (EP) < 155 kWh/m² per year.

In a situation where a building has several energy certificates associated with different tenants, for example, such a building will meet the primary energy requirements if each of its parts meets the requirements.

The following guidelines and assumptions were adopted for the analysis of the energy demand criterion for

buildings constructed after 31 December 2020. For all types of real estate, including office, warehouse and retail buildings erected after 31 December 2020, this criterion is met:

- at least 10% less than the threshold (criterion for Objective 1 – climate change mitigation) if PED (EP) < 108 kWh/m² per year;
- does not exceed the threshold (criterion for Objective 2 – climate change adaptation) if PED (EP) < 120 kWh/m² per year.

For buildings larger than 5,000 m²:

- Has the building undergone air leakage and thermal integrity testing by a certified company? And Have the results of these tests been shared with clients/tenants?
- Has the global warming factor been calculated?

The following guidelines and assumptions were made for the criterion on building management systems.

The issue applies only to large non-residential buildings equipped with heating systems, ventilation systems, air-conditioning systems with an effective rated of more than 290 kW. For these buildings, it is determined whether they have evidence of efficient operation, e.g., there is a building automation and control system in place or there is an energy efficiency improvement contract. It was assumed that a building meets this criterion if it has a modern BMS (Building Management System). “Modern BMS” was identified as that defined by CBRE standards as Class A.

Energy efficiency improvement is understood as any action that systemically reduces energy consumption, e.g. replacing lighting with LEDs, introducing motion

sensors, increasing insulation in facades. Such improvement must be carried out every year for this criterion to be considered met in a given year.

The following guidelines and assumptions were adopted for the criterion on adaptation of real estate to climate change. To meet this criterion, it is necessary to confirm that the real estate is located not in a floodplain. If the due diligence report on the real estate or the local spatial development plan indicates that the real estate is located in a floodplain, the criterion is not met. When analyzing whether the real estate is located in a floodplain, flood maps available from the PZU Risk Department or available on a geoportal and records of local plans may also be used, if such factors are indicated.

The following guidelines and assumptions for the fossil fuel criterion were adopted. It was analyzed whether the real estate was specifically built/prepared for fossil fuel storage or fossil fuel energy production for further sale to end users. If that were the case, it could not be considered EU Taxonomy-aligned. The storage of fuels processed from fossil fuels, e.g., diesel fuel, does not make the real estate not EU Taxonomy-eligible. The decisive factor is whether the fuel in question is fossil and occurs naturally in that form in the environment. The storage of fossil fuels for the undertaking's own activities does not preclude the real estate's alignment with the EU Taxonomy, provided that the warehouse/building in which these fossil fuels are stored was not built exclusively for such purposes. In the event that it was built solely for such a purpose and not for any other purpose, then it cannot be considered EU Taxonomy-aligned. On the other hand, such a facility where there may be a need to store fuels, e.g., to ensure the operation of on-site energy generation



equipment (e.g., for heating or operation of fire systems), was considered EU Taxonomy-eligible.

The following approach was adopted in terms of minimum safeguards in the study of real-estate alignment with the EU Taxonomy. For the evaluation of the EU Taxonomy's criterion on human rights due diligence process, it was based on the acquired information and declarations in this regard from the manager of the real estate in question. In the case of the EU Taxonomy's criterion on preventing corruption, fair competition and preventing violations of tax law, the information was obtained from the real estate owner, which is a PZU Group company.

Financing of renewable energy sources

PZU, PZU Życie and closed-end investment funds managed by PZU TFI, of which PZU and PZU Życie are the only participants (PZU FIZAN BIS 1 and PZU FIZAN BIS 2), as part of their investment activities, finance through loans or debt purchases external entities that build wind farms or other RES installations. Loans are granted at the level of special purpose vehicles (“SPVs”) established for a given investment.

The entities making the RES investment in question were asked whether they meet the technical screening criteria (TSC) for RES energy production and the minimum safeguards for this activity. The question was based on a breakdown of EU Taxonomy-aligned, EU Taxonomy-eligible and not EU Taxonomy-eligible activities, according to applicable non-financial reporting standards.

To assess the fulfillment of the principle of minimum safeguards, a rule derived from the “Final Report on

Minimum Safeguards” of the Platform on Sustainable Finance was adopted, according to which, in the case where one of the shareholders has at least a 50% stake, in order for an investment to be considered EU Taxonomy-aligned, this shareholder must fulfill the principle of minimum safeguards. In contrast, if no shareholder had at least a 50% stake, then the SPV itself should fulfill the principle of minimum safeguards.

Most of the SPVs are part of groups that are not covered by Articles 19a and 29a of Directive 2013/34/EU, i.e., they do not prepare non-financial statements and they do not publish data on the alignment of their activities with the EU Taxonomy. Most SPVs did not provide the PZU Group with data in this regard. For those who provided data, with regard to the SPV's compliance with technical screening criteria and minimum safeguards, the statements of the entities were relied upon and no additional verification was performed.

As stated above, the estimated green investment ratio (GIR) calculated as if the financing of RES projects was included in the KPI numerator was disclosed on a voluntary basis, including those entities that provided data.

Banks

Banks (credit institutions) within the PZU Group disclose in their non-financial statements the green asset ratio (GAR) calculated in accordance with Annexes V–VI to the Disclosures Delegated Act. These ratios were published in the banks' reports.

As indicated above, according to the consolidation method adopted for the purpose of fulfilling the obligations under the Disclosures Delegated Act,

companies subject to consolidation are treated as “transparent.” This also applies to Bank Pekao and Alior Bank. Therefore, the banks' investments are shown in the GIR for the PZU Group. The data for the calculations were provided by the banks in accordance with Annexes IX–X to the Disclosures Delegated Act, in order to effectively carry out the process of consolidating the data into a single GIR. Data on banks – the item of loan receivable from clients – have been included as part of the GIR at the consolidated level.

Private Equity

PZU and PZU Życie are making investments in private equity funds based abroad. Private equity funds, for the most part, are not covered by Articles 19a and 29a of Directive 2013/34/EU, i.e., they are not required to carry out non-financial reporting, and they do not publish data on the alignment of their activities with the EU Taxonomy.

The private equity funds did not use the look through approach. This is justified by the fact that the companies in which these funds make investments are also, for the most part, not required to carry out non-financial reporting. A large portion of both funds and portfolio companies are based outside the EU. Some funds report selected ESG data on a voluntary basis, while, due to the nature of the asset class and PZU's broad investment mandate, there is a great deal of variation among portfolio funds in reporting, data quality and the level of implementation of ESG policies. Portfolio funds differ significantly in the scale of their activities, and consequently have significantly different budgets that can be allocated for ESG monitoring and policy implementation purposes. Nevertheless, the topic of ESG reporting and implementation of best

practices is an important issue that the private equity market is slowly beginning to grapple with. The scale of the fund's activities has a direct impact on the pace of changes and new procedures in the ESG area. Currently, there are no clear guidelines by which an objective assessment can be made of which fund is doing a better job of ESG reporting. In addition, the private equity portfolio has a relatively small exposure in PZU's investment asset structure. The PZU Group hopes to improve data quality in the years to come.

Nuclear and fossil gas related activities

The ratios for the PZU Group's nuclear and fossil gas related activities are shown separately for turnover (REVENUE) and separately for capital expenditures (CAPEX). This way of presenting data is due to the fact that non-financial undertakings in which the PZU Group makes investments have also presented their data according to this template.

Eligibility for the EU Taxonomy for the four environmental objectives

Due to the lack of available data on eligibility for the EU Taxonomy for the four environmental goals of the specific percentage of turnover and capital expenditures of individual investee undertakings, the following approach was adopted for 2023 reporting.

The following information was verified to determine whether the investee undertaking's activities are EU Taxonomy-eligible for each of the four environmental objectives:

- whether the issuer is subject to Articles 19a and 29a of Directive 2013/34/EU, i.e. whether it is required to report non-financial information,

- whether the issuer conducts its economic activities in the European Economic Area,
- what is the leading NACE code (according to the statistical classification of economic activities in the EU) for the issuer's activities.

If the issuer is subject Articles 19a and 29a of Directive 2013/34/EU, i.e. it is required to report non-financial information, conducts its economic activities in the European Economic Area and the leading NACE code is listed in:

- Annex I to the Environmental Delegated Act for the environmental objective of sustainable use and protection of water and marine resources;
- Annex II to the Environmental Delegated Act for the environmental objective of transitioning to a circular economy;
- Annex III to the Environmental Delegated Act for the environmental objective of pollution prevention and control;
- Annex IV to the Environmental Delegated Act on for the environmental objective of protecting and restoring biodiversity and ecosystems;

a given investee undertaking was deemed 100% eligible for a given environmental objective. Due to the lack of relevant data in Bloomberg service, a simplification has been made by assuming that for entities with NACE codes eligible for the EU Taxonomy, all of the PZU Group's exposure is eligible for the EU Taxonomy for a given environmental objective.

For issuers that are not subject to Articles 19a and 29a of Directive 2013/34/EU, i.e. not required to report non-financial information, it was assumed that their

activities are not eligible for the EU Taxonomy for the four environmental objectives.

For issuers conducting economic activities outside the European Economic Area, it was assumed that their activities are not eligible for the EU Taxonomy for the four environmental objectives.

Where the NACE code for an issuer's leading activity is not listed in Annexes I, II, III and IV to the Environmental Delegated Act, it was assumed that its activities are not eligible for the EU Taxonomy for the four environmental objectives.

Reported eligibility for a given environmental objective is the quotient of exposure to all investee undertakings eligible for a given environmental objective and assets under management covered by the KPI.

Eligibility for the EU Taxonomy for new activities under the two climate objectives

In their 2023 reports, financial undertakings must report the eligibility of a certain activity for the EU Taxonomy for the new activities that were added to the Climate Delegated Act by Regulation 2023/2485.

This was calculated in a manner analogous to determining eligibility for the four environmental objectives, as described above.

Eligibility for the EU Taxonomy for the new activities listed in the Climate Delegated Act by Regulation 2023/2485, was calculated based on the leading NACE codes of the individual investee entities and the exposure to each economic activity. Due to the lack of relevant data in Bloomberg service, a simplification has been made by assuming that for entities with NACE codes eligible for the EU Taxonomy, all of the PZU

Group's exposure is eligible for the EU Taxonomy for a given climate objective.

6.2.2. Explanations of the nature and objectives of Taxonomy-aligned economic activities and the evolution of the Taxonomy-aligned economic activities over time, starting from the second year of implementation, distinguishing between business-related and methodological and data-related elements

PZU Group companies are engaged in investment activities, in the case of certain regulated companies subject to the restrictions provided by law.

The PZU Group has not imposed any restrictions on financing any specific sector, including strategic sectors, or any specific economic entities, including SMEs. Therefore, these specific sectors and entities also continue to be funded by PZU Group companies.

In a concluded life insurance contract with the IEF, the policyholder selects the IEF in which they want to invest the funds from the insurance premium.





6.2.3. Description of the compliance with Regulation (EU) 2020/852 in the financial undertaking’s business strategy, product design processes and engagement with clients and counterparties

Taking into account the growing importance of the topic of sustainability and climate change, as well as their relevance to the financial industry, PZU and PZU Życie have adopted the “Balanced Growth” ESG strategy for 2021–2024, which sets a course of action to ensure sustainable economic growth of PZU and PZU Życie with respect to social, environmental and corporate governance issues.

One of the key actions supporting the objectives of the “Balanced Growth” ESG strategy was the development and adoption of a Sustainable Investment Policy.

PZU Życie does not offer financial products that promote environmental or social aspects or aim at sustainable investments. PZU Życie does not rule out introducing and offering such products in the future.

PZU Życie offers life insurance with an insurance equity fund (financial products with investment variants), the funds of which may be invested in participation units and titles of investment funds, among which may be funds that are financial products promoting environmental or social aspects or funds that are financial products aimed at sustainable investments.

The PZU Group expects its suppliers to adhere to the standards and principles it itself applies in its business activity. The Code of Conduct and ESG Best Practices for PZU Group’s Suppliers is a collection of principles for the PZU Group and all of its suppliers. Doing business in accordance with this Code and promoting its values are

an important criterion in the classification and assessment of prospective suppliers.

6.2.4. Additional or complementary information in support of the financial undertaking’s strategies and the weight of the financing of Taxonomy-aligned economic activities in their overall activity

One of the elements of the “Balanced Growth” ESG strategy is an increased commitment to investments that support the climate and energy transition. Since the announcement of the ESG strategy in 2021, the PZU Group has become involved in a number of large onshore wind projects, having already committed a total of around PLN 420 million to their financing. Annual production of wind farms financed by the PZU Group should provide green electricity for over 800,000 households in Poland.



# 7. ESG risk management

## 7.1. Responsibility related to ESG

ESG goals have been included in the list of goals to be achieved by the Management Board, and the key ESG Strategy indicators became an integral part of the PZU Group’s business strategy. 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 objective and measurable indicators for their implementation and accountability (KPIs), which are the basis for determining 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 the Management Board Members depends on the attainment of management objectives determined by the Supervisory Board and may not exceed 100% of the annual fixed compensation of the Management Board Members from the previous financial year when the calculations of the due variable compensation are made.

To achieve efficient ESG management, the Sustainable Development Department was set up at PZU and PZU Życie at the end of 2020, with the function of

coordinating actions in the area of the ESG Strategy implementation. Director of the Sustainable Development Department reports directly to the PZU Życie Management Board Member and the PZU Group Director in PZU.

In 2021, the PZU Management Board established the PZU Group ESG Committee, whose tasks include:

- supervision over the consistency of ESG activities with the PZU Group’s business objectives;
- setting out general ESG guidelines in the PZU Group;
- making recommendations as for applying ESG principles in the PZU Group business practice and integrating business processes with the ESG goals;
- participation in the development and updating of the ESG Strategy;
- giving opinions on actions, plans and projects connected with the ESG Strategy and implemented in the PZU Group, and presenting these opinions to the relevant bodies of the members of the PZU Group;
- giving opinions on the methods and directions of adapting the business activity principles followed by members of the PZU Group represented in the Committee to ESG regulatory and reporting requirements.

During the meetings of the PZU Group ESG Committee, 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.

In 2023, the ESG Committee held 5 meetings. Topics covered during the meetings included CO2 offsetting, defining ESG strategic goals, preparing the PZU Group to meet the requirements of the EU Taxonomy, modeling climate risks, human rights due diligence process and changes in environmental and human rights policies, and preparing the PZU Group to implement the CSRD Directive.

Another means of communicating relevant ESG-related issues are internal regulations of the Sustainable Development Department Director. Key internal regulations issued in 2023 concerned prevention of human rights violations in the PZU Group, methodology for ESG assessment of PZU SA key corporate clients as well as guidelines and a list of disclosure obligations under the EU Taxonomy.

In addition, information activities aimed at ESG leaders within the PZU Group are being conducted. A series of quarterly meetings was initiated in 2023. During the meetings, key issues regarding the ESG strategy, EU Taxonomy, minimum human rights safeguards, and ESG assessment methodology for key clients were discussed. The most important aspects of the new regulations were also elaborated on. An external expert in the Climate Leadership program participated in one of those meetings where the question of integrating ESG risks into the business practice of insurance institutions was discussed. In 2023, four meetings were held.

**ESG goals** have been included in the list of goals to be achieved by the Management Board, and the key ESG Strategy indicators became an integral **part of the PZU Group’s business strategy.**

The ESG Committee in the PZU Group is composed of representatives of PZU SA and PZU Życie SA, including the PZU Group Management Boards’ Members and Directors, as well as Presidents of Management Boards: Members of the PZU Management Board, Members of the PZU Życie Management Board, 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, PZU Group Director supervising the Product Section, Managing Director on Regulations, Managing Director for Marketing, Sponsorship and Prevention, Director of the Corporate Communication Office, Director of Management Consolidation and Investor Relations, Director of the Sustainable Development Department.

Detailed rules for the implementation of the ESG strategy and cooperation between PZU Group members are set out in the Policy on Sustainable Development in the PZU Group and cooperation agreements between companies.



## 7.2. Key ESG 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.

ESG 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.

Corporate governance	Society “S”	Environment “E”
Risks	Risks	Risks
Risks pertaining to disclosure of personal data and data subject to insurance secrecy to unauthorized persons	The risk associated with difficulties in recruiting qualified staff. It pertains, in particular, to areas characterized by narrow specialization and those where candidates with unique competences are sought	Reputation risk and compliance risk in connection with direct environmental impact
Risks of corruption associated with inappropriate implementation in the Group’s structure of anti-corruption procedures, including the lack of protection for whistleblowers	Risk of failure to ensure a safe and healthy work environment. Putting employees at risk of accidents at work.	Physical risk
Risk of conflict of interest	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	Transition risk
Risks associated with inadequate design and implementation of solutions in the area of crime prevention and failure to implement them correctly	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	
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	Compliance risk concerning the generally prevailing laws and guidelines of state authorities and reputational 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		

### 7.3. Policies and procedures on non-financial issues

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 ESG risk management (within the group of operational and compliance risks).

Corporate governance

Regulations

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
- Anti-Corruption Program in PZU SA and PZU Życie SA
- Whistleblowing Procedure in PZU SA and PZU Życie
- 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
- Security Procedure in counteracting crime in PZU SA and PZU Życie SA
- Security procedures in the area of counteracting money laundering and terrorism 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 duties in the field of counteracting money laundering and terrorism financing
- Sanction Policy in PZU SA and Życie SA
- Whistleblowing System at PZU and PZU Życie

Society “S”

Regulations

- Human resource management policy PZU SA and PZU Życie
- Procedure for counteracting undesirable behavior in the work environment – mobbing and discrimination – in PZU and PZU Życie
- Occupational health and safety policy at PZU and PZU Życie
- Remuneration policy in the PZU Group
- Financial Planning Procedure in the PZU Group
- Rules and Regulations of the Company Social Benefit Fund (ZFŚS)
- Principles concerning the product management system in PZU and PZU Życie
- Code of Ethics in Advertising
- Policies for managing effective communication in PZU
- Client experience management policy in PZU and PZU Życie
- PZU Group's Human Rights Policy

Environment “E”

Regulations

- PZU Group Environmental Policy
- Sustainable Investment Policy in PZU and PZU Życie
- PZU Green Standard





# 8. Social issues

PZU brings together all of the PZU Group’s activities and integrates them in a client-focused manner: life insurance, non-life insurance, health insurance, investments, pensions, health care, banking and assistance services, which exerts positive impact on the quality of client experience.

The claims and benefits paid out by PZU 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. 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.

For many years, a major theme of PZU’s community involvement has been improving safety in 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. The second key area of community involvement, is the promotion of health and active lifestyles. 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.

## 8.1. Responsible sales

The PZU Group is focused on providing the highest quality services and products. The PZU Group has transparent communication policies and commitments are kept. A key aspect of any offering is to ensure the full safety of clients. Aiming to minimize the occurrence of the risk of misselling – i.e., the risk associated with dishonestly informing clients about the PZU Group’s offers by offering clients to purchase products that do not meet their needs or are offered in a manner inappropriate to their nature – the PZU Group has implemented policies to ensure the fair design and sale of financial products and services. One of the procedures used is the Rules for the Product Management System in PZU and PZU Życie. 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.

### 8.1.2. 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 of the Group’s services and products are carefully vetted by experts, including relevant legal and

compliance units, for compliance with regulations and requirements to protect clients' interests and current case law on consumer rights before they are offered to clients.

The Group conducts its insurance product business in accordance with legal and supervisory requirements, in particular the provisions of the Act of 15 December 2017 on insurance distribution, as amended, which implemented into the Polish legal order the Directives of the European Parliament and of the Council (EU) 2016/97 of 20 January 2016 on insurance distribution (IDD) and the EU Commission Delegated Regulation 2017/2358 supplementing the IDD with regard to product oversight and governance requirements for insurance undertakings and insurance distributors.

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.

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

Market competition fosters entrepreneurship and productivity, and is beneficial to entrepreneurs and

consumers because it provides lower prices, better quality products, greater choice, innovation and broader economic development. Competition works best when each market competitor makes its economic decisions independently. PZU and PZU Życie make every effort to ensure that their market activities are in compliance with the competition laws of Poland and the European Union. The legal basis for assessing the compliance of business behavior with competition law norms is provided by, among others, the Act of 16 February 2007 on the Protection of Competition, the Treaty on the Functioning of the European Union and their implementing acts.

Internal regulations have been implemented in PZU and PZU Życie, regulating the Companies' compliance with competition law. These regulations set forth rules of conduct in the context of fair market practices that comply with competition law; including, among other things, addressing the following issues:

- cooperation between insurance companies and relations with other market players,
- abuse of dominant position and use of restrictive agreements,
- application of prohibited contractual clauses;
- conducting communication and exchange of information, consistent with the principles of fair competition,
- reporting violations.

The number of proceedings underway against the Group in the reporting year pertaining to violations of principles of fair competition	2022	2023
---	------	------

PZU Group, including:	2	2
• PZU	0	0
• PZU Życie	0	0

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.

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.

Regulations in subsidiaries

TUW PZUW regularly reviews its products to assess whether they benefit TUW PZUW’s insured and eligible clients. Every year, it analyzes in detail any comments on the service and transparency of insurance contracts. Cyclical reviews and ongoing monitoring of products are the basis for preparing an assessment of adequacy

and introducing increasingly better solutions. In addition, an annual analysis of complaints is conducted in terms of the quality of the product and service, as well as the procedures used, and conclusions and recommendations are reported to the Society’s Board of Directors. Based on the reviews carried out, TUW PZUW develops and implements solutions for quality improvement on a regular and planned basis.

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 value. 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 comprehensively regulated by the Policy for the Process of Implementing New Products at Bank Pekao and the Principles for Creating Marketing Communications of Bank Polska Kasa Opieki Spółka Akcyjna. The standards of offering and sales are further defined in: the Rules of selling credit and payment products to consumers in Bank Polska Kasa Opieki Spółka Akcyjna and the Policy for the sale of investment products. The risk of misleading the client with respect to the product designation is managed *ex ante* through ongoing reviews of product documentation and marketing materials by dedicated Second Line of Defense units, and in the case of investment products also *ex post* in the form of listening to investment calls, where the Bank identifies whether misselling or greenwashing has occurred. 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 product shelf has been reduced and selected offer elements may be distributed only by authorized

channels (e.g. Private Banking) and employees who have the appropriate knowledge and experience. The sales processes are subject to regular monitoring for the threat of misselling.

8.1.3. Advertising ethics

PZU and PZU Życie are governed by the Code of Advertising Ethics and the Principles of Opinion on Marketing Activities and Internal and Corporate Communication Activities, in order to prevent the risk of non-compliance with generally applicable laws and guidelines of state bodies, as well as reputational risk. 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).

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 rights;
- the message is not misleading and does not take advantage of the clients’ ignorance;
- data presented in advertising are true and documented.

The Code also regulates the event sponsoring rules. It clearly stipulates that they may not infringe good practices, expose facilities of historical or artistic importance to harm, or exert negative impact on the natural environment.

Responsible marketing communication is also supported by:

- **The Marketing Policy** which defines the aims, standards and principles of conducting marketing activity in the PZU Group. It focuses on ensuring consistency of all marketing activity and the message, as well as compliance with the prevailing provisions of law, in particular with the regulations on protection of competition and consumers and fighting unfair competition, as well as the guidelines of public authorities.
- **The Rules for giving opinions** on marketing activities and activities in internal and corporate communication, which regulate the procedure for

issuing opinions by the Compliance Department on marketing materials in terms of compliance risk.

Advertising ethics in subsidiaries

In accordance with the applicable internal regulations, marketing and advertising activities carried out by Bank Pekao and Pekao Group take into account the provisions of generally applicable laws and guidelines of the regulatory authorities, the principles of fair trading in the financial market, good practices and clients’ declarations of will concerning such activities. Moreover, they are carried out in compliance with the Bank’s communication strategy, in keeping with the visual identity and image, the adopted internal regulations and with respect to the clarity of communication. 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, the regulations will take into account the basic requirements for the content of marketing and advertising materials, taking into account the nature and specificity of the product in question.

In Alior Bank, 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.

8.1.3.1. 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

Education plays an important role in the whole process of simplifying communication. Every PZU employee can participate in plain language trainings. Training takes different forms: onboarding, e-learning, training with external experts, workshops and consultations. During practice sessions, participants simplify complex content and announcements, which may be used later on in their areas.

The Plain Language Office designs content, amends documents and communications for clients. The Office ensures that the content is linguistically correct and understandable and useful. The Office works with various business areas and teams. At the beginning of such cooperation, the Office learns about the specifics of the area, conducts a content audit, and then provides recommendations on language and information architecture. The Office then conducts training and workshops and supports content design and system implementation.

In 2023, one of the projects implemented was an empathetic writing project, in which the Plain Language Office conducted workshops with teams responding to customer complaints. The Office also continued to work with the business teams that are responsible for content on the sites. One of the flagship projects is myPZU. The content in myPZU is supposed to be simple, useful and understandable to the client, so the Office is one of the first testers of the content that later goes to clients.

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 “Plain Polish Certificates.” This is a



distinction that has been awarded since 2017 by the Plain Polish Language Workshop of the University of Wrocław. The studio examines whether the texts are simple and understandable to the audience. The certified texts meet the requirements of the international plain language standard. To determine this, texts undergo a rigorous quantitative and qualitative evaluation.

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 for employees regarding the principles of plain writing. All general terms and conditions of motor insurance and housing and travel insurance are written in plain language. LINK4 employees can use a short Plain Writing Guide created especially for them, which contains rules for writing in language that is accessible and understandable to every customer. LINK4 believes that insurance should be simple, and using clear and easy to understand language is a natural part of the process in communication with a client.

Bank Pekao constantly strives to make its language of daily communication friendly and fully understandable for all clients. The Bank is perpetuating plain language standards among its employees and developing their ability to speak and write clearly. The goal of these activities is to strengthen a culture of communication devoid of official distance, communication based on language that all clients can understand. In 2023, among other things, Bank Pekao introduced new simplified templates for rules and regulations and contracts, strengthened the team of plain language

consultants working in the Bank’s business units, whose work has a significant impact on building a good customer experience, trained several hundred new employees in the basic principles of creating plain and correct texts, and held a series of training workshops for those who conduct correspondence with clients. Moreover, representatives of Bank Pekao actively participate in the work of the working group on simple communication at the Polish Bank Association.

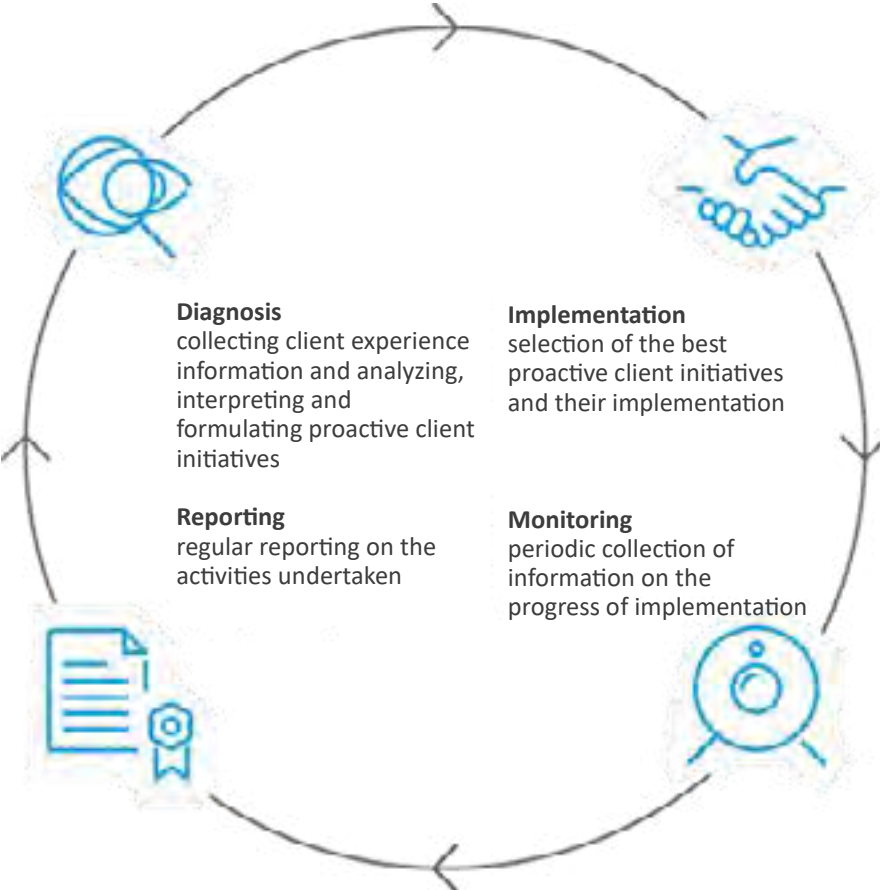
Alior Bank, in 2023, continued its efforts in the area of simplifying communication. The plain language team focused on the education of employees, implemented training in plain, friendly and effective communication. A group of 25 internal plain language ambassadors has been formed to educate, inspire and support their teams in their work on simplified communication. The plain language ambassadors have completed the relevant training courses and obtained Language Quality Mark certificates, which are awarded by the Polish Language Foundation. In addition, in 2023 Alior Bank received two certificates from the Plain Polish Workshop, the first for the FAQ messages of the InfoNina bot, the second for simplified legal documents.

## 8.2. Customer dialog and improvement process

### 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 experience.

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.

### Client Improvement Database

Since 2022, PZU has had a Customer Improvement Database through which employees can submit initiatives and improvements. Since the creation of the tool until the end of 2023, **663 have been reported**, of which: **121 have been implemented, 213 are in the process of implementation and 128 are under review**. 201 initiatives were rejected on the grounds that the proposed solution already existed, the initiative duplicated those previously reported, or its implementation outweighed the achievable benefits.

### Customer Journey

PZU manages the client experience using Customer Journey, which depicts all the events and experiences a client goes through while interacting with the brand, 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. The action taken by the client and the emotions that accompany it create a Customer Journey map that

helps eliminate the causes of negative experiences and design new, better ones. 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 employees encouraging them to cooperate more efficiently with the clients. Two Customer Journey projects were conducted in 2023. One of them was a customer journey and experience mapping project for four leading Cash portal products. The second customer journey and experience mapping project concerned service in motor vehicle damage from the perpetrator’s liability.

### Best practices of PZU and PZU Życie

#### “Client Oriented” competition series

In 2023, the third edition of “Client Oriented” competitions was launched, 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. In all editions, 150 initiatives were submitted, of which 9 best ideas have been awarded and work is currently underway to implement them.

One of the winning initiatives was the “You choose, we help” project, which was piloted in 2023. As part of the campaign, the PZU Foundation has provided financial support to a number of charities identified by clients in a closed list. The campaign has yielded positive results and is an example not only of cooperation between clients and the company, but also a way to share PZU’s social responsibility as the country’s largest insurer.

The following actions were taken in 2023:

- **UX workshops** – 2023 continued the development of usability testing, which has already become part of the process of designing new solutions on the myPZU platform;
- **Design Thinking Workshop** – four design thinking workshops were conducted to focus on the clients and their needs and develop prototypes of potential customer solutions;
- **CX in practice** – a series of conversations about Customer Experience – the series consisted of five webinars [www.pzu.pl/raportcx/webinary](http://www.pzu.pl/raportcx/webinary) and three podcasts [www.pzu.pl/raportcx/podcasty](http://www.pzu.pl/raportcx/podcasty), which addressed issues such as the use of artificial intelligence to improve customer interactions;
- **CX DAY** – a webinar was held for PZU employees, during which PZU CX area managers presented the most important results of the CX area for the first half of the year, as well as talked about plans for the second half of the year. There was also a lecture with a special guest, an analyst of trends and innovative technologies.
- **The Customer Experience (CX) report “Epoch of new experiences”** – the third edition of the report was prepared by PZU in cooperation with content partner Digital University. The publication showcases the trends and technologies that are currently having the greatest impact on the client experience and provides predictions of changes and revolutions that will affect client service in 5, 10 and 15 years. The report is available at [www.pzu.pl/raportcx](http://www.pzu.pl/raportcx).
- **CX Conference** – the keynote of the meeting was the latest CX Report “Epoch of new experiences”. Among other things, the conference discussed trends and technologies that create modern experiences, the evolution of client experience in the perspective of the coming years.
- **Consumer Day** – on the occasion of Consumer Day, a special webinar was held for PZU employees, during which representatives of PZU's CX area and a market CX expert led lectures, during which PZU employees could learn: what clients think about PZU, how the client profile has changed over the years, what will be the Customer Experience of the future?

Best practices of PZU and PZU Życie

+

“Facing the Customer

The Facing the Customer project was launched in 2023, through which directors from the product area and directors from the claims division visited PZU’s sales and service units. During their visits, they took a close look at customer service in branches, agencies, Call Center Direct and Call Center Service. The aim of the project was to give managers a direct insight into what issues clients turn to us with, what they ask most often, what products they are interested in. Visitors to each unit can use the experience gained to build new solutions and enhance positive customer experiences.

Best practices of PZU and PZU Życie

+

"Focus on the Client" 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 client-focused 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 quizzes at the end of the training receives a certificate as a PZU Client Experience (CX) Ambassador.



### 8.3. Preventing exclusion

At PZU, openness and understanding of diversity also applies to clients. 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. The diverse needs of clients, on the one hand, present an opportunity to shape the product offering accordingly, and on the other hand, sensitivity to the needs of people at risk of social exclusion provides a stimulus, through the provision of bespoke business solutions, to efforts aimed at finding solutions to specific social problems. Among the special groups of clients whose needs are of major concern to the PZU Group are people with disabilities and senior citizens. 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.

#### Preventing exclusion – offer for seniors

PZU pays special attention to the needs of seniors and the appropriate standard of their service. With the aim of improving the well-being of seniors, a special offer was prepared for them, creating “Ecosystem – Special Offer for Seniors” to improve the well-being of seniors.

#### 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.

The starting point was the preparation of guidelines for communication, meaning instructions on how to present the information on the offer to seniors. In 2022, the National Institute of Silver Economy performed an 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. In 2022 and 2023, PZU prepared marketing materials in line with these recommendations. 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.

#### Survey of Young Poles and insurance products

The PZU brand wants to activate young people in the context of the insurance category, while expanding its customer base to include the youngest generation of adult Poles. The Marketing Bureau conducted research and analysis on a group of young Poles in cooperation with research agencies Norstat and IQS. A team of researchers from the Center for Evaluation and Analysis of Public Policies at Jagiellonian University was invited to collaborate on the development of the proposals. The report will be released in the second quarter of 2024.

#### 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.

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.

**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.

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. PZU headquarters, the Generation Park Y – PZU Park building and the new Oławska Gate headquarters of one of the branches in Wrocław, meet the highest standards of adaptation to the diverse needs of employees.

#### Support after accidents

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.





Best practices of PZU and PZU Życie



The five-step 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.

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 ensures:

- faster physical recovery process and comfortable family and professional life;
- treatment and rehabilitation at the highest level in reputable facilities;
- organization of tests, consultations and procedures without the need for the injured person to bear any costs, with only minimum formalities.

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.

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 day-to-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.

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. At the end of 2023, the toddler corner was operating in 57 wards.

Best practices of PZU and PZU Życie



**Psychological support** in the form of home, on site and remote consultations is provided by psychologists working together with PZU Zdrowie and the Rakiety Oncological Foundation. Psychological support for children with their caregivers in the form of therapeutic and recreational periods implemented by the Siemacha Association. The beneficiaries are those directly and indirectly injured in an accident, the next of kin caring for the injured, families of fatal victims who are in crisis, have lost family stability, are going through complicated bereavement, are not coping with difficulties, and those affected by oncological disease. In 2023, 385 people were assisted.

ESG strategy indicator: Development of a product offering that incorporates elements of social commitment

**Level of implementation 2023:** Insurance products are evaluated for ESG factors. Social factors have been identified in some insurance products. As part of its cooperation in the Large Family Card program, the Company offers two products, PZU Dom and PZU Wojażer. With special offers for large families, the products promote diversity, contribute to leveling the playing field and fighting discrimination. In 2023, 2,006 PZU DOM policies were concluded under the Large Family Card program.



## 8.4. Sports and physical activity

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 clients to reflect more deeply on their lives and encourage them to take action to improve the quality of their lives.

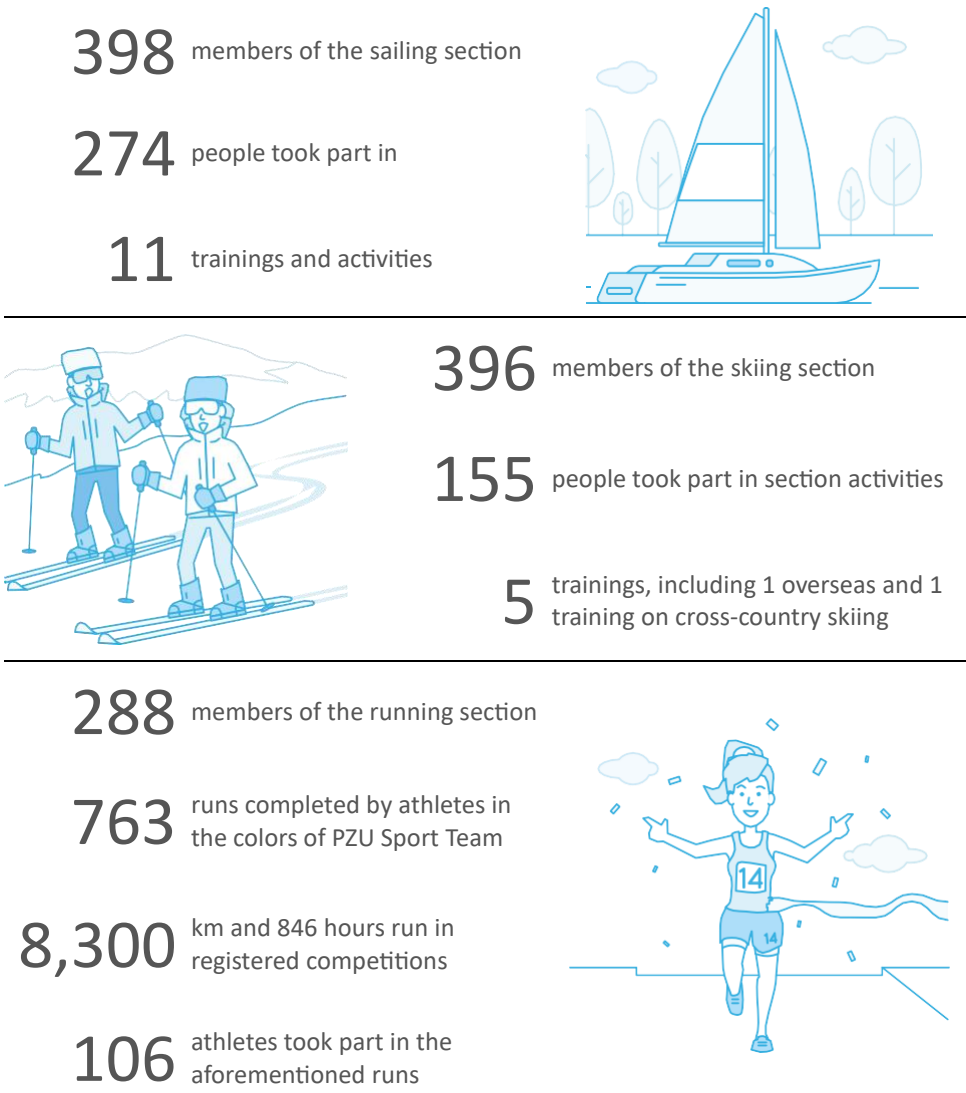
Best practices of PZU and PZU Życie

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 sections of the PZU Sport Team Association.

The PZU Sport sailing section and the PZU Sport skiing section are the most numerous, with **over 350 members each**. In 2023, new activities in combat sports, yoga, shooting have been implemented in the Association, which have met with considerable interest.

The new activities are part of the Association's calendar of proposed activities for 2024.

### Sports sections in numbers:



Sports sections in PZU:			
	running		strength training
	basketball		squash
	skiing		dance
	nordic walking		table tennis
	football		triathlon
	cycling		sailing
	volleyball		badminton
	mountain sports		tennis



### The Good PZU Team Program (*Program Dobra Drużyna*)

In 2023, PZU continued and developed the Good PZU Team program inaugurated in 2021, 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. In 2023, the captain of the Good Team continued to be Iga Świątek – a champion, an athlete for whom sports is a source of passion and 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 (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.

The sponsorship agreements have offered support to

**40 sports clubs and associations with more than 27,000 children training in 13 sports disciplines**

### PZU Good Team prevention program – support provided

In 2023, PZU continued its nationwide Dobra Drużyna prevention program, which aims – by popularizing and supporting physical activity for children and young people – to reduce the risk of disease and other insurance accidents. 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.

**In 2023, 450 entities** selected from more than 3,000 that applied during the ongoing call for proposals in March and April **received funding amounting to PLN 5 million**. Funds from the program could be used by beneficiaries to cover the costs of renting sports facilities, purchasing sports equipment, transportation to sports competitions, and entry fees for games and sports competitions. The funding covered nearly 100 sports.

**In total, the Good PZU Team prevention program has covered 96,000 children playing 80 sports across the country**, primarily in smaller towns, **over the course of two editions until the end of 2023**.

### Partner of the National Association of People’s Sports Teams

PZU is a strategic partner of the National Association of People’s Sports Teams – under this partnership PZU supports projects, events and sports initiatives promoting the most popular sports disciplines 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 is actively involved in supporting the development of Polish sports. In 2023, it was the main sponsor of Iga Świątek, winner of four Grand Slam tournaments: French Open 2020, 2022 and 2023, and US Open 2022. From April 2022 to September 2023 and again from November 2023 the WTA singles ranking leader. PZU is the official sponsor of Poland’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. Since 2023, PZU has been the title sponsor of the PZU Podhale Nowy Targ field hockey club and the sponsor of clubs including: Górnik Łęczna, Stal Nysa, Karpaty Krosno. In 2023, PZU was also the strategic sponsor of the Warsaw Jumping CSIO 4\* Longines EEF Series event and the main sponsor of the tennis Super League's regular season.

## 8.5. Health prevention

### National action – Healthy Life

For years, PZU has been conducting and supporting various health prevention campaigns as part of its preventive activities. In 2023, PZU continued the project of the nationwide health prevention campaign “**Healthy Life**” initiated 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. 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 second edition of the “Zdrowe Życie” (“Healthy Life”) project was inaugurated on 2 April 2023, in Skierniewice, and ended on 8

October in Warsaw on the slopes of the National Stadium. In each of the towns visited, 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 chosen zones, there was a blood donation bus of the National Blood Donation Center available, 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 scale of the second edition of the program far surpassed the first. **During the 6 months** of the campaign, mobile health towns visited **25 locations** (up from 12 locations in the previous edition). They traveled **17,130 km**, devoting nearly **900 hours** of attention to the health issues of Poles and performing **112,437 medical examinations** and procedures in the process. **2,714 patients** were referred for further diagnosis or treatment.

### Promoting health prevention in the media

In 2023, as part of its preventive efforts, PZU is committed to conducting a health prevention campaign in the form of a series of broadcasts on Polish Radio. The broadcast series of educational broadcasts dealt with preventive health care, aimed at making viewers aware of how one can influence the quality and length of one's own life, including through physical activity tailored to one's age and health status, proper diet and leisure activities.

### 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 warte jest 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. The website [www.zwjir.pl](http://www.zwjir.pl) still has a very low bounce rate.

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 2023, over 370 persons used the service. Depending on the individual needs, the crisis interventions could take up to a few meetings. Responding to the changing realities, 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 English-language version 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:

- **Senior Economy Congress** – an event dedicated to the needs of seniors in the context of technological change, managing age diversity in the labor market and taking care of their health. The conference was organized by the National Institute of Senior Economy, and PZU Zdrowie was a partner in the event;
- **The "Closer to You" campaign** – a nationwide education and information campaign on mental health in the work environment. The initiative includes an online knowledge base and a report summarizing the needs in this area. PZU Zdrowie was a partner in the initiative;
- **Social campaign #free #unblock** – the initiative aims to educate the public about not canceling medical appointments. The campaign involved all major players from both public and private health care.
- **"Together for Health. Meet PZU Zdrowie's social partners"** – a series of internal meetings for PZU Group employees with representatives of NGOs with which PZU Zdrowie cooperates on a daily basis. Representatives of NGOs shared their experience with employees on health aspects close to their specialties;
- **PZU Zdrowie social media education campaigns:**
  - **#ZdrowaKariera** [#HealthyCareer] – an educational campaign about healthy habits at work and after work;
  - **#myBREASTfriend** – an educational campaign to encourage women to get regular preventive screenings;
  - **#dlaKOLEGipytam** [#askingforaFRIEND] – an educational campaign to encourage men’s urooncology prophylaxis – is a social media project.

PZU Zdrowie also gave patronage to and co-organized events supporting the development of Polish medicine and the healthcare system, among others:

- **New Year's Conference of the Association for Health** – an event for media representatives who cover the topic of health in their publications;
- **VIII Congress of Health Challenges** – one of the most important health care conferences in Poland. PZU Zdrowie experts took part in debates on business, medicine and communication;
- **Health Market Forum** – one of the most important industry events. The goal of the conference was to develop recommendations on key topics for health care;
- **"AI in Health"** in cooperation with the Coalition in Health – a conference on the application of artificial intelligence in medicine;
- **International Student Scientific Conference** – GUMed – a conference aimed at promoting the scientific development of students, as well as providing a forum for debate and opportunities to present research and scientific achievements.



## 8.6. Prevention

PZU is carrying out extensive prevention activities aimed at reducing the number of accidents in the country. 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 2023, the eighth and ninth editions of the project were implemented, with **26 elementary schools** participating. The project reached out to eight voivodships and almost **12 thousand pupils**. In total, the Academy has already visited **137 schools** in Poland since the program began.

Best practices of PZU and PZU Życie

Therapeutic and recreational holidays for children and adolescents at risk of post-accident trauma and at risk of post-traumatic stress disorder due to chronic illness in the family

Already since 2013, PZU has been running a comprehensive psychological support system for persons injured in accidents whose perpetrators were holders of TPL policies with PZU. To mitigate the consequences of accidents, PZU finances the costs of stays for children with post-accident trauma and their guardians at therapeutic and recreational stays during the winter break and summer vacation. This is a form of inpatient psychological therapy, conducted at the Siemacha Association’s therapeutic center in Odporyszów.

As of 2021, PZU has also been targeting this form of support to those who have lost family stability due to the loss of a loved one to cancer. In 2023, a total of 28 persons benefited from this form of support.

### 8.6.1. Collaboration with the emergency services

#### Safety in the mountains – collaboration with the Voluntary Mountain Rescue Service (GOPR)

PZU has been supporting GOPR for over 16 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. Under the cooperation agreement with the GOPR, regional GOPR Groups have used more than 90% of PZU support to purchase specialized vehicles for operations. Specialized vehicles for the search of missing persons, snowmobiles, four-wheeled vehicles (Outlander, Kawasaki), rescue trailers for four-wheeled vehicles, Toyota all-terrain vehicles and vans (VW Caravelle, Opel Movano) were purchased. Activities to improve the qualifications of GOPR rescuers were also implemented, i.e., a GOPR instructor course, a medical workshop for GOPR rescuers, evacuation training, a senior rescuer seminar and a caving workshop.



To organize these activities, rescue equipment was purchased: avalanche probes, helicopter stretchers with accessories, thermal mattresses, veterinary first aid kit equipment.

#### Safety in the mountains – educational activities

PZU continued its cooperation with the GOPR Foundation 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. Within the framework of the GOPR Academy, training programs were conducted, educational materials were prepared targeting children and young people, training equipment and instructor clothing were purchased.

PZU is also involved in financing avalanche training in cooperation with 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 supporting water safety for many years by providing subsidies from its prevention fund to rescue units operating on the Zegrzyński Lake and the Great Mazurian Lakes Trail, among others. Legionowo's Water Volunteer Rescue Service (LWOPR), which operates on Lake Zegrzyński, has allocated the 2023 grant received from PZU mainly for the purchase of equipment for carrying out rescue operations and maintaining the unit's rescue readiness, i.e. boat equipment, communications equipment, diving equipment, and specialized clothing for rescuers. With the funding received, LWOPR also purchased the necessary equipment to conduct Qualified First Aid and water rescue training.

In 2023, from a grant received from PZU, the Mazury Volunteer Rescue Service (MOPR) purchased digital-analog communications equipment, GPS for searching for missing persons, and ice-diving suits. Under the same contract, in 2022, MOPR lifeguards replaced the inflatable tubes in two hybrid RIB-type rescue boats, thereby restoring them to full working order, and purchased phantoms with computer software for teaching CPR.

Supporting Voluntary Fire Brigade

PZU 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.



Hospital 360 Project

The Hospital 360 Project, is an innovative project of TUW PZUW. The project involves visits to medical facilities conducted by doctors with medical and insurance experience to diagnose hospitals’ problems and needs in terms of safety. Visits allow to trace the procedures and organization of the treatment entity. The visits result in reports with recommendations for hospitals and adequate undertakings to improve the quality of health care, including free training for doctors and medical staff. They aim to upgrade their skills and improve the quality of health care. They also concern the keeping of medical records, avoiding in-hospital infections and other adverse events. These actions further translate into fewer adverse events at the medical facility.

8.6.2. Cooperation with corporate clients

PZU Group conducts prevention activities addressed to corporate clients.

**PZU Safe Fleet** is a preventive training program of PZU. It gives the participating drivers an opportunity to improve their driving skills, eliminate bad habits behind the wheel and refresh their knowledge of road and traffic safety rules. Drivers can train on a sliding track, take lessons in defensive driving with elements of eco-driving in urban traffic, and in e-mobility. They can also take part in meeting with experts in transport psychology, first aid and traffic regulations.

**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, 109 implementations of Risk PRO have been made at 82 PZU SA clients between 2019 and 2023.

Training – PZU LAB

In 2023, PZU LAB continued its Pyramid of Competences training devoted to issues related to the safety and risk management in enterprises. The second edition of the "Fire Safety of Public Buildings" training course conducted with the Fire Academy was held in February 2023. The training program included, among other things, information on fire safety of public buildings, analysis of risks in facilities such as theaters, museums, archives, cinemas, offices, high-rise buildings. November saw the first edition of Block III, "Fire Safety of Infrastructure Facilities," which PZU conducted together with experts in this area. The scope of the training included topics such as: power transmission infrastructure, airport fuel depots, data centers – server rooms, protection of airplane hangars on the basis of full-scale fire tests, and fire protection of facilities: subways and tunnels.

Areas of cooperation – PZU LAB

During the 5th edition of the Maritime Industry Security Forum in Gdańsk at the World War II Museum, PZU LAB, together with Energa Wytwarzanie from the ORLEN Group, signed an agreement on cooperation in the implementation of projects, including in particular R&D projects in the area of Offshore Wind Farms. ORLEN Group's Energa Wytwarzanie, together with PZU LAB, will pilot a technology that will help improve the reliability of offshore wind farms, which is key to ensuring energy security. The piloting of the first joint project will be carried out for about two years at an existing onshore wind farm owned by Energa Wytwarzanie, where conditions are as close as possible to those at sea. The data collected on it will then allow the creation of digital tools that predict how wind turbines and their individual components will behave under different conditions and time perspectives. This will identify possible risks that may occur during the

operation of wind farms, including especially risks of a critical nature that threaten the continuity of offshore windmill operations. This will allow the development of appropriate countermeasures (e.g., training for farm operators based on emergency scenarios), optimize turbine operation and reduce maintenance costs while increasing efficiency and productivity. Moreover, the digital simulator will reflect the operation of an entire wind farm as well as a single wind turbine in real time.

In 2023, in order to optimize energy consumption in various industries in Poland and implement innovative energy efficiency solutions, PZU LAB and IMP PAN signed a cooperation agreement. By working with experts from the Institute, PZU LAB is able to offer clients proven and certified solutions to optimize energy consumption in various aspects of the company's operations, such as electricity, water and gas. Thanks to its cooperation with the KEZO Research Center of IMP PAN, PZU LAB can actively support PZU Group's corporate clients in developing energy optimization, as part of the implementation of the PZU Group's key ESG strategic goals. Thanks to the innovative solutions developed by the KEZO Research Center, companies can achieve significant savings in energy consumption, which translates into lower business costs. In addition, it is also possible to generate additional income from the surplus energy produced, which makes investment in energy optimization even more attractive. The use of technologies such as photovoltaic installations, recuperation and energy storage allows for increased energy efficiency and thus financial benefits for businesses.

8.6.3. 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 2023, as part of its preventive health care efforts, PZU, in cooperation with Dutch startup SkinVision, continued 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.

As part of its preventive health activities, TUW PZUW is involved in the purchase of professional medical equipment for hospitals. Founded in 2023, the purchase of equipment included, among other things, a hemodialysis machine (known as an artificial kidney), ECG machines, X-ray machines, patient monitors, gynecological examination equipment, rehabilitation equipment and ambulance equipment.

8.7. Cultural patronage

The PZU Group’s concern for cultural goods builds social identity, respect for tradition, a sense of belonging to the community and its history. For years, the Group has supported major cultural institutions and events, collaborating with them to promote culture and national heritage. This includes primarily patronage over the most prominent cultural institutions in Poland. The Warsaw Rising Museum, the Royal Łazienki Museum, the National Museums in Warsaw and Kraków, the Grand Theater – National Opera, the Fryderyk Chopin National Institute and the Polish Royal Opera.

Best practices of PZU and PZU Życie

Insurance Museum

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. One of the oldest exhibits on paper backing, "Records of the General Directorate of the Fire Society from 1821–1822" has undergone conservation and can now be admired for its original appearance. In an effort to preserve the collection in the best possible condition, selected artifacts are digitalized. As a result, the exhibits are safely stored in optimal conditions in storage facilities, and their digital representations can be made available on websites.



## 8.8. Charity

### 8.8.1. 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 2023, **subsidies were awarded to 533 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. Within the framework of the competition “After School with the PZU Foundation”, support is provided to organizations that launch interesting and developing extra-curricular activities for children and young people, for technical reasons the competition was canceled in 2023. The “Young Able Disabled with the PZU Foundation” contest supports activities that increase self-sufficiency and activity of persons with disabilities, while the “PZU Foundation with Culture”

contest expands access to high culture (the most important part of the symbolic culture of a society).

In 2023, grants were awarded to carry out

45 projects

in favor of

3,738 beneficiaries

### 8.8.2. 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 their volunteering activities, **PZU employees** implemented

100 original projects

and devoted

12,100 hours to their

volunteering work in 2023,

thereby helping

35,917 beneficiaries,

of which the majority were children and teenagers.

Their efforts also reached **1,556 animals.**



### Evaluation of 10 years of PZU employee volunteerism

The PZU Foundation has been implementing the PZU employee volunteer program since 2012. Ten years of experience with employee volunteering prompted the PZU Foundation to conduct an evaluation of the program. An ex-post evaluation of the PZU employee volunteer program was conducted in the first quarter of 2023 by the Good Network Foundation on behalf of the PZU Foundation, which manages the program. The purpose of the evaluation was to assess the implementation of the PZU employee volunteer program to date and its achievements in terms of effectiveness, efficiency, usefulness and impact. On this basis, conclusions and recommendations for further development of the program were formulated.

The evaluation confirmed that the program's achievements to date have been used to create a well-functioning employee volunteer program that:

- is effective – it benefits its key stakeholders: the program's beneficiaries, volunteer employees, PZU, and institutions and organizations that are recipients of the volunteers' activities and that cooperate with the PZU Foundation in implementing the program;
- makes optimal use of the financial, human and organizational resources allocated for its implementation, which means that it is effective;
- is useful, the benefits achieved by the program's stakeholders are useful to them and used in practice;
- caused lasting positive changes in the social environment, the PZU Foundation and PZU itself, so its impact on stakeholders is significant.

PZU Volunteerism Leaders Academy

PZU Regional Volunteerism Leaders are passionate about helping. They are people who act, look and see, listen and hear, 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.

The annual training for Regional Volunteer Leaders was held in the fall of 2023. The goals of the two-day workshop included:

- gathering the opinions of employee volunteers regarding PZU's employee volunteering in terms of: its main benefits, strengths, challenges, as well as the needs of employee volunteers;
- to impart knowledge and skills on leadership styles and resource map;
- exchange of good practices and inspiration on employee volunteering between volunteers and employees;
- building relationships and integrating participants;
- participation of those involved in the joint planning of original initiatives to popularize the PZU employee volunteering program;
- increased knowledge and skills in planning, implementing and communicating volunteer initiatives;
- gathering reflections and ideas leading to the development of methods for internal communication of the employee volunteer program.

Statistics related to volunteering at PZU and PZU Życie	2020	2021	2022	2023
Regional Volunteerism Leaders	40	43	55	64
PZU volunteers	407	900	2,490	1,177
Volunteers from outside the company invited to volunteer activities by employees	330	563	480	596
Number of hours devoted to volunteerism by PZU employees	6,743	12,179	75,865	14,593
Number of hours devoted to volunteerism by people from outside the company	5,624	7,509	6,305	9,296
Number of volunteerism projects authored by PZU employees	65	97	78	100
Number of volunteerism actions organized by the PZU Foundation	0	6	9	12
Beneficiaries (total)	12,264	39,423	457,500	153,555

[GRI 3-3]

Insurance education

In 2023, the PZU Foundation, in cooperation with the Youth Entrepreneurship Foundation, implemented the **„Od grosika do złotówki – edukacja ubezpieczeniowa z Fundacją PZU”** ["From a penny to a zloty – insurance education with the PZU Foundation"] **Project** aimed at insurance and financial education. 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 2022/2023: 59,939.





# 9. Employee issues

PZU wants to create an inspiring and engaging workplace. PZU listens carefully to the employees’ voices – their needs, ambitions and difficulties. The voice of employees and their needs determine the direction of the organization’s management. PZU’s employee management culture remains true to the principles: think creatively, use new technologies, be open to continuous learning, inspire others, experiment, and don’t be afraid to talk about your ideas. In pursuit of its business goals, PZU cares about the well-being of its employees, their positive experiences and provides conditions for development. PZU supports volunteerism, promotes development and health campaigns. Employees are encouraged to enjoy the benefits of a diverse and inclusive work environment, as well as work-life balance.

PZU takes a holistic approach to defining initiatives and projects undertaken for the benefit of employees. It includes both external trends, observed social and economic changes, business calls and internal needs analysis. With such a broad picture, it is possible to create and deliver initiatives that are both effective and attractive to employees. In designing company-wide development activities for 2023, the results of the engagement survey and the PZU Pulse, current trends and recommendations from external experts, as well as the development needs most often identified in specific business areas, were taken into account.

In 2023, the Employee Experience Management – “EXM” approach was implemented, an evolving approach to building an engaging work environment. The survey analysis helps to assess the overall satisfaction with the workplace, as well as identify key factors that have an impact on engagement. The results of employee satisfaction surveys are an important source of management data and the basis for many organizational decisions. In this way, PZU strengthens the sense of empowerment among its employees to shape working conditions by taking into account current needs and expectations.

The fundamental document regulating the issue of managing employee matters is the Human Capital Management Policy in the PZU Group adopted in 2018. In particular, it aims to support the implementation of the PZU Group’s strategy by securing the business needs of human capital management and providing integrated human capital management principles.

The measures implemented in this regard allow to reduce risks associated with the difficulty of acquiring a skilled workforce with unique competencies. 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 well-being of staff (pursuit of the #DobryStan (#Well-being) 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 various sources, including social media and industry portals.

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

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

**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. PZU’s intention is to achieve a friendly and inspiring workplace that will prove attractive to committed and motivated professional workforce. 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 teams;

**#ZaangażowaniePracowników** (#EmployeeEngagement) – continuation of an effective dialog with employees with a view to building an engaging working environment together;

**#Dobrostan** (#Well-being) – taking care of the broadly construed well-being of staff and preventing declines in their performance or efficiency.





## 9.1. Employment structure

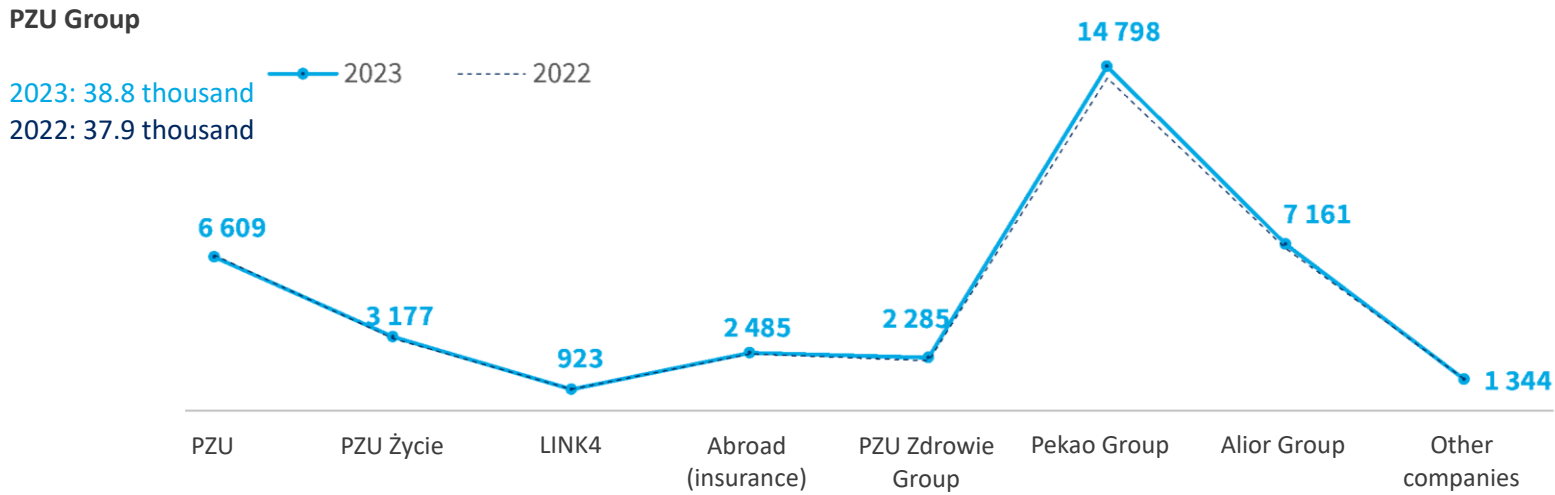
At the end of 2023, the PZU Group employed 38,800 people (full-time equivalent).

Employment in the PZU Group – in FTEs	2022	2023	change y/y
PZU Group	37.9 thousand	38.8 thousand	+0.8 thousand
PZU	17.6%	17.0%	-0.6 p.p.
PZU Życie	8.2%	8.2%	0.0 p.p.
LINK4	2.4%	2.4%	0.0 p.p.
PZU’s foreign insurance companies	6.4%	6.4%	0.0 p.p.
PZU Zdrowie Group	5.7%	5.9%	+0.2 p.p.
Pekao Group	37.7%	38.2%	+0.5 p.p.
Alior Group	18.4%	18.5%	+0.1 p.p.
Other entities	3.6%	3.5%	-0.1 p.p.
Comments to 2023: PZU Group employment remained stable. There were no significant changes in PZU or the PZU Group as a whole.			

Number of employees in countries where PZU Group conducts its business

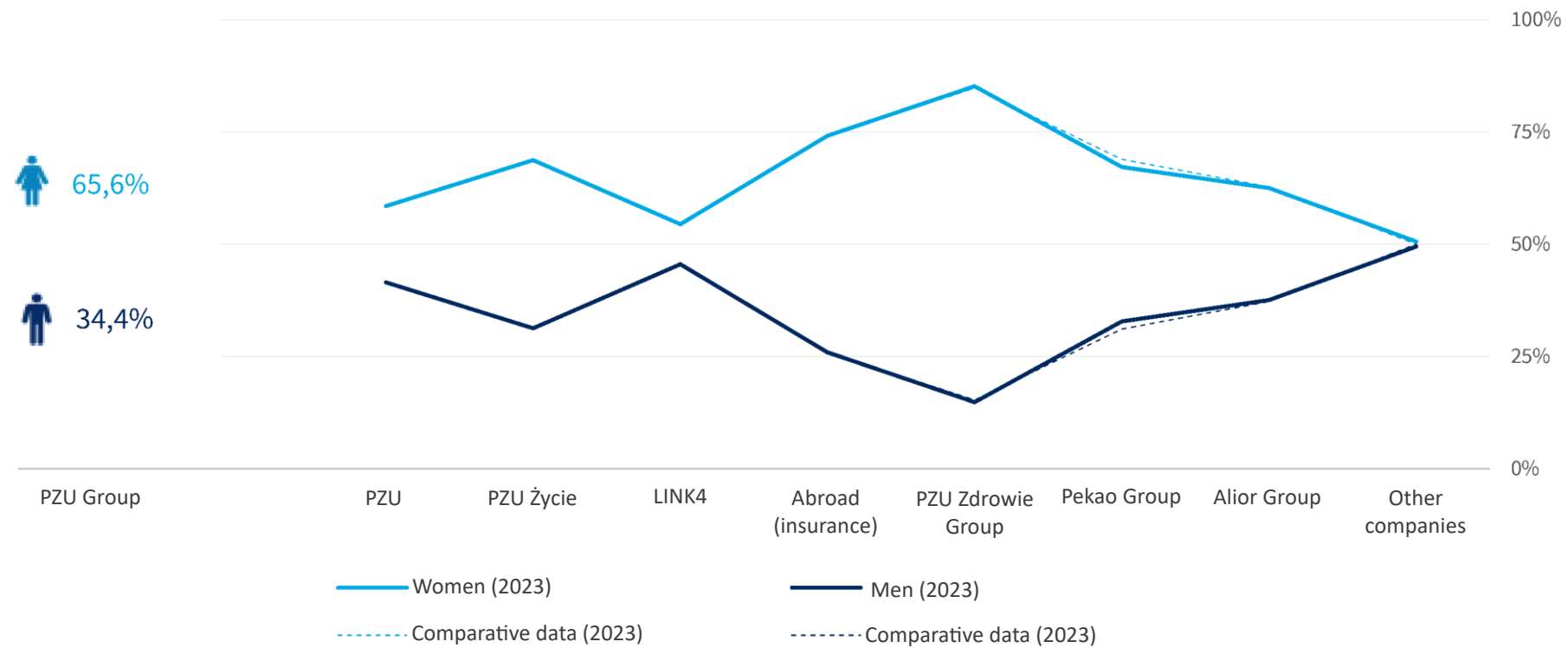
Number of employees (converted into full time equivalents (FTEs)) by geographic structure (in thousands)	2022			2023		
	Women	Men	Total	Women	Men	Total
PZU Group, including:	25.07	12.87	37.94	25.44	13.34	38.78
• Poland	23.27	12.23	35.5	23.6	12.7	36.3
• Lithuania	0.75	0.23	0.98	0.76	0.23	0.99
• Latvia	0.45	0.14	0.59	0.47	0.14	0.61
• Estonia	0.11	0.05	0.16	0.11	0.04	0.16
• Ukraine	0.49	0.22	0.71	0.50	0.23	0.73

Total number of employees (converted into FTEs):



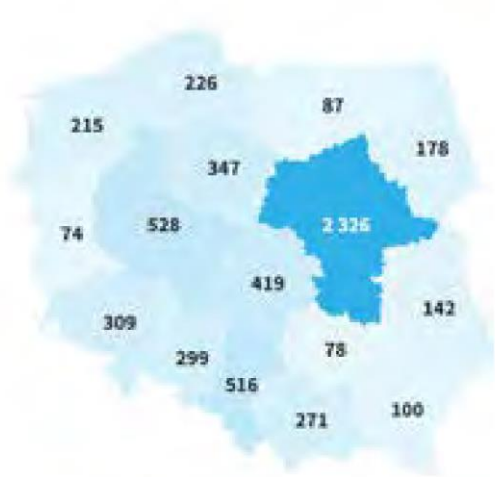


Total number of PZU Group employees by gender (converted into FTEs):

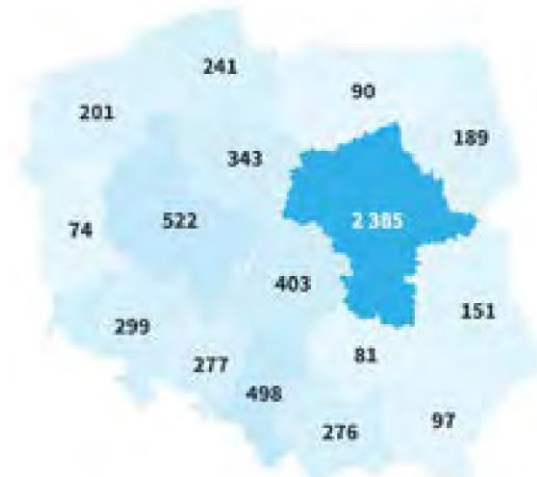


**Comments to 2023:** across the PZU Group, women accounted for the largest share of employees (65.6%). There were no significant changes in 2023.

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



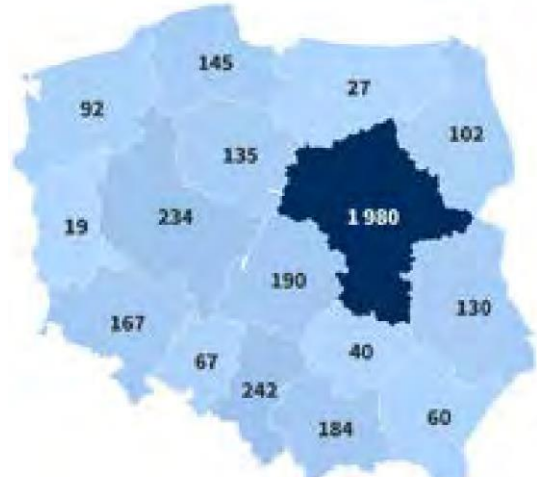
Number of women at PZU and PZU Życie (data in persons; 2023)



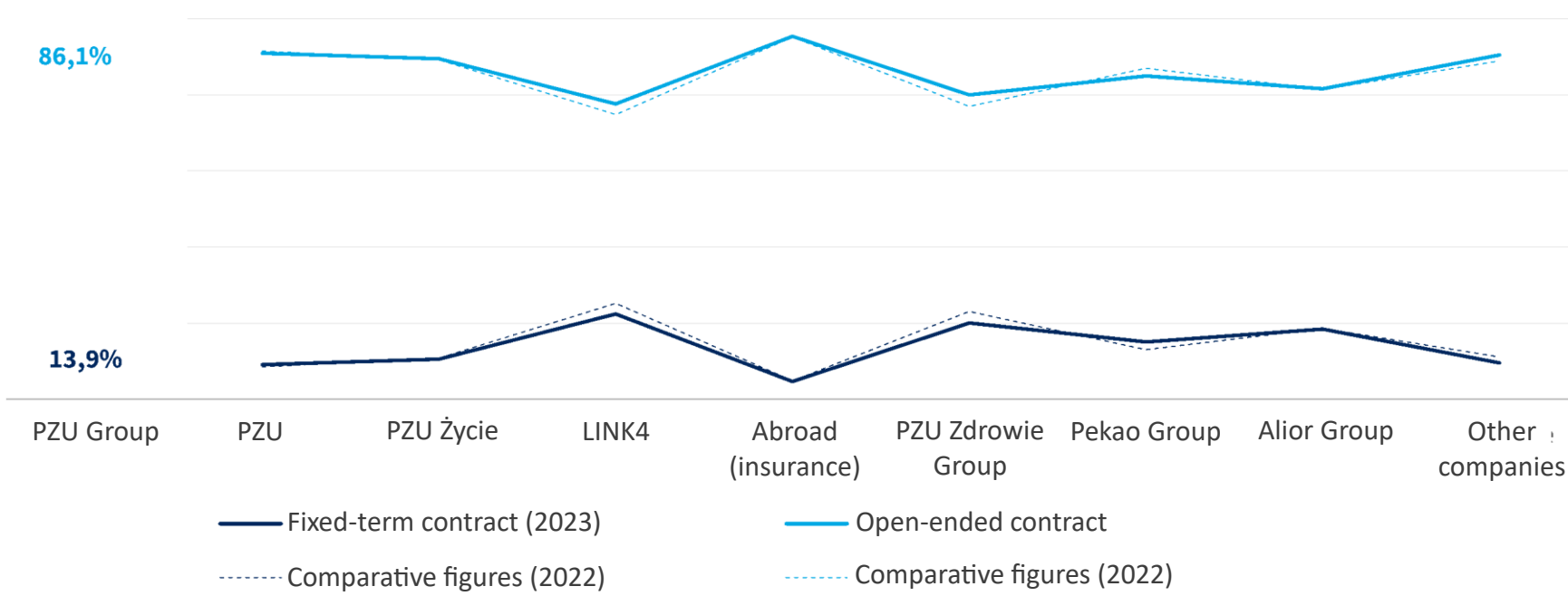
Number of men at PZU and PZU Życie (data in persons; 2022)



Number of men at PZU and PZU Życie (data in persons; 2023)



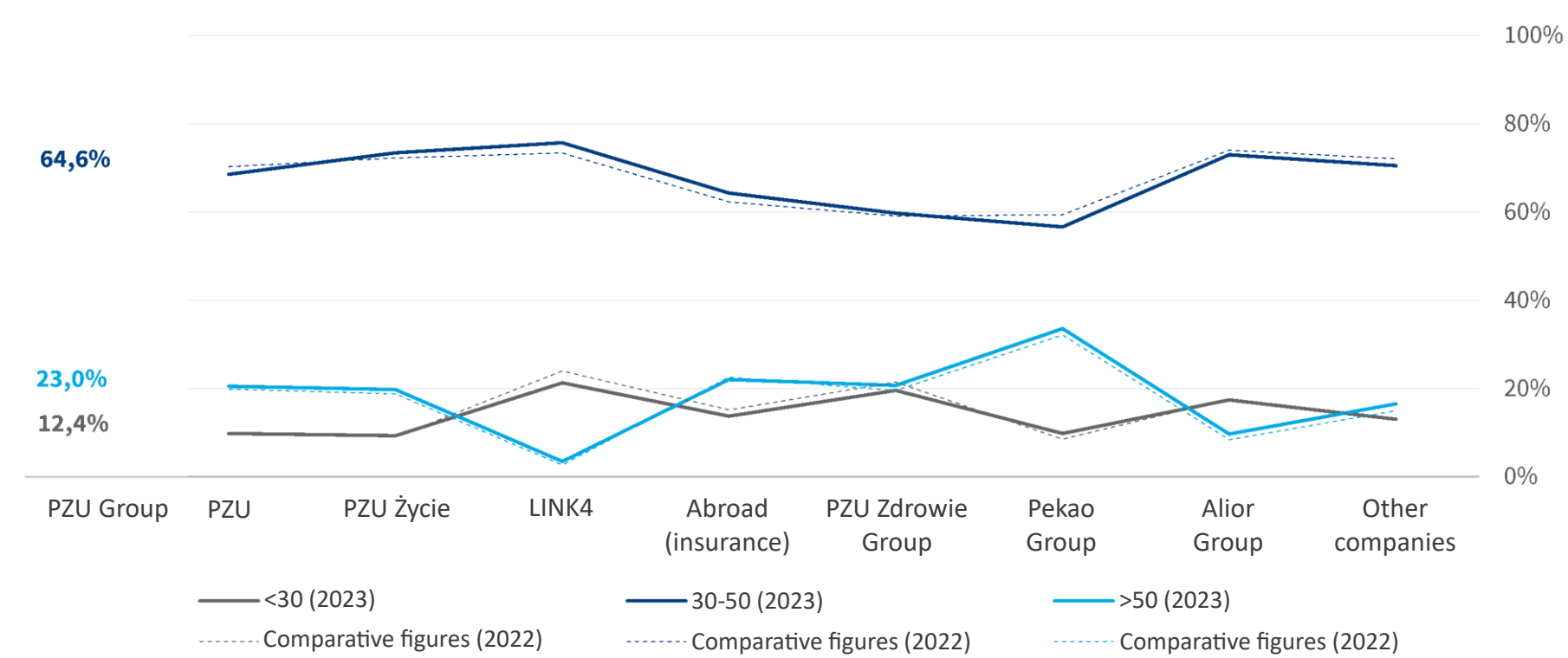
Total number of PZU Group employees by the type of contract (converted into FTEs):



**Comments to 2023:** in the PZU Group, 86.1% of employees work under employment contracts executed for an indefinite term (open-ended contracts). The highest percentage of staff (converted into FTEs) who work under employment contracts for an indefinite term was in PZU (90.9%), and the lowest is in LINK4 – 77.6%. There were no significant changes in 2023.

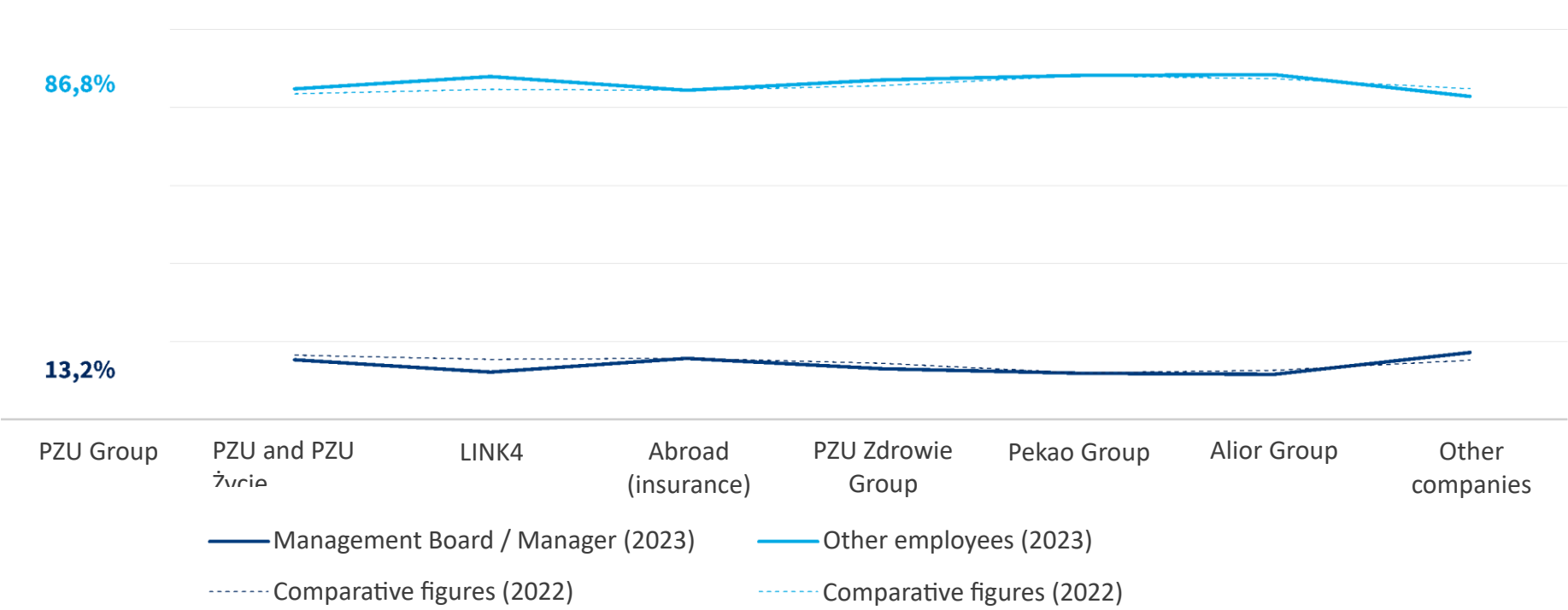
[ESRS S1-9]

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



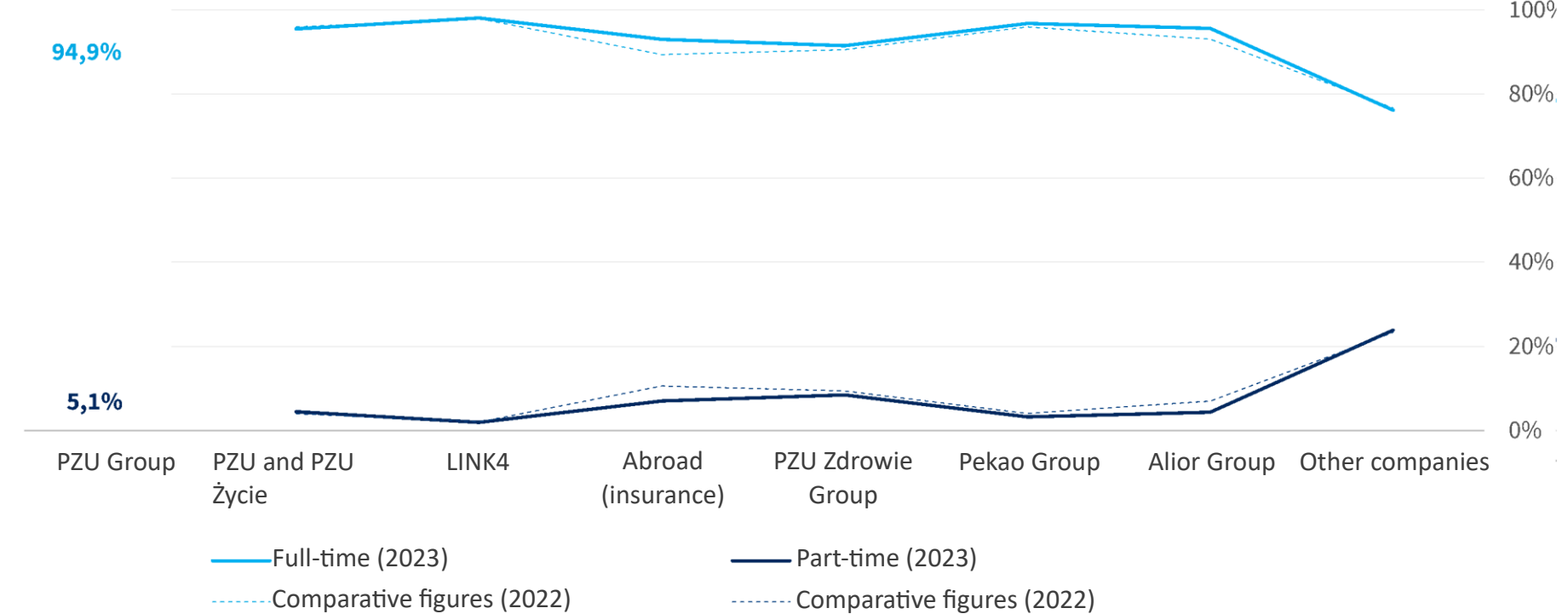
**Comments to 2023:** the largest group of employees was those between the ages of 30 and 50, comprising 64.6% of employees. The largest share of PZU Group employees under the age of 30 was at LINK4 (21.3%), and those over the age of 50 were at the Pekao Group (33.6%). There were no significant changes in 2023.

Breakdown of employees by contract type (converted into FTEs):



**Comments to 2023:** in the PZU Group, those employed in managerial positions accounted for 13.2%. Other companies had the largest percentage of persons holding managerial positions relative to the total number of staff (17.2%). The lowest percentage was in the Alior Group (11.6%). There were no significant changes in 2023.

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



**Comments to 2023:** in the PZU Group, most people were employed full-time (94.9%). The highest percentage of the staff was employed on such terms in LINK4 (98.1%). There were no significant changes in 2023.



Number of persons employed on the basis of a mandate agreement	2022		2023	
	Women	Men	Women	Men
<b>PZU Group, including:</b>	<b>7,809</b>	<b>3,047</b>	<b>7,842</b>	<b>2,965</b>
• PZU and PZU Życie	1,237	847	1,283	898
• LINK4	31	13	30	14
• PZU’s foreign insurance companies	73	24	68	32
• PZU Zdrowie Group	2,457	709	2,664	706
• Pekao Group	78	62	69	75
• Alior Group	956	455	1,003	292
• Other companies	2,977	937	2,725	948

[GRI 2-8]

Number of collaborators	2022			2023		
	Women	Men	Total	Women	Men	Total
Agents (insurance companies)	306	89	395	276	153	429
Employed on the basis of civil law contracts (agreement for the performance of a specific work and mandate agreement)	7,809	3,047	10,856	7,842	2,965	10,807
Employed under a trainee contract	10	8	18	10	15	25
Self-employed	858	645	1,503	665	672	1,337
<b>Sum:</b>	<b>8,983</b>	<b>3,789</b>	<b>12,772</b>	<b>8,793</b>	<b>3,805</b>	<b>12,598</b>



9.1.1. Total number of newly-hired employees by gender and age

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

PZU						
Total number of employees by:	2022			2023		
	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	3,914	288	7.4%	3,867	311	8.0%
Men	2,776	214	7.7%	2,742	246	9.0%
Sum:	6,690	502	7.5%	6,609	557	8.4%

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

PZU						
Total number of employees by age:	2022			2023		
	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 years of age	665	226	33.9%	656	250	38.0%
30-50 years	4,698	260	5.5%	4,583	287	6.3%
> 50 years of age	1,327	17	1.3%	1,370	20	1.5%
Sum	6,690	502	7.5%	6,609	557	8.4%

PZU Życie						
Total number of employees by:	2022			2023		
	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	2,125	182	8.5%	2,184	216	9.9%
Men	979	100	10.2%	993	104	10.5%
Sum:	3,104	282	9.1%	3,177	320	10.1%

PZU Życie						
Total number of employees by age:	2022			2023		
	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 years of age	280	109	38.9%	288	125	43.2%
30-50 years	2,242	163	7.3%	2,276	188	8.3%
> 50 years of age	582	10	1.7%	613	7	1.2%
Sum	3,104	282	9.1%	3,177	320	10.1%

9.1.2. Number of voluntary terminations and dismissals by gender and age

Rate of voluntary terminations and dismissals of employees (converted into FTEs) by gender

PZU						
Total number of employees by:	2022			2023		
	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals
Women	3,914	392	10.0%	3,867	321	8.3%
Men	2,776	305	11.0%	2,742	264	9.6%
Sum:	6,690	698	10.4%	6,609	584	8.8%

Rate of voluntary terminations and dismissals of employees (converted into FTEs) by age

PZU						
Total number of employees by age:	2022			2023		
	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals
< 30 years of age	665	143	21.5%	656	120	18.3%
30-50 years	4,698	410	8.7%	4,583	330	7.2%
> 50 years of age	1,327	144	10.9%	1,370	134	9.8%
Sum	6,690	698	10.4%	6,609	584	8.8%

PZU Życie						
Total number of employees by:	2022			2023		
	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals
Women	2,125	208	9.8%	2,184	181	8.3%
Men	979	115	11.7%	993	88	8.9%
Sum:	3,104	323	10.4%	3,177	269	8.5%

PZU Życie						
Total number of employees by age:	2022			2023		
	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals
< 30 years of age	280	73	26.1%	288	57	19.8%
30-50 years	2,242	187	8.3%	2,276	160	7.0%
> 50 years of age	582	63	10.9%	613	53	8.6%
Sum	3,104	323	10.4%	3,177	269	8.5%





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

• **2022: 6,456;**  
**in 2023: 4,883.**

Index **of voluntary terminations and dismissals**<sup>1</sup> for all **PZU Group's** employees hired under employment contracts:

• **in 2022: 17.0%;**  
**in 2023: 12.6%**

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

In 2023, **the rate of voluntary terminations and dismissals** for all PZU Group's employees hired under employment contracts **decreased by**

**4.4 p.p. y/y.**

In PZU and PZU Życie, **the ratios fell by**

**1.6 p.p. y/y and 1.9 p.p. y/y, respectively.**

The results of an engagement survey conducted at 12 PZU Group entities show that employees are **less inclined to change employers**, and **both engagement and overall job satisfaction are increasing** in the organization.

Compared to 2022, two questions on **employee loyalty** (stay attitude) recorded a 5 p.p. increase in positive perception.

In the PZU Group, with the aim of, among other things, decreasing turnover, various measures are being taken in individual business areas and centrally, such as, for example, a broad development offer, measures to support employee well-being, and a sense of being informed.

## 9.2. Work environment

PZU Group companies offer their staff a friendly work environment 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 New Work Model was implemented at PZU involving changes in three areas: the introduction of a hybrid work model, the implementation of group work tools that support it, and the change of headquarters. The New Work Model allows us to achieve our strategic goals of creating an inspiring place that provides conditions for high performance of employees and teams, and increasing the agility and flexibility of the organization. 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.

The PZU **hybrid model** has given employees more freedom to choose their place of 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. In 2023, PZU continued its activities to support smooth operation in the New Work Model.



PZU is committed to ensuring that the shared work space provides comfort for every employee regardless of work style preferences and promotes teamwork. Therefore, it carefully analyzes employees’ opinions on how to use the available office functionalities and provides expert guidance on healthy and efficient work in shared space, as well as on work ergonomics.

In 2023, the campaign **“Razem twórzmy przyjazne środowisko pracy [Let’s Create a Friendly Work Environment Together]”** was conducted. It was dedicated to raising awareness of the diversity of employees’ needs (based on the opinions collected) and the factors and ways to increase comfort and efficiency in the office.



New Work Model		
Hybrid work model	Group Work Tools	PZU Park – PZU headquarters
<p>In areas where this is possible due to the nature of the work – remote work of up to 2 days a week is possible.</p> <p>The hybrid model allows you to choose the optimal place to perform your current professional tasks.</p> <p>With hybrid work, it is easier to reconcile different roles and responsibilities, plan time for family and leisure.</p>	<p>All employees have access to a suite of tools based on the integrated Microsoft Office 365 environment.</p> <p>Tools are used for organizing creative meetings, rapid exchange of information and knowledge (e.g., including document sharing), building knowledge resources, managing tasks.</p> <p>The tools allow you to communicate effectively and securely in a hybrid model and maintain the efficiency of your daily work.</p>	<p>The arrangement of the office* includes numerous additional spaces with various functionalities (e.g., co-work, relaxation rooms, focus rooms).</p> <p>The comfort of using the space is supported by technological solutions (e.g. desk reservation system, video conferencing systems, interactive whiteboards).</p> <p>A flexible office allows rapid adaptation to change, fosters different work styles, removes barriers between employees, and facilitates networking.</p>

Best practices of PZU and PZU Życie

+

### Study of the effectiveness of work and cooperation in the New Work Model

PZU conducts periodic employee opinion surveys – an annual engagement survey and an organization pulse check survey. The results of the survey are a source of important management information used to make decisions and consciously shape working and cooperation conditions. In 2023, for the first time, PZU conducted a survey concerning the effectiveness of work and collaboration in the New Work Model. All PZU Group managers – more than 1,470 people – were invited to participate in the survey.

The purpose of the survey was for managers to summarize the effects of implementing the New Work Model to date in five areas: implementation of goals and tasks, cooperation, work organization and availability of resources, team atmosphere and relations, and the functioning of the leader in the new work model. Managers who participated in the survey received individual reports that allowed them to relate their findings to those of the relevant group, i.e. their office or division. Most of the effects of implementing the new work model in the PZU Group indicated by the leaders were positive, such as high work flexibility and greater work-life balance. Leaders pointed to employee satisfaction with hybrid work, thus better work efficiency, time savings and related greater opportunities to motivate employees.

### 9.3. Organizational culture

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. Activities aimed at shaping the desired changes in the area of organizational culture refer to the company’s enduring values – which, despite changes, remain relevant, and the transformation expands the ways in which they are realized.

Corporate Values in the New Model of Work

Stability	Responsibility	Integrity	Innovation
<ul style="list-style-type: none"><li>Combining remote and office work provides balance in life.</li><li>Optimizing work styles, promoting practices that positively impact long-term performance and employee well-being.</li></ul>	<ul style="list-style-type: none"><li>Full responsibility for the organization and quality of its work.</li><li>Applying habits that promote efficiency, including the ability to flexibly select the workplace to suit the type of tasks being performed.</li><li>Responsibility for one’s own development.</li></ul>	<ul style="list-style-type: none"><li>Lack of control over whether and how the employees work remotely.</li><li>Appreciating autonomy and focusing on the goals and results of one’s own work.</li><li>Building a friendly and engaging work environment together by ensuring that shared spaces are comfortable and resources are optimized.</li></ul>	<ul style="list-style-type: none"><li>The constant search for effective methods of cooperation, the use of modern tools for group work.</li><li>Inter-area cooperation and knowledge sharing.</li><li>Being open to change, seeking new solutions and experimenting.</li></ul>

Best practices of PZU and PZU Życie



Effective meetings

An important part of shaping a friendly work environment at PZU is an initiative dedicated to optimizing the number and improving the quality of internal meetings. The results of the PZU Group Engagement Survey showed that excess meetings are one of the main factors contributing to employee fatigue levels. Based on a survey of PZU Group managers together with external experts, a set of key principles for effective meetings was developed ready for practical application by employees. Their implementation reduces the number of meetings and their duration, allowing employees to regain space for other responsibilities or development activities. The implementation of the “Top 10 Effective Meetings” was carried out using a company-wide educational campaign on the intranet and social media, which included short instructional videos and a series of articles, as well as webinars in which people from different areas of the company shared their experience in applying the selected principles.

Best practices of PZU and PZU Życie



Hybrid Work Best Practice Cards

PZU develops employees’ autonomy and promotes teamwork by emphasizing their influence in shaping the ways of working and achieving the set results. The cafeteria of Best Practices of Hybrid Work in the form of cards encourages leaders and employees to review their daily work routines, and provides tips to ensure individual and team effectiveness but also comfort in the new working environment and hybrid reality. The whole is an open catalog of over 150 recommendations related to hybrid working, teamwork, use of tools and building employee well-being. The cards are used in team workshops, where the leader and the team work out a contract for healthy teamwork and cooperation. The form of an open and flexible catalog encourages employees to experiment and test new ways of working, to find new sources of efficiency, and ways of strengthening relationships. In 2023, a supplement to the catalog was developed, i.e., new charters were created referring to currently important issues such as supporting a diverse work environment and inter-area cooperation. The decision to choose the theme of the supplement was based on the results of the engagement survey and the strategic directions taken.





The role of managers in shaping organizational culture

In shaping organizational culture, PZU pays special attention to the role of managers, especially in the context of their responsibility for the company’s transformation in connection with the New Work Model implemented. The role of every manager is to initiate and actively implement change, reinforce good hybrid work practices and build commitment in their teams, foster cooperation and exchange of experiences,

including between teams, listen to the needs of employees, and ensure that no one feels excluded and ignored. To facilitate this role, PZU ensures that every manager has access to up-to-date knowledge, market trends and management practices. A platform for sharing knowledge, gaining information and acquiring practical skills is the **PZU Leader’s Path**. 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.

Well-being

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 and knowledge of neuroscience to support employees in staying physically and mentally fit.

PZU has seen a gradual increase in employee interest in the topic of well-being, as well as an increase in the percentage of employees who take advantage of the available program offerings.

During the World Mental Health Day in October, all employees were invited to participate in three webinars and discussions on building mental resilience and developing skills to create a work-life balance. Two of the webinars were aimed at employees who are parents, during which experts imparted knowledge on how to support children in coping with difficulties in daily functioning and how to create healthy relationships with children.

The culmination of educational and promotional activities in 2023 was a series of hybrid events in the regions organized under the slogan #JesieńPełnaDobrejEnergii (#AutumnFullofGoodEnergy), which responded to the needs of employees reported in the engagement survey. Employees from offices in Wrocław, Rzeszów and Opole, among others, were invited to participate in the events. During the workshop, physical therapists, nutritionists and psychologists gave advice on how to care for yourself, what to do to gain energy and to make healthy eating and physical activity a lifestyle.

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 #dobrostan (#well-being) strategy were incorporated, for example, in the implementation project of the New Work Model.

Best practices of PZU and PZU Życie



Effective meetings

- To foster the organizational culture as desired, activities for leaders are organized around the ROLE OF LEADERS, defined in the context of their responsibility for the company’s transformation.
- **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.

ESG strategy indicator: 70% of employees covered by the #dobrostan (#well-being) program.

Level of implementation 2023: 55.70% of employees use the #DobryStan offer

In June 2023, the first edition of the “Summer School of Wellbeing” program was held, which was dedicated to introducing techniques and methods of emotion regulation, mental regeneration in daily life and task management. This was an open workshop for PZU employees who are interested in developing their knowledge and skills in the field of well-being.



In 2023, as part of the #DobryStan (#Well-being) program, employees were able to benefit from a range of educational activities and support, as described in the table below.

Activities	Detailed scope of activities
<p><b>Education</b></p> <p>The goal is to provide employees with proven and practical knowledge and develop necessary skills in the following areas:</p> <ul style="list-style-type: none"><li>• Taking care of one's health;</li><li>• Mental resilience;</li><li>• Optimizing work style.</li></ul>	<ul style="list-style-type: none"><li>• Webinar series, trainings and workshops on topics such as: building good habits, developing emotional intelligence, creating healthy relationships with loved ones, counteracting fatigue and overload, optimizing work style (fighting distractions, deep work), taking care of healthy and restorative sleep, building mental resilience based on training of positive neural pathways;</li><li>• Access to an online training platform.</li><li>• Meetings with experts (in a hybrid format) who presented proven knowledge in the prevention of musculoskeletal diseases. Conducted lectures, group workshops and individual consultations with experts focused on healthy habits in the areas of ergonomics behind the wheel, healthy and active breaks at the office, proper posture at the desk, principles of proper nutrition and personal energy management;</li><li>• Numerous information campaigns to promote healthy habits and lifestyles, regular age- and gender-appropriate preventive examinations, vaccinations, healthy eating, healthy exercise, and cancer prevention.</li></ul>
<p><b>Support</b></p> <p>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.</p>	<ul style="list-style-type: none"><li>• 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, and all individuals have been prepared to provide crisis support.</li><li>• A free, fully anonymous psychological hotline. Employees (anonymously) benefit from psychological counseling and support provided by PZU Zdrowie psychologists.</li></ul>

Wellbeing – subsidiaries

Other group companies and foreign companies also prioritize concern for employee well-being. At Lietuvos Draudimas, the “**Jaučiuosi gerai**” (I Feel Good) program, launched in 2021, was continued in 2023 with the goal of providing employees with knowledge about emotional and physical well-being, as well as encouraging employees to take personal initiative to create their own well-being program. In 2023, an online lecture series was launched on cooperation between different generations, volunteering, giving feedback, resolving conflict situations and strengthening relationships at the same time, working in an open space office, and the importance of mental health. A walking tour was organized in the spring, with 200 employees participating. The personal development page on the intranet also integrates well-being information (podcasts, recommended literature and apps).

In 2023, BALTA introduced changes to its employee well-being program – including dividing the program into four seasons, each devoted to a separate dimension of well-being. The spring season was dedicated to physical well-being, summer – to social well-being, fall – to the emotional dimension, and the end of the year – to the digital dimension. Employees spent more than 3,600 hours on welfare-related activities.

LINK4 has a well-being program called “**Harmony of Life**,” which allows the company’s employees to benefit from various physical and mental health initiatives and a range of sports activities.

## 9.4. Diversity in relations with employees

PZU employs best practices promulgating diversity and it cares about equal treatment for employees. PZU applies objective and fair criteria for evaluating employee performance and provides equal conditions for professional development, and wants to build an inclusive workplace. PZU believes that the diversity of roles, of character traits and personalities builds the long-term success of the entire organization, as it is the foundation of creativity, innovation and efficiency and enables the transfer of knowledge. The PZU Group builds relationships with employees in accordance with the principles of equal treatment and counteracts any discrimination in the workplace.

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 a Human Rights Policy that is in line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. One of the main goals of the Policy was to create 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 as well as the right to privacy and freedom of expression and opinion.

In addition, the PZU Group respects and protects human rights in accordance with the Principles and Rights set forth in the eight fundamental conventions indicated in the Declaration on Fundamental Principles and Rights at Work and the principles and rights set forth in the International Bill of Human Rights.

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

In order to maintain respect for individuality, equal treatment and anti-discrimination, procedures have been adopted and initiatives taken, as described in more detail in Chapter “Corporate governance.”

- Key procedures to prevent client rights violations at PZU / PZU Życie:**
- PZU Group’s Human Rights Policy;
  - 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 co-financing postgraduate programs and specialist forms of professional development for PZU and PZU Życie employees;
  - Work Regulations.

**Harnessing the potential of diversity**

PZU is developing the competence to use the potential of diverse teams effectively. 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 sees great development potential in diversity and at the same time understands the need to raise awareness regarding the aspects of diversity employees may encounter and to educate them on building an inclusive working environment together.

In 2023, webinars on intergenerational collaboration and neurodiversity were organized for employees to introduce them to issues of human differences and to better understand the perspective and needs of other colleagues. The cafeteria of Best Practices of Hybrid Work was also supplemented with tips to encourage employees to communicate clearly and respect each other’s needs, as well as to be open to others and embrace diversity.

Promoting diversity

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

Employees 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	2022		2023	
	Women	Men	Women	Men
< 30 years of age	5.8%	4.1%	5.8%	4.1%
30-50 years	42.6%	27.7%	41.9%	27.4%
> 50 years of age	10.1%	9.7%	10.7%	10.0%
Total number per sex	58.5%	41.5%	58.5%	41.5%
Foreigners	0.11%	0.08%	0.14%	0.09%

The percentage of employees in each category in relation to the total number of PZU Życie employees				
Employees by age and diversity	2022		2023	
	Women	Men	Women	Men
< 30 years of age	5.8%	3.2%	5.9%	3.2%
30-50 years	49.7%	22.5%	49.7%	22.0%
> 50 years of age	13.0%	5.8%	13.2%	6.1%
Total number per sex	68.5%	31.5%	68.7%	31.3%
Foreigners	0.10%	0.05%	0.11%	0.08%

The percentage of employees in each category in relation to the total number of PZU employees				
Employees by structure of employment	2022		2023	
	Women	Men	Women	Men
Management position	8.6%	7.3%	7.9%	6.4%
Other employees	49.9%	34.2%	50.6%	35.1%
Total number per sex	58.5%	41.5%	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	2022		2023	
	Women	Men	Women	Men
Management position	10.0%	6.7%	9.9%	6.5%
Other employees	58.5%	24.8%	58.9%	24.8%
Total number per sex	68.5%	31.5%	68.7%	31.3%

The percentage of employees in each category in relation to the total number of PZU employees						
Total number of employees by age	2022			2023		
	< 30 years of age	30-50 years	> 50 years of age	< 30 years of age	30-50 years	> 50 years of age
Management position	0.3%	12.7%	2.9%	0.3%	11.1%	2.8%
Other employees	9.6%	57.5%	16.9%	9.6%	58.2%	17.9%

The percentage of employees in each category in relation to the total number of PZU Życie employees						
Total number of employees by age	2022			2023		
	< 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%	13.4%	3.2%	0.3%	12.7%	3.3%
Other employees	8.8%	58.8%	15.6%	8.8%	58.9%	15.9%



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

Taking care of the diverse needs of employees in the work environment

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. The PZU headquarters office building provides comfortable and functional work space in a hybrid model, while incorporating eco-friendly solutions. 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 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. PZU carefully analyzes employees’ opinions regarding the use of available office functionalities and provides expert guidance on working in a healthy and effective way in a shared space, as well as on work ergonomics. In 2023, a campaign **“Razem twórzmy przyjazne środowisko pracy [Let’s Create a Friendly Work Environment Together]”** was conducted. It was dedicated to raising

awareness of the diversity of employees’ needs and the factors and ways to increase comfort and efficiency in the office.

People with disabilities

PZU participates in professional activation of people with disabilities by creating safe working conditions that are adopted to accommodate their degree of disability. At the end of 2023, PZU and PZU Życie employed a total of 149 people with a confirmed disability.



Employees with certified disabilities	PZU		PZU Życie	
	2022	2023	2022	2023
Number of people employed in the company with a certified disability (in FTEs)	94	97	49	49
Rate of people employed by the company with a certified disability	1.40%	1.47%	1.59%	1.55%

Best practices of PZU and PZU Życie



Barrier-free facility

PZU’s headquarters – PZU Park at Daszyńskiego Roundabout – received the “Barrier Free Facility” certificate awarded by the “Integracja” Foundation and a distinction in the “Accessibility Leader” competition, organized by the Foundation together with the Society of Polish Urban Planners, under the patronage of the President of Poland. This confirms that the building is fully architecturally adapted for use by everyone, including people with disabilities, limited mobility, parents with children or the elderly.





PZU promotes creating family relationships and taking care of mental health. In late May and early June, the „Dwie godziny dla rodziny [Two hours for the family]” initiative is being promoted. Employees are encouraged to shorten their chosen workday and spend time with loved ones or pursuing their passions.

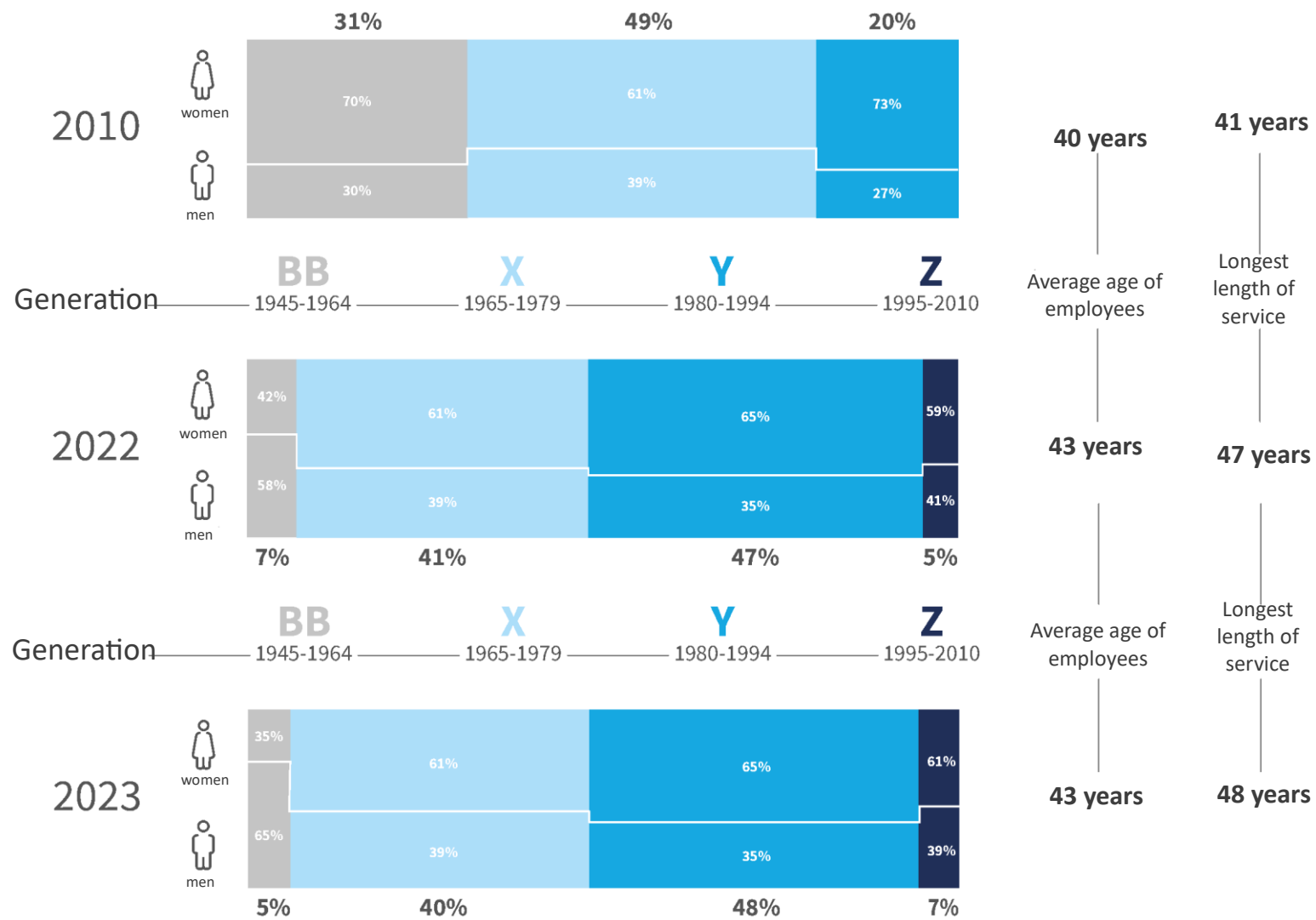
PZU emphasizes providing employment stability for employees returning after maternity and paternity leaves, and seeks to actively support their reintegration. As part of the intranet, PZU employees have access to a dedicated **Parents in PZU** page, where they can find all the most important information for mothers, starting from pregnancy, and fathers.



PZU / PZU Życie				
Employees who took maternity, paternity, parental, guardianship leave	2022		2023	
	Number of people	Percentage of people	Number of people	Percentage of people
Women	476	7.7%	420	6.9%
Men	187	4.8%	190	5.0%
Sum:	663	6.6%	610	6.2%

There are downloadable attachments, guides containing, among other things, information on the entitlements parents can use, the most common questions with answers, and an email for direct contact. The tables below show the number of people who were on maternity leave, paternity leave, parental leave and caregiver leave (entitled to 5 days to care for or support a person who is a family member or resides in the same household and who requires care or support for serious medical reasons).

Supporting diversity in generational breakdown



Source: HR Controlling Report

## 9.5. Engagement surveys, dialog and trade unions

For years, PZU has placed a high value on maintaining a dialog with employees and the social side, which allows us to look at the organization from different perspectives. 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.

### 9.5.1. Engagement survey

#### Employee opinion survey

PZU conducts periodic employee opinion surveys – an annual engagement survey and an organization Puls type survey.

Each year, the engagement survey achieves a very high turnout – in 2023 it was 81%.

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 dialog so that all employees can influence the direction of PZU’s development.

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 the organization.

#### Results of the 2023 engagement survey at PZU Group

The engagement survey has been conducted simultaneously at 12 PZU Group entities for years: PZU, PZU Życie, PZU CO, PZU Zdrowie, TUW PZUW, TFI PZU, PTE PZU, PZU Pomoc, PZU Finanse, PZU CASH, Tower Inwestycje, Ogrodowa Inwestycje.

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 coworkers.

Comparing the PZU Group’s performance to the market, PZU’s strong advantages include: the perception of the company as a very good place to work, opportunities to develop skills and gain diverse experience, supervisor support necessary for effective work and the ability to share knowledge with colleagues, and an atmosphere of openness and acceptance of differences.

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.

In 2023, as part of the implementation of the Employee Experience Management (EXM) approach, PZU mapped the employee experience across the organization’s life cycle (from recruitment to off-boarding). The implementation of the EXM approach is taking employee engagement to the next level. By analyzing experience measurements that are linked to specific moments on the employee journey map, PZU will make optimal business decisions about the working environment.



Methodology for calculating engagement rate according to Kincentric

- According to the adopted methodology, the engagement index represents the percentage of employees who feel motivated by the organization to 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 (referring to the three attitudes mentioned) is calculated – if it is equal to or higher than the accepted cutoff point, the respondent is classified as “engaged by the Employer.” The engagement rate is calculated as the number of all employees classified as “engaged” divided by the total number of respondents.
- The indicator measures the percentage of engaged employees, not how engaged they are in their work. Engagement is not the result of an employee’s personal qualities, e.g., hard-working. It is not equivalent to motivation or job satisfaction. Satisfaction with various aspects of the job affects employee engagement, but with varying degrees of strength.

Results of the engagement survey in the PZU Group	2022	2023
Attendance	78%	81%
Engagement rate	46%	50%*
Overall job satisfaction	64%	69%**

\* indicator calculated according to Kincentric methodology

\*\* percentage of employees who are definitely satisfied and satisfied with their work at the company (based on responses on a six-point scale)

9.5.2. 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 organizes meetings of the social partners, which are held according to the needs of both sides of the social dialogue. Trade unions also initiate group or individual meetings with employer representatives. Social dialog – run by a section specially appointed for this purpose in the HR Office – 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 PZU and PZU Życie	2022		2023	
	PZU	PZU Życie	PZU	PZU Życie
Number of trade unions	12	8	13	10
Number of unionized employees <sup>1</sup>	1,941	910	2,132	1,009
% number of unionized employees in relation to the total number of employees in the company	21.3%	13.2%	23.3%	14.5%

**Comments to 2023:** there were 14 trade unions in PZU and PZU Życie, of which 13 were in PZU and 10 in PZU Życie. The numbers of trade union organizations should not be added up, as nine 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.

1) In accordance with Article 251 of the Trade Union Act

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.

Six trade unions operate within Alior Bank’s structures, including two in-company and four inter-company trade unions.

Eight trade union organizations operated in Bank Pekao in 2023. 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 dialogue.





## 9.6. 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.

### Remuneration policy

In 2016, PZU and PZU Życie adopted “Remuneration 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.

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.

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. This allows to prevent 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.

### Performance assessment

All employees (100%) of PZU and PZU Życie to whom bonus systems apply undergo regular job quality and performance assessments (annually or quarterly). This applies to both management and all staff.

Regular assessment of the level of attaining objectives and the quality of work makes it possible to verify developmental needs and the action plans focused on developing specialist knowledge to help employees achieve their business objectives, and also allows to plan promotions or career paths.

### Best practices of PZU and PZU Życie

#### Total Rewards Statement (TRS)

The 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 that an employee 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.

### Gender Pay Gap

PZU conducts an equal pay analysis to monitor the difference between salaries received by men and women for the same work or work of equal value. Tracking the Gender Pay Gap indicator helps detect the wage gap between men and women. The value of the Gender Pay Gap ratio, showing the difference between salaries received by men and women, is a confirmation of PZU’s strive for equal treatment and the absence of discrimination based on gender. The slight pay gap among PZU and PZU Życie employees confirms PZU’s commitment to equal treatment and non-discrimination on the basis of gender.



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

Average base salary ratio of women to men*	2022**			2023		
	PZU	PZU Życie	PZU and PZU Życie	PZU	PZU Życie	PZU and PZU Życie
Senior management	9%	12%	10%	8%	10%	9%
Managerial positions	4%	3%	5%	6%	6%	5%
Expert positions	9%	7%	5%	9%	7%	3%
Specialist positions	7%	4%	7%	6%	6%	6%
All employees	7%	5%	6%	7%	6%	5%

[GRI 2-21]  
**PG (CEO)** – the ratio of the total annual remuneration of the best-paid person to the average total annual remuneration of all employees (excluding the best-paid person) in 2023 at PZU was 20.1 (19.5 in 2022), while for PZU and PZU Życie combined it was 17.1 (16.7 in 2022).\*\*  
**GPG unadjusted** – the unadjusted wage gap for PZU and PZU Życie in 2023 was 22% (23% in 2022).

\*) population-weighted ratio of salaries in each group by location and valuation level  
\*\*) Data for 2022 adjusted, in accordance with Directive (EU) 2023/970 of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms.

Social protection

All PZU Group’s employees have the right to social protection, which is guaranteed by law. Sick leave is paid at the rate as specified by law. Moreover, PZU SA and PZU Życie SA pay for medicine insurance at the employee’s request and subsidize up to 100% of remuneration in the case of certain diseases. All parents have the right to parental leave as provided by the Labor Code.

Employees’ injuries that have happened at the workplace or on the way to or from the workplace are investigated in order to properly qualify the employee for potential accident insurance benefits. In addition, all employees can join employer-sponsored medical insurance, which provides them with private medical care at PZU Zdrowie and which may also cover their relatives at a preferential rate.

Should difficult life events happen (severe and prolonged illness, fortuitous events), PZU employees and pensioners are entitled to receive financial assistance from the Company Social Benefit Fund.

Benefits

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

Key benefits for PZU’s and PZU Życie’s employees:

- **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, insurance for medicine and supplement of up to 100% of employee remuneration 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**, an innovative platform for employees with offers of financial products including a low-interest loan for any purpose, a mini-loan that acts like an early payment consolidation loan, as well as a mortgage, a savings account, and a currency exchange office;
- **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.



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.

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

Remuneration policy – banks

At 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. Remuneration is subject to periodic review, at least once a year. 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.

In Bank Pekao, the Remuneration policy of Bank Pekao is in force. It reflects the mission and values of Bank Pekao’s approach to employee remuneration systems. The primary objective of the Policy is to ensure the competitive level and effectiveness of remuneration, as well as transparency, internal fairness and compliance in terms of conduct and performance. The main assumptions that were fundamental in the construction

of the Bank’s Remuneration Policy and are key elements of the Bank’s remuneration practice are a balanced remuneration structure and linking remuneration to performance (the Bank’s performance and the individual performance of employees) and supporting long-term shareholder value creation.

Through the use of appropriate remuneration mechanisms, the Bank creates a work environment that embraces all forms of diversity and supports and unleashes individual potential. The approach to remuneration is also designed to attract, retain and motivate highly qualified employees.

9.7. Training and development

Forms of development support available in PZU:

Company-wide – for all employees	Company-wide for groups of employees	Individual and team-tailored
<ul style="list-style-type: none"><li>• “Click for development” (supporting lifelong learning using modern technologies and new Group Work Tools)</li><li>• #YouCreateTheFuture conference – inspirations on trends in science and technology, promotion of new working methods and effective personal and professional habits</li><li>• digital training sessions and competence courses in technology and personal efficiency (list of over 800 sessions, e.g., Excel course, effective data presentations, data storytelling, webinars, podcasts, short films covering MS Office functionalities)</li><li>• #Well-Being well-being program (webinars and instructional videos)</li><li>• English language courses on an educational platform</li><li>• managerial and personal efficiency courses at IBA ICAN platform</li></ul>	<ul style="list-style-type: none"><li>• onboarding sessions</li><li>• managerial training sessions (e.g., “New Manager” for newly appointed managers)</li><li>• coaching programs for middle and senior management</li><li>• leader debates on key, valid topics (best practice sharing)</li><li>• pool of digital training in the form of courses or cohorts</li><li>• development diagnostics, e.g. preference and functioning style tests, 360 feedback, Development Center sessions</li></ul>	<ul style="list-style-type: none"><li>• professional training (revalidation)</li><li>• development necessary to perform duties and support workstation efficiency<ul style="list-style-type: none"><li>– individual activities implemented on the basis of development plans</li><li>– activities for teams – based on identified needs</li><li>– development programs, such as Purchase Academy for the Purchasing Department</li></ul></li><li>• development diagnostics – preference and functioning style tests,</li><li>• reimbursement for postgraduate courses</li><li>• other<ul style="list-style-type: none"><li>– knowledge exchange workshops (training sessions organized by internal specialists)</li><li>– cooperation development workshops, creative solution-finding</li><li>– team workshops based on results of studies on interunit cooperation and engagement surveys</li></ul></li></ul>

The PZU Group enables its employees to participate in a variety of 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.

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.

The procedures and policies that govern the planning and organization of training and all development activities for employees, in particular: PZU and PZU Życie employee training procedure, Rules for the organization and financing of training and development activities, Procedure for co-financing postgraduate programs and specialist forms of professional development for PZU and PZU Życie employees, and the Work Regulations.

Training hours and days

Average number of training days per employee hired under an employment contract **in the PZU Group was 3.3 in 2023 (0.1 days less than in 2022).**

**In PZU and PZU Życie, it decreased when compared to the previous year, amounting to 3.5 (3.7 in 2022)**

Training in the PZU Group – managerial staff

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 to 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, 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. 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, 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 arranged conditions.

PZU and PZU Życie				
Average number of training hours per employee by gender*	2022		2023	
	Women	Men	Women	Men
Total training hours	183,420	110,617	165,072	109,254
Average training hours	30.0	28.8	27.3	29.3
Average training days	3.8	3.6	3.4	3.7

Best practices of PZU and PZU Życie

Neuro-leadership Academy

In 2023, PZU invited all directors to a new program aimed at developing leadership competencies based on the latest advances in neuroscience.

Participants in the Neuro-leadership Academy gain knowledge of the latest scientific discoveries related to leadership, learn about the functioning of the brain in business relationships as well as the biology of engagement and related to understanding and assimilating information. Knowledge and practical tips help build trust and psychological safety in the organization, as well as reduce stress in everyday situations and counteract professional burnout.

Best practices of PZU and PZU Życie

HR over coffee

PZU has continued knowledge and best practices sharing sessions among managers since 2020. It organizes webinars and leadership debates on topics related to key management challenges (managing teams in a hybrid model, fostering innovation). Senior managers also meet at weekly online “**HR over coffee**” meetings that support ongoing exchange of information on people management topics, as well as sharing insights and ideas that serve to develop high standards of management and interdepartmental cooperation.





## 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 topics of courses prepared internally respond to the needs raised by employees.

- **Podcasts**

With a view to promoting various forms of development, PZU records its own podcasts. Experts are interviewed, and they bring employees closer to the world of technologies that support online development.

- **Virtual Reality (VR)**

For several years, PZU has been using virtual reality technology in employee education. It improves employees’ skills in first aid, building evacuation or damage handling. These are skills that could be dangerous for employees to practice in a real environment or very difficult to organize due to time, cost or location of employees. PZU is also using virtual reality in its program for new managers (applications newManager VR, Emotion Management) or in training in the area of cyber security (applications Cyber Security, Company UnHacked).

- **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.

- **Cohort courses**

PZU in 2023 opened the first cohort course for employees on the topic “Scrum from the ground up.”

It’s a learning style in which a group of students who have something in common (a common goal) and are making progress in learning at the same time. This method of learning, is much more engaging for the employee than traditional methods.

- **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. By the end of 2023, 1,155 individuals, including 1,052 employees of PZU and PZU Życie and 103 employees of other companies benefited from English learning.



Best practices of PZU and PZU Życie

The #TyTworzyszPrzyszłość [#YouCreateTheFuture] Conference

In October 2023, the 5th edition of the internal #TyTworzyszPrzyszłość [#YouCreateTheFuture] Conference was organized. The event was held in a hybrid format.

Conference theme: The mind of tomorrow inspired participants to think about operating in a changing world and the sources to draw from to develop the competences of tomorrow. Speakers offered tips on ways to stay one step ahead, so that technology and change do not take us by surprise, but drive us forward into a new reality. Experts zoomed in on the trends that have and will have the greatest impact on future work and daily life. Issues such as looking after personal wellbeing, including relationships in particular, were raised.

Over 1,000 employees took part in the conference online, while 150 participants attended the conference in person.

Employees’ education in sustainable development

Shaping 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 level of 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.

In 2023, PZU intensified its educational efforts. During the onboarding training, PZU employees receive basic ESG knowledge. An e-learning course available to all PZU employees was launched in 2023. During this training, employees not only learn about the ESG activities carried out at PZU, they can also check the sustainability of their daily habits and share their ideas on sustainable living. There is also an internal educational portal on ESG available to employees, including recordings of webinars on topics ranging from changes in ESG regulations to the challenges of plastic pollution. The portal also provides employees with practical advice on organizing sustainable corporate events or reducing the environmental impact of new technologies.

ESG strategy indicator: 60% of employees trained in sustainability

Level of implementation 2023: 30% of employees trained in sustainability

As part of the **European Sustainable Development Week** celebration, PZU employees could participate in two webinars: “Business and Human Rights – Challenges, Actions, Opportunities,” and “Racing Against Time – How the Climate Crisis and Green Transformation Can Change Business.” Within the framework of cooperation with the UNEP/GRID-Warsaw Center, an expert from the Climate Leadership program conducted a workshop for ESG leaders in subsidiaries, during which he discussed the integration of risks in the operations of financial institutions, in the context of key ESG regulations. Sustainability education was also part of the HR Office’s regional events and the IT Division’s annual conference.

Subsidiaries also conduct educational activities. BALTA has built a team of Sustainability Ambassadors as part of its ESG strategy. The Ambassador community connects like-minded people, where, at least quarterly, employees from different departments interested in ESG topics meet to not only create new sustainable solutions, but also gain new insights into the ESG field and gain knowledge and inspiration to pass on to their teams.

The ambassador program has produced 37 initiatives, of which 7 have been implemented and 8 are underway.

**Types of educational activities in subsidiaries**

**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.



**TUW PZUW** implemented an onboarding process for newly hired employees.

Employees can take advantage of individual and group training offerings. The “Manager’s Academy” training program is being implemented; it is dedicated to Senior Executives and Middle Managers. In addition, employees have the opportunity to use an English language learning platform, as well as subsidized studies and specialized forms of professional development for 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. The offering includes product, sales and service quality courses and interpersonal and managerial skills training.

**The Pekao Group** and the Bank create educational opportunities and provide access to various forms of training for their staff. The Bank’s educational programs include local training and general development webinars, international training courses and programs, mentoring sessions, internal and external coaching, and certification training (among others, CFA/ACCA/CIA). The basic internal regulation defining this area is the Policy for Training and Enhancement of Professional Qualifications of Pekao Bank Employees, adopted by the Bank’s Management Board. It defines procedures relating to the course of processes related to the

participation of employees in various forms of professional qualification.

### 9.8. Knowledge and experience sharing

The knowledge and experience of employees build the human capital of the PZU Group. Given the tremendous significance of this capital for society and economy, PZU is eager to participate in 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 soon 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 has been supporting the academic community for years. PZU initiatives addressed towards this group are implemented under the banner of **PZU Student Talent**. These initiatives 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.

- **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 2023, nearly 3,700

students and graduates applied to the program, from which 21 interns and 38 trainees were recruited.

The program started in July: the term of the apprenticeships was three months and of the internships – six months. They were held in various business areas and locations. Additionally, the participants were involved in a two-day training cycle on strategic thinking, project management, innovation (VR), good communication and collaboration. After the program had ended, 74% 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.

- **Open Business Days at PZU** are one of the flagship ventures 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. The 2023 project was carried out in the last week of November at PZU Park and covered areas such as: IT – Big Data / Artificial Intelligence, Digital Marketing, Negotiation, ESG, Actuarial.
- **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 career offices, recommend student projects. The yearly cooperation with the PZU Ambassadors was started off with a two-day meeting in person at PZU Park. The Ambassadors participated in training on Personal Branding, Social Media, and Online and Offline Image Building. In the academic year 2023/2024, a total of 15 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.

PZU undertakes partnerships that translate into the recognition of PZU as an employer among the younger generation in the labor market and the level of interest this group has in recruiting students, graduates and young professionals:

- **Partnership with Go4Poland – Wybierz Polskę [Choose Poland]**  
In 2023, PZU was the Main Partner of the 8th edition of the “**Go4Poland – Wybierz Polskę [Choose Poland]!**” program organized by the WSE Foundation. As part of it, the company has engaged in an internship program, a mentoring program, the Go4Poland Summer School and the “**Twoja kariera – kierunek Polska [Your career – towards Poland]!**” conference. In this edition, speeches by PZU experts were in the areas of HR and ESG;
- **SGH Career Day**  
In 2023, PZU’s partnership with the SGH Warsaw School of Economics continued. 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.



PZU is an employer that offers interesting work for professionals of varying seniority in many business areas and across the country. Wanting to strengthen its position in the 2023 labor market, it ran campaigns to promote its employer brand:

- **Employer branding campaign**  
“PZU – pasujemy profesjonalistom [we match the professionals]”  
showed how important it is to be able to combine professional responsibilities with interests and skills. PZU, thanks to its scale of operations and diversity, enables experts from different business fields to find a job that matches their competence. The campaign is aimed at active professionals with diverse seniority and specializations, such as insurance, finance, data analytics, IT, sales and customer service.
- **Employer branding campaign**  
<<Strong in IT>>  
with the goal of promoting the PZU brand as an attractive employer among IT experts. In particular, the availability of modern technology, the scale of operations, the organization’s focus on implementing unique solutions and the friendly working atmosphere valued by employees were presented as PZU’s main strengths.

In 2023, PZU TFI launched the first edition of the PZU TFI Academy as part of its educational efforts.

It is a program aimed at students of economics or sciences, the purpose of which is to educate in the management of investment funds, analysis of financial instruments and the functioning of financial markets, as well as to popularize long-term investment using mutual funds and other collective investment products. Activities conducted within the Academy will continue in 2024.

Best practices of PZU and PZU Życie

Co-Working Portal

A pilot of the Co-Working portal began in 2023. This is a new product to support employees and corporate clients of PZU Życie. The knowledge in the portal covers areas related to environmental regulations at work and good social practices that affect healthy living. The issues in the site directly address areas related to team management in promoting decent employment, equal opportunity policies and respect for employee rights. Of particular note is content discussing the occurrence of occupational health crisis in the form of chronic and occupational diseases. The issues discussed in the portal coincide with the area of human rights in the scope of the organization’s activities and is the realization of one of the ESG goals.

9.9. Safety

Ensuring a safe and hygienic work environment and preventing workers’ exposure to occupational accidents is one of the priorities. To prevent accidents the PZU Group focuses on providing proper work conditions by implementing legal changes that come into force, ongoing control and elimination of 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, webinars with specialists, stationary meetings and campaigns promoting the importance of working

conditions and the way work is done, courses and workshops in the field of rendering first aid. Scheduled and ongoing inspections of working conditions are conducted.

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. Drones are being used in claims settlement to replace the need for work at height.

OCCUPATIONAL SAFETY AND HEALTH (OSH)

Formally, occupational safety and health (OSH) management is regulated by a number of internal documents and instructions. PZU and PZU Życie have a Health and Safety Policy in place. 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).

This policy obligates the PZU Group’s OSH Team to do the following:

- prevent accidents and occupational diseases;
- strive to improve occupational safety and health constantly by conducting periodic inspections;
- deliver training on OSH, including on how to give first aid.

To streamline activities related to occupational safety and health, the PZU Group companies have teams that operate with the following tasks:

- conduct a review of working conditions;
- conduct a periodical assessment of the state of occupational safety and health;
- give an opinion on the means undertaken by the employer to prevent accidents at work and occupational diseases;
- articulate conclusions on improving working conditions and cooperating with the employer to discharge its duties relating to occupational safety and health.

In the remaining PZU Group companies, services in the field of occupational safety and health are provided by safety and health specialists or teams in compliance with internal regulations adapted to the type of business run by the company.

# 10. Environmental issues

## 10.1. Business of the PZU Group 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. It intensifies its efforts and undertakes activities which are to contribute to mitigating climate change. This mostly concerns growing our product offering, rethinking the way it is delivered, and developing innovation in reducing environmental risk and mitigating climate change. The Group is investing 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 us to identify opportunities and risks.

### 10.1.1. Global Challenges to Sustainable Development

In the Global Risk Report 2024 1 by the World Economic Forum,

extreme weather events ranked second among short-term risks. Environmental risks once again dominate the 10-year horizon. Among the top five long-term risks are 4 related to climate and the environment, these are: extreme weather events, critical change in earth systems, biodiversity loss and ecosystem collapse, and natural waste shortages.

In addition, 2023 was the warmest year ever measured, as confirmed by data from the Global Climate Highlights report 20232, based primarily on the ERA5 analysis dataset. In 2023, the global average air temperature was 14.98 degrees Celsius and was 0.17 degrees higher than 2016's record high.

Compared to the 2022 conclusions, the authors of The Emissions Gap Report 20233 indicate that progress has been made since the signing of the Paris Agreement in 2015.

2) [www.climate.copernicus.eu/global-climate-highlights-2023](https://www.climate.copernicus.eu/global-climate-highlights-2023)  
3) [www.unep.org/resources/emissions-gap-report-2023](https://www.unep.org/resources/emissions-gap-report-2023)

Based on the policies in place at the time of the Paris Agreement, greenhouse gas emissions were projected to increase by 16% in 2030. The current projected increase is 3%. However, in order to meet the Paris Agreement's 2030 targets, projected greenhouse gas emissions must fall by 28% for a 2°C pathway and by as much as 42% for a 1.5°C pathway. The report's authors call on all nations to accelerate their efforts toward low-carbon economies. They also point out that developed countries with greater capacity and responsibility for emissions will have to take more ambitious measures and actively support developing countries in their pursuit of low-carbon development.

According to the PIU Report4 “A climate of rising losses. The role of insurance in climate protection and energy transition” in 2016–2021, insurance companies in Poland reported 273 natural catastrophes to the Polish Financial Supervision Authority, for which they paid out PLN 3.622 billion in claims. Most of them were local and the result of torrential rains, thunderstorms, hail and hurricanes passing over Poland, as well as flooding. The authors of the report predict that extreme events will become more frequent and their effects more severe.

The analyses of the above studies show that the effects of climate change will affect economic development and the condition of societies. As a result, insurance companies must take these trends into account when pricing insured events. Risks related to climate change, both the physical and those related to transformation, need to be more fully and expressly accounted for in the PZU Group's management.

4) [www.piu.org.pl/raporty/klimat-roznacych-strat/](https://www.piu.org.pl/raporty/klimat-roznacych-strat/)

On the one hand, they directly affect the PZU Group's operations, but on the other hand, it is the PZU Group that can contribute to reducing the negative effects of climate change through its actions. Both perspectives will have a more and more important impact on the PZU Group decisions and 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 participation in sustainable development initiatives

The need to prevent climate change and adapt to the new conditions requires coordinated efforts by decision-makers, businesses and the financial sector. 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 2023, 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**- PZU has been working with the UNEP/GRID-Warsaw Center since April 2022. In 2023, PZU joined the next edition of the Climate Leadership programme for the second time. PZU's commitment to the 2023 edition of the Climate Leadership programme was to expand educational activities and raise awareness among employees in the area of sustainable development. PZU has also become a partner in the 10th anniversary edition of the “Eco-City” programme, run by UNEP/GRID-Warsaw in cooperation with the French Embassy in Poland. The purpose of the initiative is to educate, inspire and exchange experiences between local government units, entrepreneurs operating

in urbanized areas and experts in sustainable urban development. PZU has prepared and made available to all interested parties a compendium of the best trends

and practices in sustainable urban development – “The Power of Our Cities.”

- **UNGC** – since May 2022, PZU has been a member of the United Nations Global Compact – the largest global initiative supporting sustainable business. Another Member of UNGC is Bank Pekao. PZU was involved in the Climate Positive initiative coordinated by the UN Global Compact Network Poland and participated, among other things, in the Sustainable Finance team.
- **Partnership for SDGs** – in June 2022, PZU joined the Partnership for Sustainable Development Goals, initiated by the Ministry of Development and Technology.
- **Responsible Business Forum** – PZU continued its participation in the Responsible Business Forum’s Partnership Programme. The programme is a platform for development, knowledge acquisition, and networking and sharing of good practices in the area of sustainable development. More than 60 sustainable development leader companies in Poland participate in the Programme. PZU is also involved in the Chapter Zero Poland initiative coordinated by the Responsible Business Forum. It is the Polish branch of the international initiative entitled Climate Governance established by the World Economic Forum. It was formed to raise awareness concerning the consequences of climate change for the business community and its impact on the climate.
- **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 and 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. A PZU representative chairs the Task Force on Sustainable Finance at the Polish Insurance Association (PIU). PZU also chairs the Natural Disaster Risk Management Team, one of whose tasks is to support the Polish Financial Supervisory Authority (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.
- **Sustainable Investment Forum Poland (POLSIF)** – in February 2024, TFI PZU joined the ranks of members of the Sustainable Investment Forum Poland (POLSIF), whose mission is to work for the development of the sustainable investment and finance market in Poland by creating and disseminating best practices in this area. Sustainable Investment Forum Poland (POLSIF) is a non-governmental organization founded in 2023 by representatives of leading investment fund companies, banks, private equity funds, industry organizations and chambers, and academia. POLSIF is part of the pan-European organization – The European Sustainable Investment Forum (EUROSIF).

ESG strategy indicator: Joining at least 3 new initiatives – promoting sustainable development

Level of implementation 2023: Participating in 7 new initiatives – promoting sustainable development





10.1.2. Analysis of climate change and risk identification

When analyzing the impact that climate has on PZU Group’s operations, in the context of growth, results and capital situation, we have identified risks, accounting for the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD) and European Commission and conducted a climate change scenario analysis.

Risks related to climate change

The scenario structure proposed by NGFS (The Network of Central Banks and Supervisors for Greening the Financial System) was used as a starting point for the analysis conducted at 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, the 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.

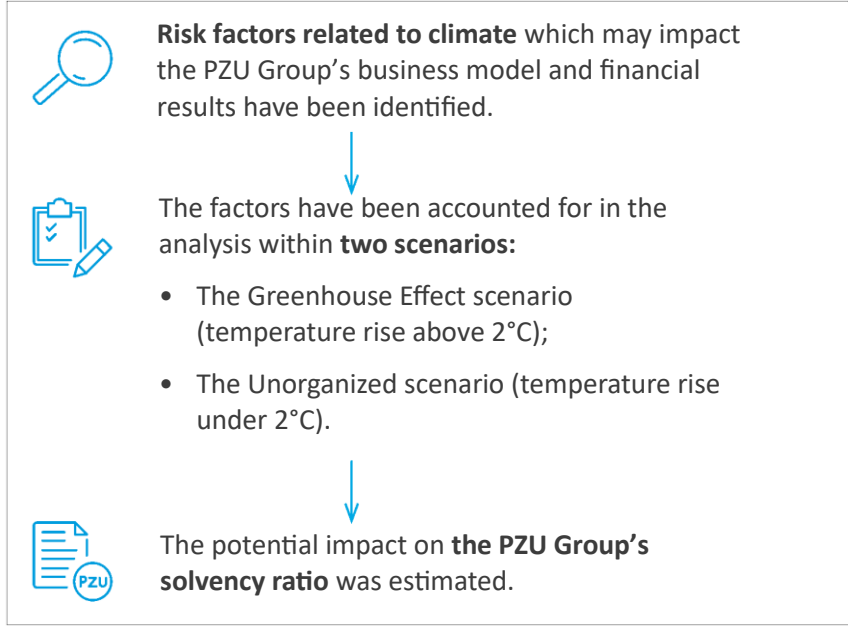
Identification and analysis of risks, identification of key risks

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.

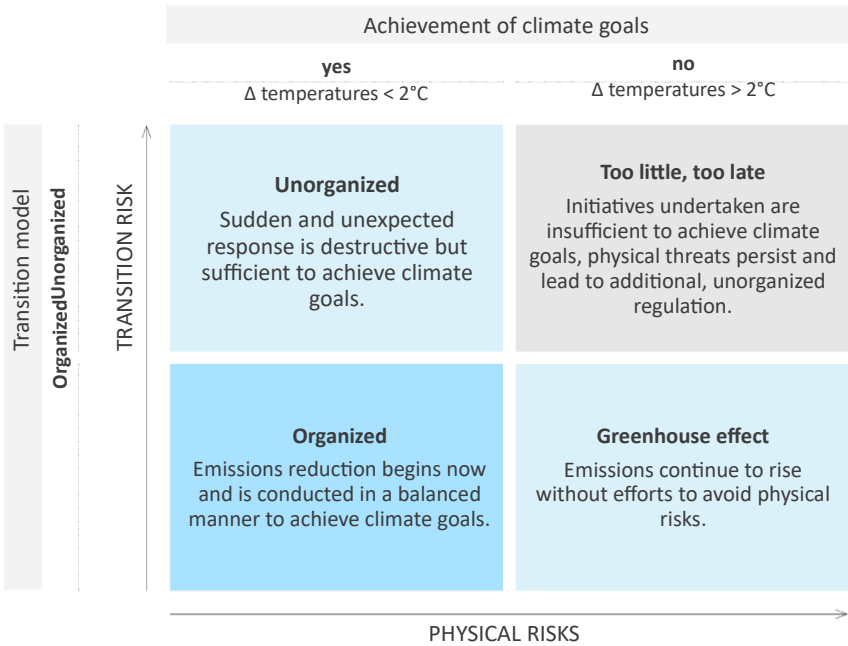
The analyses conducted have identified the following climate-related risk factors which may influence the PZU Group’s business model and financial results.

During the current phase of analyzing climate risks the PZU Group studied:

Analysis of climate-related risk factors



Structure of the scenarios



Source: A call for action; Climate change as a source of financial risk, April 2019

Risk factor			Horizon	Category in risk management system	Actions taken
TRANSITION RISK	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 coal-dependent energy sector. Materialization may lead to the following consequences:	●			
	<ul style="list-style-type: none"><li>Limited insurance sales for this type of projects.</li></ul>		Medium-Term / Long-Term	Business risk (analysis of key risks)	Renewals of contracts involve <b>negotiations with reinsurers and clients</b> . Clients are offered a <b>cover adjusted to the available reinsurance offering</b> . Restrictions on liability limits are necessary. Additionally, it is assumed that <b>PZU’s portfolio will be gradually transformed in line with the Polish economic transition</b> .
	<ul style="list-style-type: none"><li>Higher reinsurance cover prices.</li></ul>		Short-Term		
	<ul style="list-style-type: none"><li>Higher capital requirements for the risk of default by counterparties due to placing of part of the portfolio at lower-rated reinsurers.</li></ul>		Medium-Term	Credit risk	The credit quality of reinsurers is <b>assessed on the basis of data obtained from external sources, including the financial strength rating according to the agency's credit assessment, as well as on the basis of an internal model</b> . The model divides reinsurers into several classes, depending on the estimated risk level.  A reinsurer will not be accepted if its risk is higher than a pre-defined cut-off point and a rating no lower than A-. The acceptance is not automatic and the analysis is supplemented by assessments by reinsurance brokers. <b>Within credit risk monitoring, the assessment of a given entity is updated once a quarter</b> .
	Lower share price and corporate bonds valuation for companies in selected sectors due to higher regulatory burdens.	●	Medium-Term	Market risk/ Credit risk	<b>Market risk</b> is subject to continuous monitoring and internal limits.  <b>As for credit risk</b> , there is a comprehensive counterparty assessment and limit establishment system (including by industry). Credit risk assessment of an entity is based on <b>internal credit ratings</b> (the approach to rating differs by type of entity). Ratings are based on quantitative and qualitative analysis and are one of the fundamental elements to the process of establishing commitment limits. <b>The credit quality of counterparties and issuers is regularly monitored</b> . One of the basic elements of monitoring is a regular update of internal ratings.
PHYSICAL RISKS	Raising capital requirements due to revision of parameters in standard formula for selected risks	●	Medium-Term	Compliance risk	The PZU Group monitors changes in regulations on an ongoing manner, takes part in consultations, and analyzes the impact of changes planned or introduced on its equity situation.
	Extreme weather events happening more often, which may lead to higher reinsurance prices	●	Short-Term / Long-Term	Actuarial risk	The risk management system at PZU Group ensures <b>cyclical monitoring of exposure, and the reinsurance program implemented allows a significant reduction of potential catastrophic loss on the deductible</b> to acceptable levels which do not threaten PZU’s financial stability.
	Intensive forest fires in suburban localities and croplands due to growing droughts.			Actuarial risk	
	Higher mortality, in particular in cities, due to extreme weather events and higher temperatures in the cities compared to surrounding areas, which may lead to higher payouts and the need to readjust assumptions or the future by increasing mortality factors in the best-estimate liabilities (BEL).	●	Debts	Actuarial risk	<b>Analysis and monitoring of exposure factors</b> concerning risk in selected product groups.  Actuarial control cycle, i.e., <b>setting adequate assumptions</b> .

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).



1. The “Greenhouse effect” scenario in which physical risks play the main role, which in a simplified approach involve the assumption of a zero impact exerted by transition risks;
2. The “Unorganized” 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:

Analysis results

Greenhouse effect scenario	Unorganized scenario
<div><div><div>• Extreme catastrophic events:<div>(i) floods, where the value of loss 1 to 200 years is set out in line with the standard formula used to determine the capital solvency requirement;</div><div>(ii) forest fires in suburban areas and croplands – maximum loss on deductible in respect of a single event.</div></div></div><div><b>Short-term horizon:</b> payouts due to catastrophic risks in line with the current reinsurance program, lower equity.</div><div><b>Long-term horizon:</b> higher reinsurance prices and legitimate portions, higher SCR due to higher net best-estimate liabilities (net BEL).</div><div><div>• Higher mortality, in particular in cities, due to extreme weather events and higher temperatures in the cities compared to surrounding areas.</div></div><div><b>Short-term horizon:</b> payouts due to higher claims ratio in first year, lower equity.</div><div><b>Long-term horizon:</b> higher mortality rates used to determine BEL, lower equity and change in (SCR).</div></div>	<div><div><div>• Higher credit risk due to reinsurance of part of the portfolio at lower-rated reinsurers.</div><div>• Revaluation of shares and corporate bonds in selected sectors.</div><div>• Regulatory risk related to the readjustment of standard formula parameters used to set the capital solvency requirement.</div></div><div>The transition risks are expected to materialize in the <b>short-term or medium-term horizon.</b></div></div>

- 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 Group's solvency ratio, estimated based on forecasts as at the end of 2024

	Sensitivity of PZU Group's solvency ratio
Greenhouse effect scenario	<b>(44) p.p.</b>
Unorganized scenario	<b>(6) p.p.</b>

- 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 materialize is much higher than the probability that the most extreme physical risk related to the climate change will materialize.

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 low-emissions 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 2023: (Achieved)



10.1.3. 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 efforts to reduce climate change on several levels, and at the same time looks for opportunities to grow its business in them. These include:

- appropriate product offerings to enable and encourage customers to take action to reduce carbon emissions;
- using new technologies in the claims and benefits handling process;
- 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

Climate change represents a growing risk for the insurance industry, but it also presents new opportunities. Understanding sustainability risks not only helps protect policyholders from losses, but also ensures the long-term availability of insurance products and, in some situations, reduces the overall cost of insurance. Risk analysis makes it possible to identify precisely the risks associated with sustainable development, and in particular climate change. In order to move toward a balanced product offering, the PZU Group's strategy and all of its activities revolve around responding to identified risks. It is not only a response to clients’ needs and identified climate challenges, but also an opportunity for business development and building market advantage. For instance, managing the climate risk following from the transition of the insurance portfolio to extend and augment the attractiveness of the offering of financial products addressed to low emission branches of the economy and those branches that harness renewable energy also contributes to the development of these branches. In this manner the positive impact exerted by the Group’s product offering on the climate and environment can be manifested. It is worth emphasizing that achieving the goal of adequately adapting society and the economy to climate change requires extensive support activities beyond the scope of the insurance industry.

Indirect impact on climate change

Group companies utilize natural resources in their business operations. However since most of the Group's companies are financial institutions, their direct climate impact is relatively small. On the other hand, by financing, insuring and investing, these companies can, to a certain degree, influence clients' conduct, and hence their impact on the environment and climate change.

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 [10.5. Product offering – prevention and adaptation](#)

10.2. 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 multi-directional. On one hand, they contribute to the prevention of climate change, or they concentrate on supporting the economy in its efforts to navigate the transition and curtail greenhouse gas emissions.

Best practices of PZU and PZU Życie



Sustainable Investment Policy in 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 investment activities of PZU and PZU Życie. The policy has been adopted by virtue of relevant resolutions. The policy is available on the website at: <https://www.pzu.pl/fileserver/item/1535345>

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.

Its 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 to provide insurance cover also to entities operating in the mining and power sectors. Besides traditional operations consuming coal and other mineral fuels, clients from this group also develop their activities in renewable energy sources.

**ESG strategy indicator:** Development of insurance offerings for technologies supporting the energy and climate transition in Poland

**Level of implementation 2023:** Two insurance products for corporate clients: PZU Wind Power and PZU Solar Power, as well as one product for individual clients and SMEs: PZU Eco Energy

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.

10.2.1. 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 Group aims to deliver solutions which will support them on their path towards climate neutrality. This is the 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 offering. The PZU Wind Power and PZU Solar Power policies are 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 used to generate energy (the PZU Wind Power: gondolas, towers, foundations, internal cabling and the PZU Solar Power offer: photovoltaic panels, their construction, internal cabling, inverters) and all of the accompanying infrastructure: energy storage units, underground cable connections, overhead power cables, fiber optic cables, equipment to export the capacity to the power grid and the auxiliary infrastructure: fencing, lighting, oversight

systems, internal roads, buildings housing the station and the switch board and equipment.

RES Insurance – “Power of the Wind” and “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 offering insurance cover 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, “Power of the Wind”, and for photovoltaic installations, “Power of the Sun”. This is comprehensive non-life insurance against all risks, including against damage and loss of profit, as well as liability insurance associated with the operation of wind turbines and photovoltaic panels.

In 2023, TUW PZUW expanded its offer to include liability insurance for environmental damage. It is intended for entities using the environment within the meaning of the Act of 30 April 2007 on the Environmental Damage Prevention and Remedy. These include entities engaged in activities that cause environmental damage or risk of such damage. The

scope of insurance covers the insured's liability for environmental damage, including the costs of actions taken to repair or replace in an equivalent manner natural elements or their functions, as well as the costs of actions taken to prevent or reduce environmental damage.







**PZU LAB Smart Energy Management System for business 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 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. Two smart energy management system implementations are currently underway.

**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 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 to:

- optimize and make accurate the level of consumption of plant protection products per hectare of crops;
- reduce the number and cost of protective procedures;

- allow the use of mechanical or natural plant-care procedures instead of e.g. spraying;
- provide access to several dozen plant disease models;
- implement prevention policies for PZU clients (the client can access the crop damage risk estimation system, alerts and warnings);
- provide clients with support in reducing CO2 emissions.

PZU iAgro system involves specialist measurement stations (of more than a dozen parameters), software with advanced AI algorithms and disease models, online data review and management platforms (incl. disease alerts). The assumptions of PZU iAgro and its pilot 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. Development of the system was underway in 2023, and 80 farms took part in testing the new solutions. Evaluation surveys show that the solution has helped clients reduce between 10% and 40% of their agronomic treatments this season.

**MOD insurance – electric cars**

PZU offers MOD insurance coverage for electric cars included in vehicle fleets. It covers damages to chargers, including a wallbox and charging wires and the battery in cars. This responds to the growing popularity of electrical cars in vehicle fleets. According to PSPA data, 19,612 new all-electric passenger and commercial vehicles (BEVs) will be registered in Poland in 2023, more than half as many as in 2022. The number of electric trucks, buses, mopeds and motorcycles is also growing. In parallel with the fleet of electric vehicles, the charging infrastructure is also developing. At the end of October 2023, there were 3,166 publicly available electric vehicle charging stations (6,378 points). Under the European Commission's "Fit for 55" legislative package, stricter CO2 emission standards for passenger cars and vans will accelerate the transition to zero-emission mobility by requiring a 55% reduction in average emissions from new cars from 2030 and 100% from 2035 compared to 2021 levels. With electric car insurance, fleet clients who take out MOD insurance in PZU 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.



**Fleet electrification**

The growing interest in electric cars on the part of vehicle fleets, arising from changes in European Union 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 is publicly available on PZU iFlota's website <https://www.pzu.pl/pzuiflota>





Good practices of subsidiaries



TUW PZUW offers insurance to companies operating in a segment consuming low-carbon energy sources based on natural gas (including Gaz System, PLNG and new Baltic Pipe investment projects). It **supports new environmentally friendly investment projects** in the power sector that satisfy stringent environmental requirements imposed by the European Union 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.

10.2.2. Individual clients and SMEs

The PZU Group intensifies its efforts related to its “green” product offering not only with respect to solutions for corporate or institutional clients. It also addresses the needs of small and medium enterprises. The commitment of these entrepreneurs to environmental protection can bring significant benefits. That is why, as part of PZU Doradca's offering addressed to SMEs, PZU protects:

- 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 non-life 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 Eco Energy is a solution, among others, for households, small and medium-sized enterprises and agricultural farms that use photovoltaic cells, solar thermal collectors or heat pumps to produce energy for their own needs. The insurance is available in three variants, and the client 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 destruction as a result, e.g. of a failure, fire, power surge, flood, wind gust, hail or other sudden weather phenomena as well as vandalism and theft.

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 it, but throughout 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. Our actions in this area are also aimed at reducing the volume of trade on the secondary market for salvage that has lost its safety features. 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 a sustainable manner. PZU TFI offers investment funds referred to in the SFDR Regulation (Regulation 2019/2088 on sustainability-related disclosures in the financial services sector). These include both “light green” products (promoting an environmental or social aspect, according to Article 8 SFDR ) and dark green products (aimed at sustainable investment, according to Article 9 SFDR). At the end of 2023, there were four funds in the first group, including two passively managed funds (inPZU Akcje Sektora Zielonej Energii – giving exposure to the global energy transition, inPZU Akcje Sektora Zrównoważonej Gospodarki Wodnej – investing in companies playing an important role in addressing global water scarcity) and two actively managed funds (PZU Akcje Odpowiedzialnego Rozwoju – investing primarily in shares of companies, whose activities are in line with the UN Sustainable Development Goals, and issuers with correspondingly low greenhouse gas intensity



ratios, PZU Obligacje Odpowiedzialnego Rozwoju – investing primarily in green bonds and covered bonds, social bonds, and sustainability or sustainability-related bonds). In addition, PZU TFI had a passive fund qualifying for the second group, inPZU Zielone Obligacje, which invests in bonds issued to finance projects related to: alternative energy (including renewable energy), energy efficiency, pollution prevention and control, sustainable water management, green building and climate change adaptation. PZU TFI is constantly analyzing 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 with the sustainability trend.

Pekao TFI offers the Environmental Pekao sub-fund, oriented towards supporting sustainable investment. Companies from environmentally-friendly and pro-ecological sectors were selected as part of its portfolio (renewable energy, electromobility, energy efficiency, recycling and waste management). When analyzing

their selection, on top of financial factors, ESG issues were equally important, namely environment, social and governance-related aspects.

PZU Group banks are engaged in efforts to support SME clients on their path towards climate neutrality.

Alior Bank working in cooperation with BGK, has included a green loan in its offer aimed at micro, small and medium-sized enterprises planning to increase energy efficiency through infrastructure upgrades; they also offer an investment loan for the RES grant recipients, which extends the offer aimed at financing the thermal modernization of multifamily buildings.

Alior Bank Brokerage House's broad offering includes funds that promote the environmental or social aspect, investing in accordance with ESG principles as defined in Article 8 or Article 9 of the SFDR Regulation.

There are more than 200 sub-funds that meet SFDR's “green” criteria.

Alior TFI offers the Alior Odpowiedzialny sub-fund, which promotes environmental and social aspects within the meaning of the SFDR Regulation by taking these aspects into account in its investment selection criteria and introducing a minimum exposure to financial instruments that have a positive rating from the Company in this regard. The sub-fund focuses on debt-like financial instruments responding to the needs of those investors who want to combine sensitivity to sustainability aspects with a low level of investment risk.

The Express Loan for environmental purposes was available in 2023 to Bank Pekao’s clients, e.g. for renewable energy sources (solar panels, photovoltaic panels /cells including energy storage), to purchase a central heating boiler (excluding coal boilers and eco-pea coal), windows, doors or home insulation materials.

Good practices of subsidiaries

Assistance T UW PZUW

T UW PZUW offers an insurance product to clients that promotes the repair of a broken device instead of purchasing a new one. It is designed to generate financial savings for the client and helps to protect the environment by reducing waste. Owing to their cooperation with T UW PZUW, power companies offer their clients a product. Fachowcy T UW PZUW, through which it is possible to organize and make repairs to installations and appliances located in the house. It is also a response to the changing trends, growing awareness among clients and 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.

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, domestic bio-treatment plants, ventilation with heat recovery, home water treatment plants from own intakes and a rainwater recovery system. The Bank also offered EKO Kredyt Mieszkaniowy. Financing was available to install solar collectors, photovoltaic panels

Best practices of PZU and PZU Życie

Bicycle instead of a replacement car

In March 2023, just as in previous years, PZU launched the “Bicycle instead of a replacement car” programme. Under this programme, clients who got into an accident and the necessary repairs lasted 7 days or more, could 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.

BALTA has introduced a similar solution for MOD insurance holders. For the duration of the repair, it is possible to exchange for shared vehicles (car, scooter or electric scooter or bicycle) according to client preference. BALTA allows customers to choose a sustainable option if it suits their lifestyle.



and heat pumps during the construction or renovation of a property.

10.2.3. Investment in and support of energy transition

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, PZU TFI and PZU added questions of ESG 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.

In 2022, we developed a uniform methodology for assessing investment portfolio assets. Several tools allowing periodic portfolio monitoring in line with this methodology were also implemented. In 2023, TFI screened the PZU Group's investment portfolio for ESG criteria. It covered about 86% of the PLN 71.59 billion portfolio of investments. In addition, the initiative reviewed and adjusted the ESG assessment methodology for sovereign bonds.

Development of green financing in Poland

In 2023, PZU and PZU TFI participated in debt financing with an ESG component (so-called ESG-linked) with a share of about PLN 1.5 billion in total, in which the cost of financing was linked to some extent to the achievement of targets in the environmental, social or corporate governance areas. The inclusion of ESG targets in the terms of financing creates an incentive to undertake and intensify efforts to integrate them into the day-to-day operations of financed enterprises. By participating in ESG-linked financings, PZU and TFI PZU are actively joining the trend, rewarding and stimulating financed entities to make their businesses more sustainable.

ESG strategy indicator: Assessment in terms of ESG factors of 55% of investments in ESG-sensitive sectors

Level of implementation 2023: 86% of investments assessed against ESG factors.

In 2023, Alior Bank was financing auction projects 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.

In 2023, Alior Bank expanded its offering with an Investment Loan for Renewable Energy Grant to finance the purchase, installation, construction or modernization of renewable energy installations. The RES grant is provided by Bank Gospodarstwa Krajowego and allows for repayment of the loan principal of 50% of the net cost of the implemented investment. The investment loan for the RES grant is granted for up to 20 years. Its maximum amount is PLN 5 million. Owners and managers of multifamily buildings, such as housing communities and cooperatives, as well as building societies, can apply for it. A prerequisite for the loan is a previous positive decision by Bank Gospodarstwa Krajowego on the RES grant.

This group of clients was also offered by Alior Bank:

- Preferential financing for energy modernization of multifamily residential buildings in the form of a thermal modernization loan. This loan is co-financed using funds from Regional Operational Programs for the following regions: Lower Silesia, Łódź, Smaller Poland, Podlaskie, Pomerania and Kujawy-Pomerania.
- Financing of thermal modernization in the form of a loan with a premium 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 government units from across Poland could 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 the ESG area in 2023 included:

- sustainability-linked consortium financing for an energy company in the amount of PLN 600 million;
- consortium financing linked to the sustainable development goals of one of the largest groups in the media and telecommunications industry in the amount of PLN 1.2 billion;
- investment financing for the construction of a wind farm in the amount of PLN 95 million;
- financing under a consortium of financial institutions of a loan linked to sustainable development for a total of PLN 1.65 billion;
- financing of the construction of a 1.2GW wind farm within the framework of a consortium of financial institutions credit for a total of PLN 3.9 billion;
- joining an international consortium that will finance the construction of a tramway line in Krakow in the form of a public-private partnership. Bank's participation in financing exceeds PLN 0.5 billion





Furthermore, Bank Pekao:

- served as a joint organizer and joint bookrunner for the issuance of 7-year sustainability-linked bonds in the amount of PLN 3.49 billion for Poland's largest provider of integrated media and telecommunications services;
- served as the sole organizer of the issuance of green Eurobonds (Climate Awareness Bonds) for an international financial institution in the amount of PLN 400 million;
- was the joint organizer and dealer for the issuance of green bonds of a company belonging to an international real estate developer group at PLN 180 million;
- was a joint organizer and dealer for the issuance of 3.5-year green bonds of a company belonging to an international developer group at PLN 340 million;
- was the organizer for the issuance of social impact bonds for the following local government units: Lublin (PLN 150 million), Toruń (PLN 140 million) and Łódź (PLN 160 million);
- issued EUR 500 million worth of 4-year green Eurobonds

as part of EMTN’s 5 billion EUR programme for the issuance of medium-term Eurobonds.

**ESG strategy indicator:** Increase of the current exposure to investments supporting climate and energy transition by PLN 500 million in 2021-2024

**Level of implementation 2023:** The engagement of PZU and TFI PZU in investments supporting the climate and energy transition increased by PLN 2.645 million since 2021.

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 CO<sub>2</sub> 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).

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. Medium-sensitive 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. The ESG assessment methodology for key corporate clients was updated in 2023. The main changes relate to interpreting the strategy indicator to account for updates to client databases, enabling ESG assessments based on clients' non-financial reports, and updating

the mapping of sectors into high, medium and low ESG risk-sensitive categories based on the EU Taxonomy. In the environmental area of the methodology, topics such as greenhouse gas emissions, carbon footprint, business impact on biodiversity, energy intensity levels, waste management, current key company-defined environmental risks and their management, adoption of a climate neutrality goal and decarbonization strategy have been included.

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 final assessment also depends on the sector in which the company operates. The application of the ESG criteria serves the purpose of risk assessment and is not exclusionary for clients.

**ESG strategy indicator:** ESG assessment of 55% of the biggest corporate insurance clients from sectors sensitive to ESG risks

**Level of implementation 2023:** 40% of largest corporate insurance clients sensitive to the ESG risk assessed against ESG factors.

10.2.4. Adaptation to climate change

Comprehensive offerings for agricultural business

PZU insures about 2 million hectares of agricultural crops in Poland. As a leader in this market segment, 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, driving rain or lightning.

In addition to developing its product offerings, PZU is looking for solutions to address the challenges posed by the increase in extreme weather events triggered by climate change and causing massive damage to agriculture. The Agro Lab tool helps in estimating losses caused by droughts, hurricanes or heavy rains. It is designed for PZU's mobile experts and uses AI and space technology.



The AI algorithms employed in the tool use satellite images of the area and particulars featured in the PZU database to specify the area damaged. They then

support the appraisers in efficiently calculating the claims payable. The implementation of Agro Lab at the PZU Group reduced the time it took to analyze damage on site by around 50% and expedited the payment of amounts claimed by around 25%.

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.

Loss-of-profit insurance

As part of its cover against lost profits, PZU protects businesses whose profits decline, for instance as a result of damage to their assets insured by PZU, e.g. caused by fire, flood, cyclone or other random events.

Environmental damage liability insurance

PZU for the environment

In terms of environmental damage liability, PZU offers two solutions.

As part of business third party liability insurance, it is possible to extend (in the form of additional clauses) the scope of coverage to include civil liability for damage caused by the release of hazardous substances into the air, water or ground (or civil and administrative liability for environmental damage). These clauses are offered primarily to industrial companies, as well as the construction, energy, wastewater treatment and waste management industries.

PZU also offers **environmental damage liability insurance**. Its purpose is to provide the insured with comprehensive environmental damage liability insurance (in particular, to the extent regulated by the Act on the Environmental Damage Prevention and Remedy and other environmental laws) and civil liability for damages resulting from emissions.

Insurance cover is provided for the civil and administrative liability of the entity using the environment. Insurance cover includes, but is not limited to:

- liability for damage to land belonging to third parties and own land, protected species and protected natural habitats,
- the costs of remedial actions taken to repair or replace in an equivalent manner natural elements or their functions, and
- the costs of actions taken to prevent or reduce environmental damage,
- defense costs, needed by the insured to defend against claims against them, in terms of events covered by the introduced GTCI, which is in addition

to the clauses included in third party liability insurance.

Insurance is offered in particular to business entities operating in the following industries: industrial production (among others: heavy industry, chemical, petrochemical, food industry), related to the supply of energy and gas, water and sewage).

In addition, in road carrier third party liability insurance in domestic and international traffic, cover has been extended to include liability for environmental damage implementing the ESG policy.

In non-life insurance: **PZU Doradca, insurance against fire and other elements**, and **PZU for housing communities and cooperatives**, a discount has been introduced for clients with flood and fire protection to minimize the effects of climate risks in accordance with guidelines derived from the Taxonomy. PZU Dom insurance, meanwhile, has introduced a discount for clients with flood protections.

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, 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 the risk of negative overwintering effects, cyclone and torrential rain.





Good practices of subsidiaries



**Engineering underwriting** has been performed for large clients such as industrial plants for many years to enable the insurer to calculate their premiums. A detailed outcome of the underwriting exercise along with event-based scenarios are presented to the client. The underwriting covers business risks, which are often combined with environmental risks. For this reason, the actions taken by the client to eliminate or reduce certain elements of its risks, even if induced solely by an attempt to suppress insurance costs, contribute to diminishing the risks to the environment or humans.

**TUW PZUW** conducts regular risk analyses and issues recommendations on how to improve 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. PZUW provides expert support in risk analysis and conducts security audits to mitigate potential risks. Audits are intended both for those insured at TUW PZUW and for those only interested in cooperation. Experts in engineering underwriting representing TUW PZUW diagnose problems and identify weak points, i.e. places and factors that carry the risk of damage. They suggest how to prevent them and what, how and where to fix them.

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.

By the end of 2023, drones helped to establish the scope of damage in 103 agricultural claims and 700 property claims.

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 is a tool that 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 be mitigated.



Weather alerts

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.





### 10.3. Direct impact exerted by the PZU Group on the environment

The PZU Group monitors the consumption of resources (energy, fuel, water, paper) and takes efforts to curtail their consumption. One of the commitments in the ESG Strategy is achieving climate neutrality in our own business by 2024. PZU is implementing the commitment buying the bulk of its energy from renewable sources, curtailing other emissions, and whenever that is not possible, offsetting 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.

The key regulations in this area are the PZU Group’s Environmental Policy, PZU Green Standard, “Balanced Growth” ESG Strategy

**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. In 2023, the Environmental Policy was updated, and the Management Board Environmental Protection Plenipotentiary oversees its implementation.

**PZU Green Standard**

Additionally, the PZU Group’s Green PZU Standard has been in operation 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. All of the international insurance companies have also 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 has 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 Armatura’s Strategy in 2021–2025 includes environmental objectives. Activities supporting their execution include, among others, investments in a photovoltaic farm and implementing innovative 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 is 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 2023, the Company installed a new extraction and filtration system with a dust collection system in the radiator machining department. The new unit has state-of-the-art filtration and safety features for aluminum processing operations. The filtration level is respectively:






- for particles of 0.5 microns: 99.999%;
- for particles of 0.3 microns: 99.997%

The replaced system filtered at 98.5%. This change will significantly reduce the amount of dust emitted into the atmosphere. The system also has a flameless FLEX-type explosion release device, which provides a very high level of safety for people and property.

The title of “Sustainable Production Leader” earned in 2023 shows that the initiatives carried out have been recognized by an external panel of experts at the Sustainable Economy Summit and the Sustainable Economy Diamonds 2023 competition.

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 PZU Group:

water consumption	
energy consumption	
paper consumption	
waste generation	
emissions of air pollutants	

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 and equipment;
- 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;

- changing the way drinking water is distributed;
- 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 2023, the PZU/PZU Życie recorded no breaches of any environmental laws or regulations and incurred no environmental penalties.

10.3.1. 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.

10.3.1.1. Paper

PZU takes measures to switch from paper communication to electronic one. The visible benefits of such activities are particularly noticeable in the process of sending motor and agricultural insurance renewals. In 2023, almost one in three clients had already received renewal correspondence electronically, and the rate of consent obtained for contact by this means increased by another 4.24% compared to 2022.

This approach brings real savings, which in the past year amounted to PLN 6.9 million in material costs, printing and shipping services.

Total consumption of paper in the PZU Group

PZU Group	2022	2023
Paper [t]	1,678	1,327

In 2023, the commitment to have at least 50% of the insurance forms in terms of the weight prepared on certified paper, was continued. In connection with this commitment, in 2023, 71% of insurance forms were made on certified paper. All new printing devices have the Blue Angel certificate and 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, and constantly reduce the number of printers used. In 2023, paper was purchased from a paper mill located in Poland, minimizing the carbon footprint of its transport.

Total consumption of raw materials at PZU and PZU Życie

	PZU		PZU Życie	
	2022	2023	2022	2023
Paper [t]	114	114	85	85

and its transport. Additionally, the Discovery paper is produced from the Tasmanian Blue Gum eucalyptus tree which, thanks to a different fiber structure, makes it possible to reach a ca. 37% reduction of the wood used in relation to the commonly used trees, such as maritime pine or paper birch.

Reduction of the number of printers at PZU and PZU Życie

PZU and PZU Życie apply a sustainable and responsible approach to disposal and reuse of assets following the “5 R” principle. This principle encourages us to use resources responsibly, renew and repair older things to extend the time of their operation:

- Reduce;
- Reuse;
- Recycle (segregate and recycle);
- Recover (especially energy from waste);
- Renew.

Paper consumption at PZU and PZU Życie

Year	Paper/tons	Change
2018	277	-4.6%
2019	276	-0.3%
2020	204	-26.1%
2021	197	-3.4%
2022	199	+1.0%
2023	199	0%

Reduction of the number of printers at PZU and PZU Życie

Year	Number of printing devices remaining in operation at the end of the calendar year in question	Reduction
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%
2023	4,180	2.6%

The volume of used mobile phones and modems to be recycled and sold to company employees

Year	Quantity (units)
2018	2,602
2019	up to 2,030
2020	over 3,000
2021	1,703
2022	1,046
2023	1,224

Good 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 2024, there is a plan to continue recycling in the total number of liquidated assets. 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).

10.3.1.2. Water

Reduction initiatives

The warming of the climate and the increasingly frequent occurrence of droughts in Poland shows what an extremely valuable natural resource water is. Poland is among the countries with scarce water resources, so the PZU Group recognizes its role in protecting water from pollution and unnecessary losses. In addition, it is aware that the risk of a water crisis and loss of biodiversity is closely linked to climate change because rising temperatures are disrupting rainfall patterns and water cycles. Water saving activities are associated largely with distribution of potable water.





Total consumption of water separately for PZU and PZU Życie

	PZU		PZU Życie	
	2022	2023	2022	2023
Water [m3]	38,815	43,289	16,012	19,276

Total consumption of water in the PZU Group

PZU Group	2022	2023
Water [m3]	285,117	292,878

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.

Since Q3 2022, Armatura Kraków has been using 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 m<sup>3</sup> 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). In 2023, nearly 20,000 units were sold.

Traditional kitchen and sink faucets consume 12 l/min. 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. In 2023, 281 units were sold, which will translate into a reduction in plastic consumption of 112,000 kg in 2024.

The KFA Armatura brand is conducts an extensive educational project on water conservation. In 2023, its green communication activities reached 500,000 users.

Planned reduction in the number of water dispensers and big water bottles<sup>1</sup>

Year (end)	Number of big bottle dispensers	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 <sup>2</sup>	738	3,533	+0.7%
2022 <sup>3</sup>	117	1,353	-84.15%
2023	105	1,192	-10.25%

- 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 without hot water.
- 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, there has been a gradual replacement of big bottle dispensers 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 implementation of the agreement, the big bottle dispensers remained only in the facilities which could not be connected to the water system due to technical or ownership reasons.

10.3.1.3. 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. In 2023, these activities continued by increasing the recycling of decommissioned assets.

In 2023, 79% of the furniture in PZU and PZU Życie was recycled (of which 78% was sold and 22% was donated). In addition, 50% of liquidated household appliances were sold.

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 2023, this accounted for an average of 25% of the decommissioned equipment.



	2022		2023	
	Quantity (units)	% share	Quantity (units)	% share
Disposal	12,480	43.4%	4,677	27.2%
Sale	15,249	53.1%	10,426	60.8%
Donation	1,009	3.5%	2,057	12.0%
Total decommissioning	28,738	100.0%	17,160	100.0%

Information on the volume of decommissioned computers

	Information on the volume of decommissioned computers – the number of all computers recalled in the period from 1 January 2022 to 31 December 2022 accounts for 3,113 units, including:		Information on the volume of decommissioned computers – the number of all computers recalled in the period from 1 January 2023 to 31 December 2023 accounts for 4,358 units, including:	
	Quantity (units)	% share	Quantity (units)	% share
disposal	2,872 units	average age 7.5 Year	3,257 units	average age 6.7 years
donation	138 units	average age 6.5 years	309 units	average age 6.3 years
resale	103 units	average age 5 years	792 units	average age 6 years

	2022	2023
Share of <b>donated</b> computers – indicator reporting the percentage of computers donated	4.4%	7.1%
Share of <b>resold</b> computers – indicator informing about the percentage of computers resold in internal and external processes	3.3%	18.2%

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. In 2024, PZU plans to continue its work in the above area.

At Alior Bank, all documents, bulky waste, unused computer equipment and other electro-waste are disposed of by companies specialized for this purpose. Waste is collected according to the schedule (non-archival documents) or on order (household appliances, furniture, computer media)

- the paper is ground and used in the paper industry,
- computer media, furniture, and white and brown goods are recycled and prepared for reuse as raw materials or alternative fuel.

In addition, for several years, working but unused computer equipment and cell phones have been periodically donated for resale to employees. This reduces the amount of electro-waste generated by Alior Bank.

In the ongoing operations of the Pekao Group and the Bank, measures are being implemented to significantly reduce paper consumption. Starting in 2021, Bank Pekao has stepped up efforts to reduce paper correspondence. Among the most important elements of these activities are combining correspondence sent to the same address and promoting electronic receipt of information such as bank statements and regulations. As a result, it was possible to reduce the number of clients using traditional mail by 450,000 people, including 160,000 in 2023, and the number of letters sent in 2023 was reduced by 2 million per year. In the case of bulk mail, the y/y decline in paper consumption was 23.1%, and in envelopes by 26.7%. In addition, only paper with certificates such as FSC,

EU Ecolabel, PEFC, among others, is used in daily work, including printouts to clients.

10.4. Energy consumption

In 2023, the main companies of the PZU Group: PZU and PZU Życie saw a 5.8% increase in energy consumption. The total consumption of energy purchased and produced, representing 50% of total energy consumption increased by 4.3%. The reason was mainly the higher use of real estate by Group companies. Higher employee attendance at central offices translated into higher energy consumption.

Fuel consumption increased by 7.3% y/y, this was particularly evident in gasoline and LPG consumption. The changes are due to expansion and changes in the fleet structure – a growing share of gasoline cars and hybrid cars.

PZU and PZU Życie’s total consumption of energy from non-renewable fuels

Table A’	PZU		PZU Życie	
	2022	2023	2022	2023
Natural gas [GJ] <sub>1</sub>	23,212	22,652	10,627	10,143
Fuel oil [GJ] <sub>2</sub>	1,312	940	425	409
Gasoline [GJ] <sub>3</sub>	65,127	72,584	21,762	25,193
Diesel fuel [GJ] <sub>4</sub>	716	243	6	33
Total consumption [GJ]	90,367	96,419	32,821	35,777

1) Calorific value for natural gas at 36.65 MJ/m3 for 2023 and 36.56 MJ/m3 for 2022  
2) Calorific value for fuel oil at 43 MJ/kg for 2023 and 2022  
3) Calorific value for gasoline at 44.3 MJ/kg for 2023 and 2022  
4) Calorific value for diesel fuel at 43 MJ/kg for 2023 and 2022

Total consumption of energy purchased and produced in PZU and PZU Życie

Table B'	PZU		PZU Życie	
	2022	2023	2022	2023
Electricity [GJ]	46,346	44,540	15,515	18,980
– including energy from renewable sources	39,472	34,292	10,519	15,804
– share in electricity (%)	85%	77%	68%	83%
– including energy from non-renewable sources	6,874	10,247	4,995	3,176
Heat energy [GJ]	48,491	49,190	18,727	21,934
Total consumption [GJ]	94,837	93,730	34,242	40,914

PZU and PZU Życie’s total consumption of energy from non-renewable fuels and purchased energy

Table A' + B'	PZU		PZU Życie	
	2022	2023	2022	2023
Total energy consumption [GJ]	185,203	190,149	67,062	76,691



Electricity from renewable sources

In 2023, 77% of the electricity purchased by PZU and 83% of the electricity purchased by PZU Życie came from renewable sources (RES<sup>1</sup>). In locations covered by direct contracts with energy companies, app. 80% of the purchased electricity originated from renewable sources.

Additionally, in 2023, in 5 properties PZU and PZU Życie installed photovoltaic panels – their total power was 77.78 kWp<sup>2</sup>.

The use of electricity from RES, in addition to the economic aspect, has an important impact on climate protection through reduction of CO2 and other greenhouse gas emissions. It leads to reduction of scope 2 emissions through reducing the demand for energy and, as a consequence, reduction of the use of fossil fuels for production of energy from high-emission sources. The cost savings regarding the electricity consumed for 41 properties in which photovoltaic panels were installed are in the range of 26%.

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 18% and 21%, respectively.

1) 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

2) 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. 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.

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 conditions, among other factors. Due to higher temperatures in 2023, 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).

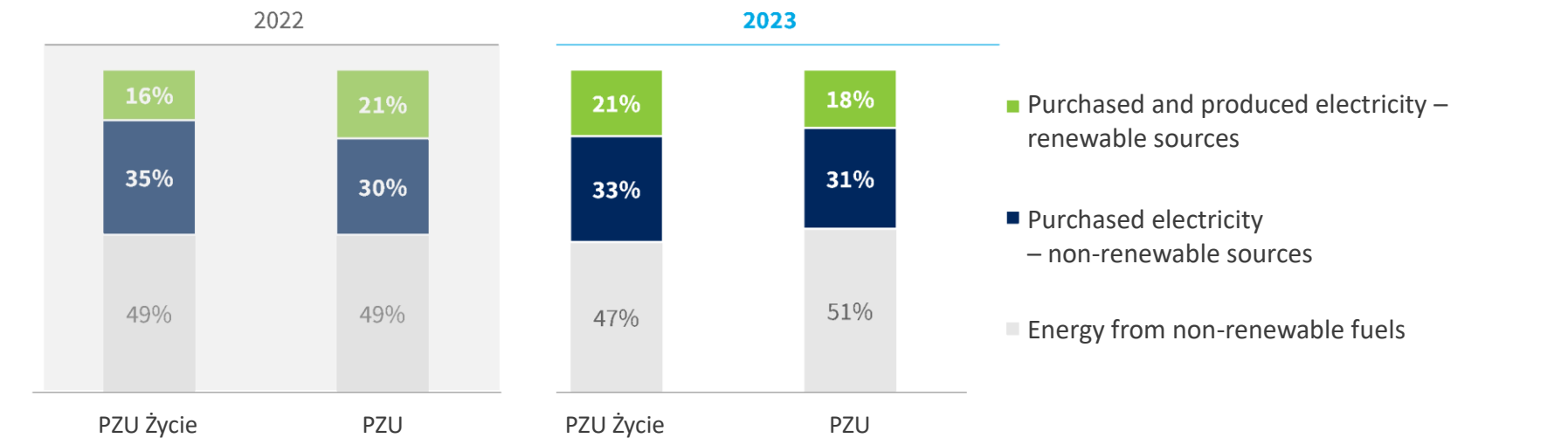
Lietuvos Draudimas aims to reduce CO2 emissions released from its operations by more than 10% by 2024 compared to 2019. To this end, Lietuvos Draudimas has chosen two main directions for analysis and further implementation: renewable energy and fleet electrification. The company uses green certified electricity at its headquarters and branches, currently purchased from UAB Elektrum. In June 2023, a contract was signed for the purchase of 350 kW of solar panels, which provides about 30% of current electricity consumption. Construction of the solar power plant has been completed. The plant is expected to be operational by March 2024 at the latest. In 2023, the first fast charging stations for electric cars were installed at the new Lietuvos Draudimas site. Four fast-charging stations provide the ability to charge eight cars simultaneously.

In 2023, consumption of energy, both produced and purchased, decreased by 0.2% in the entire PZU Group. The main drivers of the change in consumption were decreases in consumption of electricity (-3.6% y/y), natural gas (-14.8% y/y), fuel oil (-25.4% y/y), while the key contributor to the increases was increased LPG and gasoline consumption. In 2023, fleet utilization was on the rise as there was a return to full operational mode in the use of the vehicle fleet 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 conditions, among other factors. Due to higher temperatures in 2023, 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).

The share of renewable sources in total energy consumption at PZU and PZU Życie



**ESG strategy indicator:** Reduction in electricity consumption of PZU and PZU Życie from 3% to 10% by 2024 relative to 2019

**Level of implementation 2023:** Reduction in electricity consumption of PZU and PZU Życie by 13.6% relative to 2019

PZU Group’s total consumption of energy from non-renewable fuels

Table A	2022	2023
Natural gas [GJ]	162,599	138,535
Fuel oil [GJ]	11,950	8,910
Gasoline [GJ]	193,899	217,032
Diesel fuel [GJ]	14,118	14,504
LPG [GJ] <sup>1</sup>	13,712	26,716
Total consumption [GJ]	396,276	405,697

1) Calorific value for LPG at 47.3 MJ/kg for 2023 and 2022

PZU Group’s total consumption of purchased and produced energy

Table B	2022	2023
Electricity [GJ]	421,492	406,465
Heat energy [GJ]	354,318	357,693
Total consumption [GJ]	775,810	764,158

PZU Group’s total consumption of energy from non-renewable fuels and purchased and produced energy

Table A + B	2022	2023
Total energy consumption (GJ)	1,172,086	1,169,855

Energy consumption limitation – headquarters 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 2023, the percentage of gray water recycled and reused in PZU Park was 8.3% for PZU and PZU Życie combined. In addition, PZU Park has, among others, a ventilation system with high-end filters that provides 30% more fresh air. Adiabatic humidifiers ensure 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 m² square-meter green wall with more than six thousand plants. The oxygen they produce in a day would be enough for 150 people.

As part of the process of reducing electricity consumption in the PZU Park building in 2023:

1. Capacitor batteries for capacitive reactive power compensation were installed.
2. The contractual power for electrical connections has been reduced.

3. The lighting times of the building's exterior lighting have been shortened

At Alior Bank, an agreement has been finalized for the construction of a photovoltaic installation at the IT central office in Kraków in 2023. Two installations of 96.9 kWp based on the CARPORT structure using parking spaces were built. In the next stage (2024), 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 allowed for partial use of renewable energy sources in the operation of the central.

In 2023, Bank Pekao completed major consolidation projects:

- **Light Project** – Consolidation of Warsaw units of the bank’s headquarters in one modern location.
- The bank’s headquarters have been moved to the Pekao Tower headquarters in the Forest complex at ul. Żubra 1 in Warsaw. The new headquarters provides employees with a high standard of work and modern office solutions. The Forest complex is a state-of-the-art building that provides very good natural light and air quality in the interiors, thanks to the use of an innovative energy-efficient façade it promotes the reduction of the carbon footprint and consumption of raw materials. Confirmed by BREEAM and WELL environmental certificates, the design by HRA Architekci promotes a reduced carbon footprint and consumption of raw materials, including allowing the reuse of rainwater. 400 trees and shrubs have been planted in the open courtyard, recreational terraces and roof of the building. The excellent location is conducive to reducing car traffic for commuting. The location provides excellent connections to every part of the city. Near the building there are: a bike path, bus stops, tram stops

and light rail stops (Warszawa Powązki), and within a 10-minute walk, the Dworzec Gdański subway station.

- **Multi-Branch-Poland project** – the aim of the project is to consolidate in one location the Units managing customer portfolios in different segments by establishing Multi-Branch branches in major Polish cities: Łódź – React, Lublin, Gdańsk – Olivia Star, Kraków – Fabryczna Office Park, Katowice – Face2Face.

In 2023, 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 included:

- gradual replacement of older-type lighting with energy-efficient LED lighting;
- optimization of energy consumption (reduction of the so-called contracted power);
- replacement of UPSs with new ones with higher maximum efficiency;
- liquidation of redundant back-up power supply;
- installation of energy-efficient air conditioning systems;
- analyses leading to installation of devices compensating the reactive power (leading to elimination of unnecessary energy expenditures);



Best practices of PZU and PZU Życie

⊕

**Initiative: Achieving climate neutrality by reducing emissions, purchasing green energy and compensating**

In 2023, 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 2 PZU and PZU Życie properties was carried out;
- power compensators were installed in 20 properties;
- the contracted power in 59 points of electricity consumption was reduced;
- the contracted power in 7 properties was reduced;
- applications were submitted to reduce contracted power in 3 points of gaseous fuel consumption;
- internal LED lighting was installed in 90 properties;
- 10 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;
- 44 air conditioning devices using the environmentally friendly refrigerant R32 were installed and are scheduled for installation for the current year;
- 67 air-conditioning units with an energy efficiency EER of at least 3.2, including 27 with a seasonal energy efficiency SEER of at least 6.9 were installed and are scheduled for installation for the current year;
- training was provided to air-conditioning users of the new equipment on the proper use and optimum utilization of the systems;
- 5 photovoltaic installations with the total capacity of 77.78 kWp were installed.

- switching electronic devices in the evening to standby mode.

In comprehensive modernizations of its properties the Bank uses modern solutions, e.g. energy-saving LED lighting systems or faucet aerators, leading to reduction of water consumption.

In 2023, Pekao Bank continued the measures from previous years by successively reducing emissions into the atmosphere. The Bank's Management Board has approved the leasing of 35 hybrid cars and 145 reduced-emission cars to replace high-emission 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 generates 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. In August 2023, energy production was launched. In the period from August to October, it produced 473.11 MWh of

which 383.22 MWh was consumed for its own use and the remaining surplus amount was sold back to the grid. Estimated projections indicate that thanks to the operation of the farm, Armatura Kraków will reduce CO2 emissions by about 1,300 tons per full calendar year. The above is simulated using data from Our World In Data – it shows that in Poland in 2021, producing 1 MWh meant emitting 657 kg of CO2 into the atmosphere.

A new mechanical line for processing the radiator was installed in November 2023. It will not only improve the quality of the radiator and improve production capacity, but will also increase energy efficiency with the potential to obtain an energy efficiency certificate of 10–16 toe.



## 10.5. Carbon footprint

### Measuring and reduction of greenhouse gas emissions

PZU is aware of the importance of the risks associated with failure to mitigate climate change 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 climate-neutral in scope 1 and 2.

In order to monitor this commitment, the PZU Group has been measuring its direct and indirect emissions since 2018. Every year, the measurement process is improved and its scope extended. The emissions calculation is independently verified by a certified verifier.

In 2023 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 CO2 emissions of PZU SA and PZU Życie from 3 % to 10% by 2024 relative to 2019

**Level of implementation 2023:** Reduction of CO2 emissions by 23% relative to 2019 (location-based method) and by 49% (market-based method)

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.

### Total direct emissions (scope 1) in the PZU Group

Mg CO2e <sub>1</sub>	2018				2022				2023			
	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	26,296	6,095	2,276	17,925	26,817	6,508	2,384	17,925
Refrigerants	1,945	1,919	26	-	1,066	147	148	770	650	132	42	475
Fuels <sub>2</sub>	29,454	7,310	2,295	19,849	25,231	5,948	2,128	17,155	26,167	6,376	2,342	17,449

1) CO2e – carbon dioxide equivalent, a universal unit for measuring greenhouse gas emissions that reflects their different global warming potential. It determines the concentration of carbon dioxide, the emission of which into the atmosphere would have the same effect as a given concentration of a comparable greenhouse gas.  
2) The PZU Group collects data on consumption of the following fuels: gasoline, diesel, natural gas and fuel oil

### Emissions (scope 1) 2023 vs. 2022

Total direct emissions in scope 1 in the PZU Group reached 26.8 thousand tons of CO2e, compared to 26.3 thousand tons of CO2e in 2022, a change of 2.0% (+0.5 thousand tons y/y). The increase compared to 2022 is due to higher fuel demand. Fuel emissions rose 3.7% y/y (+0.94 thous. tons of CO2e), with a noticeable increase in emissions from combustion of gasoline and LPG. With the decrease in emissions from the combustion of natural gas and fuel 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 2023 by 39.0% (-416 tons y/y).

### Emissions (scope 1) 2023 vs. 2018

Total scope 1 emissions dropped by 14.6% relative to the base year (2018), including fuel-related emissions down 11.2%, while refrigerant leakage emissions were 66.6% lower, 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 nearly 90% of the surface of the properties used by these companies.

### Emissions (scope 2 – market-based) 2023 vs. 2022

Market-based indirect scope 2 emissions reached 74.5 thousand tons of CO2e in 2023 compared to 73.4 thousand tons in 2022, which signifies an increase by 1.6% y/y (+1.1 thousand tons).



Electricity-related emissions increased by 3.3% (+1.2 thous. tons), while those related to thermal energy dropped by 0.2% (-0.1 thous. tons).

The increase in electricity-related emissions was mainly due to higher emission factors for purchased electricity. PZU, PZU Życie, Ogrodowa Inwestycje, Bank Pekao and Lietuvos Draudimas are constantly increasing their use of energy with certificates of origin.

Emissions associated with heat dropped by 0.2% (-0.1 thousand tons y/y), mainly due to reductions in floor space and the number of properties through changes of headquarters, among other factors.

Additionally, the above trends were driven by the reduction initiatives undertaken by the Group in the area of own properties and such efforts as, for example, thermal modernizations and optimization of energy

consumption through changes in heating methods. Electricity and heat consumption remained limited as operations are still remote and/or hybrid.

Emissions (scope 2 – market-based) 2023 vs. 2018

Total scope 2 emissions calculated using the market-based method dropped 55.8% relative to the base year (2018), while emissions associated with the supply of heat were 44.3% lower, and emissions associated with electricity dropped by 62.7 % compared to the base year. Calculations were made for 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 nearly 80% for heat consumption.

Emissions (scope 2 – location-based) 2023 vs. 2022

Location-based indirect scope 2 emissions reached They reached 107.8 thousand tons of CO2e in 2023 compared to 112.2 thousand tons in 2022, which signifies a decrease by 4.0% y/y (-4.5 thousand tons). The location-based method does not take certificates of origin and the emission rates of respective suppliers into account.

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 (-0.1 thousand tons CO2e) and the decreased emissions related to the higher consumption of electricity (-4.4 thousand tons CO2e). In the case of heat energy and electricity, the decrease in emissions (and consumption) was mainly due to the optimization of energy consumption, renovations or investments made, and the reduction of floor space and the number

of properties through, among other things, changes of headquarters.

Emissions (scope 2 – location-based) 2023 vs. 2018

Total scope 2 emissions calculated using the location-based method dropped 31.0% relative to the base year (2018), including emissions associated with supply of heat were 44.3% lower, and emissions associated with electricity dropped – by 21.8% compared to the base year.

Total indirect emissions (scope 2) in the PZU Group – market-based method

Mg CO2e)	2018				2022				2023			
	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	73,422	6,219	2,835	64,367	74,571	6,817	2,780	64,974
Supplied heat energy	63,665	8,755	3,789	51,122	35,541	4,947	1,911	28,682	35,455	4,945	2,205	28,306
Supplied electricity – market-based	104,908	13,005	3,535	88,368	37,881	1,272	924	35,685	39,116	1,872	575	36,669

Total indirect emissions (scope 2) in the PZU Group – location-based method

Mg CO2e	2018				2022				2023			
	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	112,237	13,522	4,781	93,935	107,775	12,996	5,636	89,142
Supplied heat energy	63,665	8,755	3,789	51,121	35,541	4,947	1,911	28,682	35,455	4,945	2,205	28,306
Supplied electricity – location-based	92,426	12,343	3,320	76,763	76,697	8,574	2,870	65,252	72,320	8,052	3,431	60,837

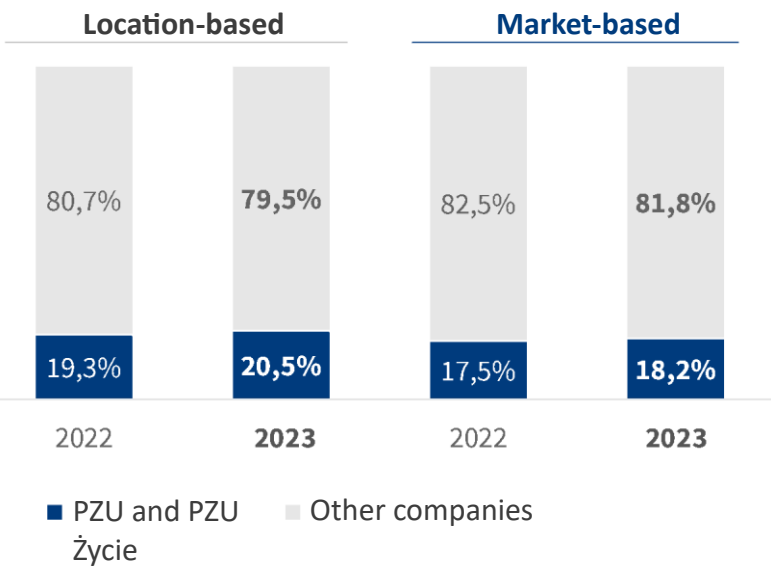


Emissions 2023 (scope) – location-based vs. market-based

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 2023 stood at 9.6 thousand tons CO2e, which is over 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 2023 were lower by 27% than those calculated with the location-based method.

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 2023.

The share of PZU and PZU Życie in the Group’s emissions of greenhouse gas (Scope 1 and 2)



Emissions (scope 3) 2023 vs. 2022

Scope 3 (indirect) emissions in categories 1, 3, 5 and 6 (listed in the table below) by the PZU Group reached in 2023 19.5 thousand tons of CO2e compared to 20.9 thousand tons in 2022 (-6.8% y/y or -1.4 thousand tons). The drop was mainly seen in emissions associated with energy and fuels not covered by scope 1 and 2. In contrast, there was an increase in travel-related emissions.

Emissions (scope 3) 2023 vs. 2018

Scope 3 (indirect) emissions in selected categories dropped by 21.9%, or 5.5 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 2023 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 2022”). The emission indicators for electricity consumed in foreign companies for 2023 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.

Total other indirect emissions (scope 3) in the PZU Group

thous. tons of CO2e	2018				2022				2023			
	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	20,893	2,440	1,077	17,376	19,475	2,573	973	15,929
Emissions associated with energy and fuels not covered by scope 1 and 2	22,944	3,977	1,130	17,836	18,718	1,927	795	15,996	17,551	2,123	751	14,677
Purchased raw materials and services (paper, water, sewage treatment)	1,736	202	99	1,434	1,361	101	70	1,190	1,080	100	69	911
Waste generated in the course of operations	2	1	1	-	555	353	202	-	424	286	139	-
Business travel (plane, train, taxi)	255	192	63	-	260	60	10	190	419	65	14	341

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.

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 90% facilities, for natural gas in nearly 90% facilities and for heat in nearly 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.

GHG intensity

	2018	2022	2023
Number of employees	41,742	37,937	38,783
Consolidated assets (PLN million)	328,554	429,186	467,893
Emissions (scope 1 and 2) per employee (Mg CO2e / employee)	4.79	2.63	2.61
Emissions (scope 1 and 2) per PLN million of consolidated assets (Mg CO2e / 1 million of consolidated assets)	0.61	0.23	0.22

The greenhouse gas described in the emission indicators for fuels, electricity and heat in Poland is CO2. The other indicators included CO2, CH4 and N2O emissions as well as refrigerant gases. The volume of emissions released by each company was consolidated at the PZU Group level according to the operational control criterion.

Below are presented the greenhouse gas emissions taking into account the consolidated assets and number of employees.

As a result of the actions taken to reduce emission rates, reduce energy and fuel consumption and emission rates in Poland, the intensity of scope 1 and 2 emissions using the market-based method per employee dropped from 4.79 in the base year and 2.63 in 2022 to 2.61 tons CO2e in 2023. Emissions per million zloty of consolidated assets dropped from 0.61 in the base year and 0.23 in 2022 to 0.22 tons CO2e in 2023.

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 end, the companies have expanded their fleet in 2023 by 43 cars, i.e., 5 electric cars and 38 hybrid cars.

Actions that contribute to further reduction of indirect emissions continued in 2023:

- development of the sustainable business travel model,
- 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.

In 2023, there was no tender conducted to allow us to verify hotels for “sustainable hotel” features. However, business travel service providers (airlines, hotels) and users consider this aspect increasingly important.

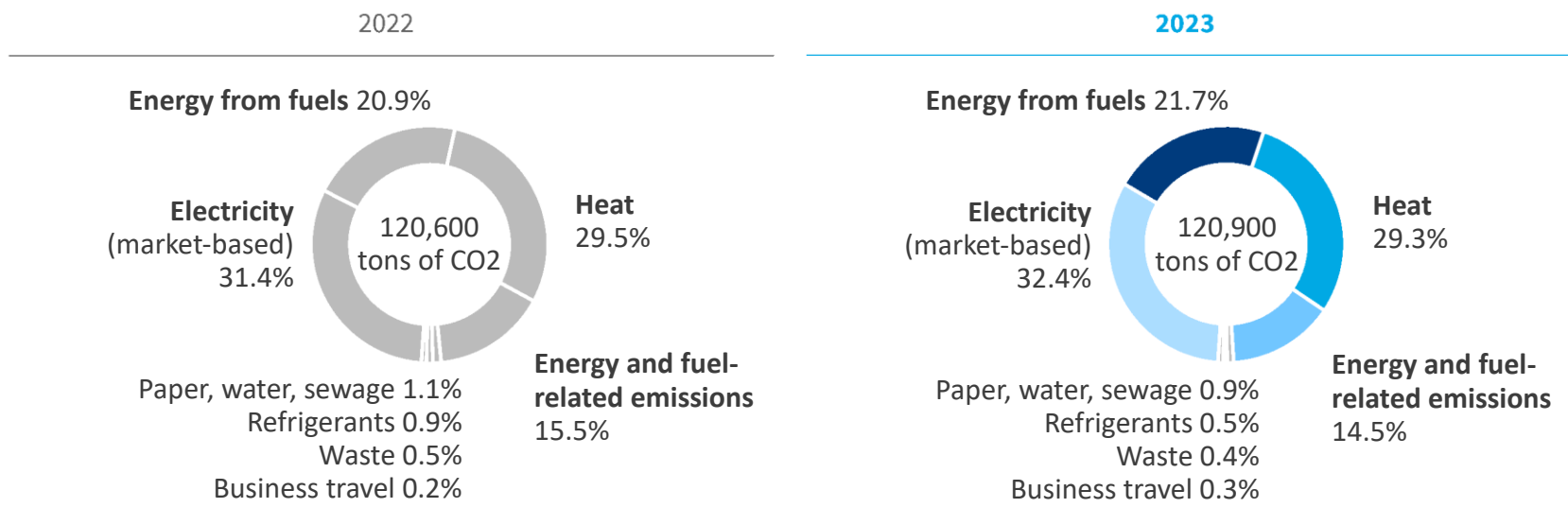
Similarly, PTE PZU has a fleet of mostly hybrid-powered cars and intends to reduce fuel and paper consumption by 10% in the horizon to 2024, and also develop remote and hybrid working tools.

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 2022. 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 2022, the funds were allocated to wind power development in India. The companies purchased offset units equivalent to emissions for PZU and PZU Życie of 17,425 Mg of CO2. PTE PZU (purchased units equivalent to 36 Mg of CO2) and TUW PZUW (92 Mg of CO2) also joined the effort. The funds from the CERs purchased by TUW PZUW have been earmarked for the development of a hydroelectric complex – hydroelectric plants on the Jordão River in Brazil. In addition to the CO2 offset made, TUW PZUW has purchased 1,040 CDUs (carbon dioxide units) from the State Forests. CDUs represent 1 ton of CO2 that will be accumulated in the forest stand and soil as a result of additional activities. The purchase of CDUs represents TUW PZUW’s contribution to mitigating the negative effects of climate change in Poland.

**ESG strategy indicator:** Achieving CO2-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 2023:** Reducing carbon emissions from own sources by 23% (location-based method). 79% of electricity coming from the contracted and purchased RES. Compensation for emissions of 17,425 Mg of CO2 for 2022.

Total CO2 emissions (Scope 1, 2 and 3) in PZU Capital Group by emissions sources



# 11. Respect for human rights

The PZU Group's human rights policy was adopted by a resolution of the PZU Management Board on 7 April 2021. In 2023, the PZU Group updated its Human Rights Policy with a declaration of conduct in accordance with the international guidelines for the protection of human rights listed in Article 18 of the EU Taxonomy Regulation.

PZU Group entities have declared their adoption of the Human Rights Policy, thereby committing to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The due diligence process is standardized across the PZU Group. In 2023, PZU conducted a study of the operation of this process across PZU Group entities that have operations in line with the EU Taxonomy.

Respect for human rights is the basis for building relationships with key stakeholders:

- employees;
- clients;
- suppliers and business partners;


as well as any other stakeholders.

Provisions in the Human Rights Policy obligate the PZU Group to undertake a human rights’ due diligence process.

This process is carried out according to defined internal rules and guidelines.

In 2023, in line with this process, PZU implemented a number of activities as shown in Table 1. The process will be developed and updated in the years to come.

In 2023, against PZU and PZU Group entities there were no:



- final and unappealable court convictions of labor law or human rights violations,
- cases before the OECD National Contact Point (OECD NCP) that would lead to the OECD NCP finding the entities have acted inconsistently with the OECD Guidelines for Multinational Enterprises,
- allegations before the Business and Human Rights Resource Center.

Table 1: Implementation of due diligence process at PZU in 2023	
A step in the due diligence process	Actions completed by PZU
Step 1. Adoption of and adherence to a human rights policy that obligates the company to undertake a due diligence process in all processes and areas of the organization	<ul style="list-style-type: none"><li>• PZU updated Human Rights Policy in line with the UN and OECD guidelines</li><li>• PZU appointed a Management Board Representative for Human Rights in the PZU Group to ensure a consistent approach to human rights management across the PZU Group</li></ul>
Step 2. Identification and assessment of the adverse effects of the organization's actions on human rights, taking into account the actions of stakeholders (business relations, supply chain)	<ul style="list-style-type: none"><li>• PZU identified human rights that may be negatively impacted in its insurance, reinsurance, investment and operations (in the areas of purchasing, employee relations, occupational health and safety, personal data protection)</li><li>• PZU mapped the vulnerability of human rights and identified situations in which they may be violated. A summary of the identified rights is provided in <a href="#">Table 2</a>.</li></ul>
Step 3. Taking action to halt, prevent, mitigate and remedy identified adverse impacts of the organization's operations on human rights	<ul style="list-style-type: none"><li>• From the vulnerability map, priority actions are derived. PZU made changes to its processes in the purchasing and investment areas. In 2023, the <a href="#">Code of Conduct and ESG Best Practices for PZU Group’s Suppliers</a> was revised.</li><li>• TFI PZU added a provision to property lease contracts included in the portfolios of funds managed by TFI PZU whereunder both parties undertake to comply with the UN Guiding Principles on Business and Human Rights approved by the Council of Europe on 16 June 2011, and to take all measures to prevent violations of these rights. The lessee must also confirm that it has effective procedures and tools in place to monitor and minimize the risk of human rights violations and procedures against, bribery, unfair competition and unauthorized tax practices.</li></ul>
Step 4. Monitoring the effectiveness and efficiency of the applied measures from point 3.	<ul style="list-style-type: none"><li>• PZU prepared a list of KPIs by which it monitors the effectiveness and efficiency of its human rights activities</li></ul>
Step 5. Public reporting by the company on its approach to the due diligence process. Reporting on the steps the company has taken to avoid adverse impacts of the organization's operations on human rights.	<ul style="list-style-type: none"><li>• In November 2023, PZU posted an update to its Human Rights Policy and a commitment to a human rights due diligence process</li><li>• No problems were found with effective communication with stakeholders regarding human rights</li></ul>



Table 1: Implementation of due diligence process at PZU in 2023

A step in the due diligence process	Actions completed by PZU
Step 6. Providing countermeasures and related cooperation in this regard. This includes the creation of complaint mechanisms (or participation in such processes) where individuals or groups can raise their concerns about adverse impacts on human rights	<ul style="list-style-type: none"><li>Human rights reports in the PZU Group will be handled by the Client Ombudsman. Reports are accepted in local languages at the following email address <a href="mailto:rzeczniklienta@pzu.pl">rzeczniklienta@pzu.pl</a> or the correspondence address of the Client Ombudsman at PZU headquarters in Warsaw</li><li>How the reports are handled by PZU is described in its internal procedure for preventing human rights violations</li><li>In 2023, PZU conducted educational activities on human rights. The thematic workshop on human rights in business was attended by 246 employees. Internal communications published an article on adapting the PZU headquarters building to the needs of people with disabilities</li></ul>

Table 2: Summary of identified human rights that PZU may adversely affect in its operations

Human rights and freedoms	Employer and operations (human resources, health and safety, GDPR)	Value chain	Investor	Insurer
Right to life		X		X
Right not to be subjected to torture or cruel, inhuman and/or degrading treatment or punishment, freedom from mobbing	X	X		
Right of access to water and sanitation	X			X
Right to health	X	X	X	X
Right to social security, including social insurance		X		X
Right to an adequate standard of living		X		X

Table 2: Summary of identified human rights that PZU may adversely affect in its operations

Human rights and freedoms	Employer and operations (human resources, health and safety, GDPR)	Value chain	Investor	Insurer
Right to work and the right to enjoy fair and favorable working conditions (wages, working hours)	X	X	X	X
Right to form and join trade unions and the right to strike		X	X	
Right not to be held in slavery, servitude or forced to do forced labor		X	X	
Right to privacy/right to digital security and privacy	X	X		X
Right to equality before the law, equal protection under the law, and the right to protection from discrimination (including non-discrimination in employment, equality between men and women).	X	X	X	X
Minority rights				X
Right to democratic elections, to participate in public affairs			X	
Right to freedom of opinion, expression and the right to information			X	
Right to education			X	
Right to freedom of movement			X	
Authors' right to moral and material benefits from works			X	





# 12. Counteracting corruption

There is zero tolerance for any form of 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. Depending on the entity, they have been included in one or more documents as part of anti-corruption programs and codes of ethics in place. The 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 may be offered or accepted only for the purpose of building business relationships or in connection with showing 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.

In 2023, PZU and PZU Życie in 2023 obtained certification of the Anti-corruption Management System in accordance with ISO 37001 awarded by the Polish Center for Testing and Certification.

The certificate confirms the companies' commitment to systemic prevention and counteraction of corruption risks.

## Anti-Corruption Program

**[IKONA P]** 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.

In keeping with the rules prescribed by this Program, companies conduct business in accordance with the law in an honest manner, and they 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 has identified areas of activity that are particularly vulnerable to corruption. These include::

- cooperation with business partners and clients;
  - HR policy;
  - community outreach, prevention and sponsorship activities;
  - keeping the accounting records;
  - rules for handling gifts;
  - management of a conflict of interest
- The areas have mechanisms in place to identify and monitor corruption risks, such as:
- systemic activities undertaken by the PZU Compliance Department, including systemic corruption risk assessment and anti-corruption education;

- operational activities undertaken in business units in areas particularly vulnerable to risk, in particular, among others:
  - measures to reduce the risk of corruption in the area of cooperation with business partners and clients, i.e., purchasing processes are conducted so that the principles of fair competition are observed, and
  - measures to reduce the risk of corruption in the human resources area, among other things, the system of bonus remuneration for employees does not provide an incentive for illegal activities and ethical standards.

Non-compliance with the provisions of the Program constitutes a breach of employee duties and is subject to the labor law sanctions. Corruption is also an act that may be subject to civil liability or criminal liability if the act has the features of crimes that are referred to in the Criminal Code.

PZU has mechanisms in place to identify and monitor corruption risks.

## Anti-Corruption Program – regular risk assessments

Corruption risk assessment is part of PZU's systemic compliance risk management, as part of the implementation of the provisions of PZU's Anti-Corruption Program, and it is conducted once a year. Aggregated assessment results are presented to the PZU Management Board. The implementation of the assessment aims to increase the value of PZU by consciously managing the magnitude of estimated corruption risks and preventing the adoption of risks at levels that could threaten the security of the company.



In addition, the results of the assessment form the basis for the measures taken to strengthen the control mechanisms in PZU regarding these risks.

Anti-Corruption Program - Training Courses and Other Educational Activities for Employees

PZU and PZU Życie employees submit declarations in the HR system that they have familiarized themselves with the Anti-Corruption Program and undertake to adhere to it and also that they are aware of the criminal liability for corruption. The training courses pertaining to the Anti-Corruption Program are among the mandatory training courses for all of the employees in the companies. They are conducted in the form of e-learning for newly hired employees during onboarding and as an annual refresher course for all employees. The actions come with anti-corruption training, publications, consultations and campaigns via the corporate communication channels. They attract the employees’ attention to the corruption risk.

Training courses under the Anti-Corruption Program include:

- purpose of the Anti-Corruption Program;
- the issue of corruption;
- responsibilities related to the Anti-Corruption Program;
- scope of responsibility;
- reporting corruption;

- information about the need to submit a statement of having familiarized oneself with the Anti-Corruption Program (applies to new employees);
- areas particularly at risk of corruption.

Board members are provided with information about the Anti-Corruption Program in the form of training material upon taking office. They also make declarations that they are familiar with the Anti-Corruption Program and that they agree to comply with it.

Anti-Corruption Policy

The Management Boards of PZU and PZU Życie have also implemented an "Anti-Corruption Policy" at PZU and PZU Życie. In confirming the importance of ethics-based standards of conduct in PZU and PZU Życie, the document adds to the construction of an effective anti-corruption management system, The policy is designed to help employees make, often difficult, decisions in situations they may experience. It reminds how to act and what situations to avoid in order to minimize the risk of corruption.

The policy has been communicated and is available to PZU affiliates and business partners.

All persons affiliated with PZU, i.e.: board members, employees, associates, intermediaries, are obliged to comply with the Policy and act with integrity and honesty, in accordance with the law, ethical standards and the provisions of the document. The same obligation is placed on PZU’s business partners.

In the event of a violation of the Policy or anti-corruption regulations, PZU will take action under relevant internal regulations or laws.

Managing Investigations in Corruption Cases

The process for reporting corruption cases is included in the Anti-Corruption Program. It stipulates that persons affiliated with the Company should report any suspicions and events that may indicate a violation of the Program, in accordance with the Company's internal regulations. The Company may not take punitive action against these individuals for filing such a report. Reports, including anonymous ones, can be directed to the Compliance Department or the Security Department, through the Company's channels for reporting irregularities and security incidents. If a report has been referred to the Security Department, the Department will inform the Compliance Department in writing of the results of its analysis.

Investigations into cases of suspected crime, including corruption, are handled by the Security Department, and those investigating reported incidents of corruption are separate from the chain of management structures involved in the case. The Security Incident Investigation Manual does not require reports on all investigations, including corruption cases, to be submitted to Members of the Management or Supervisory Boards. If materials are collected in the case that indicate that a crime has been suspected, it is referred to the Legal Department for formal and legal analysis and subsequent notification.

If a significant event occurs, the Board Member overseeing the Security Department is informed. One-off matters may be submitted to a Board meeting. The Security Department submits an annual report to PZU and PZU Życie Management Board Members on security at PZU Group companies in the areas of crime risk,

information security, including cyber security, physical security and business continuity.

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 an Anti-Corruption Policy. It sets out rules of conduct aimed at preventing corruption in internal relations or in relations with the Bank’s Clients, Contractors or Alior Bank Group entities. The policy defines the basic assumptions and competencies for corruption risk management and introduces Alior Bank's Anti-Corruption Program, which covers areas most at risk of corruption such as the use of contractors and cooperation with business partners, gifts and participation in events, sponsorships and donations, and the bank's participation in public procurement. The Bank has designed anti-corruption controls and conducts ongoing analysis of potential corruption risks with regard to entities establishing relationships and cooperating with the Bank, entities who are the Bank’s borrowers in accordance with separate internal regulations, and job candidates. The Bank conducts educational activities to build awareness among employees of the existence of corruption, ways to prevent corruption and report corruption violations. Educational activities are implemented through an e-learning course and internal communication.

Corruption and bribery incidents

Corruption Cases in 2023

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 are satisfactory given the basic needs of the organization.

In 2023, corruption risks did not materialize at a level that threatened PZU’s business in terms of operational and reputational risks.

Cases of corruption – results	PZU		PZU Życie	
	2022	2023	2022	2023
Dismissal or disciplinary punishment of employees	0	8	0	0
Non-renewal of contracts with business partners due to corruption violations	0	0	0	0
Court cases involving corruption practices brought against the reporting organization or its employees during the reported period	0	0	0	0

The percentage of PZU and PZU Życie employees who have familiarized themselves with the Anti-Corruption Program – as at the end of 2023	
Management Board	94%
Senior staff	97%
Others	96%
Total	96%

Number of confirmed cases of corruption	2022	2023
PZU Group, including:	1	9
• PZU	0	8
• PZU Życie	0	0



Table of compliance with the Accounting Act

This Report on non-financial information of the PZU Group for 2023 has 129 consecutively numbered pages.

Non-financial disclosure requirements pursuant to the Accounting Act	Was the requirement fulfilled?	Chapter
Description of the entity’s business model	YES	3. Business model and value creation
Key non-financial performance indicators	YES	5. Key non-financial performance indicators
Description of management of risks identified as significant	YES	7. ESG risk management
Description of the entity’s policies, due diligence procedures and performance indicators relating to social issues	YES	8. Social issues
Description of the entity’s policies, due diligence procedures and performance indicators relating to employee issues	YES	9. Employee issues
Description of the entity’s policies, due diligence procedures and performance indicators relating to environmental issues	YES	10. Environmental issues 6. Taxonomy – disclosure under Article 8 of Regulation (EU) 2020/8525
Description of the entity’s policies, due diligence procedures and performance indicators relating to human rights	YES	11. Respect for human rights
Description of the entity’s policies, due diligence procedures and performance indicators relating to counteracting corruption	YES	12. Counteracting corruption

Signatures of PZU Management Board Members

Anita Elżanowska – Member of the PZU Supervisory Board delegated to temporarily perform the function of the President of the PZU Management Board;

Tomasz Kulik – Member of the PZU Management Board;

Michał Bernaczyk – Member of the PZU Supervisory Board delegated to temporarily perform the function of the Member of the PZU Management Board;

Maciej Rapkiewicz – Member of the PZU Management Board;

Warsaw, 20 March 2024



These Financial Statements contain forward-looking statements concerning the strategic operations. Such forward-looking statements are exposed to both known and unknown types of risks, involve uncertainties and are subject to other significant factors which may cause that the actual results, operations, or achievements of PZU Group considerably differ from future results, operations, or achievements expressed

or implied in the forward-looking statements. The statements are based on a number of assumptions concerning the current and future business strategy of PZU Group and the external environment in which the Group will operate in the future. PZU expressly waives any and all obligations or commitments concerning distribution of any updates or adjustments to any of the assumptions contained in these Management Board’s report on the activity of the PZU Group and PZU, which shall aim to reflect the changes in PZU expectations or changes in events, conditions, or circumstances on which a given assumption has been made, unless provisions of the law provided otherwise. PZU stipulates that the forwardlooking statements do not constitute a guarantee as to the future results, and the company’s actual financial standing, business strategy, management plans and objectives concerning the future operations may considerably differ from those presented or implied in such statements contained in these Management Board’s report on the activity of the PZU Group and PZU. Moreover, even if the PZU Group’s financial standing, business strategy, management plans and objectives concerning the future operations comply with the forward-looking statements contained in these Management Board’s report on the activity of the PZU Group and PZU, such results or events may not be treated as a guideline as to the results or events in the subsequent periods.

PZU does not undertake to publish any updates, changes, or adjustments to information, data or statements contained in these Management Board’s report on the activity of the PZU Group and PZU if the strategic operations or plans of PZU shall change, or in the case of facts or events that shall affect such operations or plans of PZU, unless such an obligation to inform resulted from applicable provisions of the law.

PZU Group is not liable for the effects of decisions made following the reading of the Management Board’s report on the activity of the PZU Group and PZU.

At the same time, these Management Board’s report on the activity of the PZU Group and PZU may not be treated as a part of a call or an offer to purchase securities or make an investment. The Management Board’s report on the activity of the PZU Group and PZU does not constitute also an offer or a call to effect any other transactions concerning securities.