

## **RULES OF PROCEDURE OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ SPÓŁKA AKCYJNA**

### **I. GENERAL PROVISIONS**

#### § 1

The Rules of Procedure of the Audit Committee of the Supervisory Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (the “**Rules of Procedure**”) set forth the specific tasks and rules for the establishment and operations of the Audit Committee of the Supervisory Board (the “**Committee**”) of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (the “**Company**” or “**PZU SA**”).

#### § 2

The terms and abbreviations used herein mean the following:

- 1) **audit firm** – an entity in which audits of financial statements are performed by statutory auditors, said entity being registered in the list of auditing firms referred to in Article 57 section 1 of the Act on Statutory Auditors and conducting business in one of the forms specified in Article 46 of the Act on Statutory Auditors;
- 2) **audit** – statutory or voluntary audit;
- 3) **voluntary audit** – an audit of the Company’s annual financial statements that is carried out on the basis of the Company’s decision and not on the basis of Article 64 of the Accounting Act, the provisions of other acts of law, or the provisions of European Union law, in accordance with national or other auditing standards, as well as an audit of the annual consolidated financial statements of the Company’s group carried out in accordance with standards other than national auditing standards;
- 4) **mandatory audit** – statutory audit and any other audit of reports required to be carried out under the provisions of the Accounting Act, provisions of other acts of law, or the provisions of European Union law, including in particular the audit of the report on the solvency and financial condition of the Company and the report on the solvency and financial condition of the Company’s group, as well as the audit of the Company’s financial statements and consolidated financial statements of the Company’s group for periods other than one year, if such an obligation arises under applicable provisions of the law;
- 5) **statutory audit** – an audit of the annual consolidated financial statements of the Company’s group or an audit of the Company’s annual financial statements required to be carried out under Article 64 of the Accounting Act, the provisions of other acts of law, or the provisions of European Union law, in accordance with national auditing standards;
- 6) **review of financial statements** – review of the consolidated financial statements of the Company’s group or the Company’s financial statements carried out in accordance with national review standards;
- 7) **the Company’s group** – the Company and the subsidiaries of PZU SA within the meaning of International Financial Reporting Standard 10 (IFRS 10) and TUW PZUW;
- 8) **key statutory auditor** –
  - a) for an audit of financial statements – the statutory auditor designated by the audit firm as having primary responsibility for carrying out the audit in question on behalf of the audit firm,
  - b) for an audit of consolidated financial statements of a group – the statutory auditor designated by the audit firm as having primary responsibility for the audit of the consolidated financial statements of the group on behalf of the audit firm at the level of the parent company of the group, and the statutory auditor designated as having primary responsibility for the audit of the consolidated financial statements of the group at the level of material subsidiaries covered by the consolidated financial statements of the group,
  - c) the statutory auditor signing the audit report;

- 9) **Regulation No 537/2014** – Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ( OJ EU L 158, 27.5.2014, p. 77-112 with Corrigendum, OJ EU L 170, 11.6.2014, p. 66-66, as amended);
- 10) **permitted services** – non-audit services which in accordance with Article 136 section 2 and 3 of the Act on Statutory Auditors may be provided by the audit firm conducting the audit, said services not being prohibited services within the meaning of the Act on Statutory Auditors;
- 11) **Act on Statutory Auditors** – Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision;
- 12) **Good Practices** – "Good practices for public-interest entities regarding the rules on the appointment, composition and operating of the audit committee" published by the Office of the Polish Financial Supervision Authority.

#### § 3

1. The Committee is established in order to increase the effectiveness of the Supervisory Board's performance of supervisory activities in monitoring the Company's financial reporting process, the Company's auditing activities, and the effectiveness of the Company's internal control systems, internal audit, and risk management system.
2. In its operations, the Committee takes into account the Good Practices.

### II. COMPOSITION AND ESTABLISHMENT OF THE COMMITTEE

#### § 4

1. The number of the Audit Committee members and its composition is determined by the Company's Articles of Association.
2. The Committee members, including its Chairperson, are appointed and dismissed by the Supervisory Board from among its members, taking into account the requirements set forth in § 9 sections 2-4 of the Rules and Regulations of the Supervisory Board.
3. A newly appointed Committee member receives information from the Committee Chairperson on the current status of the Committee's operations, with an indication on how to access the Committee's materials and documents, including the minutes of the Committee's meetings, enabling them to prepare for the effective performance of their duties.
4. Committee members are subject to evaluation on their fulfillment of requirements referred to in § 9 sections 2-4 of the Rules and Regulations of the Supervisory Board. The evaluation is carried out on the basis of the rules for assessing the suitability of the Supervisory Board and the Audit Committee of PZU SA.
5. Before appointment, candidates for Committee members shall signed self-assessment forms to the Supervisory Board. A model form is appended to the Rules of Procedure. The content of the statements contained in the forms is updated annually by the Committee members, no later than by the end of the first calendar quarter.
6. Committee members improve their qualifications, which involves acquiring knowledge and skills in the field of accounting or auditing, in particular by attending training sessions, courses, seminars and conferences.
7. Membership in the Committee ceases upon the termination of membership in the Supervisory Board; however, a Committee member may be removed from the Committee at any time by the virtue of a Supervisory Board resolution or may resign from serving on the Committee.

### III. TASKS AND SCOPE OF THE COMMITTEE'S OPERATIONS

#### § 5

1. The scope of the Committee's operations includes:
  - 1) monitoring the Company's financial reporting process,
  - 2) monitoring the effectiveness of internal control, internal audit, and risk management systems, including as regards financial reporting;
  - 3) monitoring the performance of financial audit activities in the Company, in particular conducting the audit by the audit firm, taking into account the findings and conclusions of the Polish Audit Supervision Agency following from an inspection carried out in the audit firm;
  - 4) assessing the independence of the statutory auditor and the audit firm;

- 5) presenting a recommendation regarding the selection of an audit firm to audit and review financial statements to the Supervisory Board;
  - 6) controlling and monitoring the independence of the statutory auditor and audit firm, which includes consenting to the provision by the audit firm performing the audit, by related parties thereof, and by a member of the audit firm's network, of permitted services at the Company or entities of the Company's group, having assessed the risks and safeguards of the statutory auditor's and audit firm's independence and reviewed the compensation limit for services performed;
  - 7) informing the Supervisory Board of the results of the audit and review and explaining how the audit has contributed to reliability of the financial reporting in the Company and the Company group, and of the role of the Committee in the audit process;
  - 8) developing a policy for the selection of an audit firm to perform the audit;
  - 9) developing a policy for the provision of permitted services by the audit firm performing the audit, by related parties thereof, and by a member of the audit firm's network;
  - 10) defining a procedure for the selection of an audit firm;
  - 11) advising and performing activities related to issuing opinions within the scope of the Supervisory Board's competence, with respect to the areas of the Company's operation specified in items 1-4, and to the extent that generally applicable provisions of law and the Company's internal regulations allow;
  - 12) submitting recommendations aimed at ensuring the reliability of the financial reporting process in the Company;
  - 13) supervising the compliance function;
  - 14) monitoring the introduction of changes in the Company in connection with the recommendations issued by the key statutory auditor, Internal Audit Department (with regard to the preparation of financial statements), Supervisory Board or the Committee;
  - 15) performing other tasks arising from generally applicable provisions of law or assigned by the Supervisory Board.
2. The Committee ensures communication between the audit firm, the key statutory auditor, the managers of the Company's internal control area, the compliance function, the audit function, and the Supervisory Board.

#### § 6

The Committee's tasks associated with **monitoring** the Company's **financial reporting process**, and with the **provision of advisory and performance of activities related to issuing opinions**, include, in particular:

- 1) tentative evaluation of the Management Board's report on the activity of the Company and the Company's annual financial statements;
- 2) tentative evaluation of the Management Board's report on the activity of the Company's group and the annual consolidated financial statements of the Company's group;
- 3) tentative evaluation of all financial documents submitted to the Supervisory Board, in particular of the annual financial plan prepared by the Management Board and the report on its implementation;
- 4) issuance of opinions on the core principles of the financial reporting and accounting system in place at the Company (including the criteria for the consolidation of results of individual entities from the Company's group);
- 5) provision of the Supervisory Board with conclusions and recommendations concerning the rationale for any modification of the financial reporting system in place at the Company and the Company's group and information about material irregularities in such a system or risks associated with its organization and operation, known to the Committee.

#### § 7

1. The Committee's tasks in monitoring the **effectiveness of the Company's internal control**, internal audit, and risk management **systems**, as well as advising on and performing activities related to issuing opinions include, in particular:

- 1) reviewing internal control, internal audit, and risk management systems to ensure that major risks (including those related to compliance with applicable provisions of the law and the Company's internal regulations) are properly identified, managed, and disclosed;

- 2) issuing opinions on the effectiveness of the Company's existing internal control, internal audit and risk management systems and submitting conclusions and recommendations to the Supervisory Board regarding their evaluation, including on the reasonableness of changes, as well as informing the Supervisory Board of any identified irregularities in such systems or risks related to their organization and operation;
  - 3) issuing an opinion on the Company's internal audit plan;
  - 4) assessing submitted documents on the Company's internal control, internal audit, and risk management system, in particular the annual report on internal audit activities which includes information on audits completed and an evaluation of the internal control and risk management system;
  - 5) evaluating the results of internal audits, including recommendations to address identified weaknesses in selected areas;
  - 6) examining reports and recommendations from external regulatory or inspection authorities regarding compliance of the Company's operations with the law and timelines for remedying deficiencies identified;
  - 7) issuing an opinion on the appointment or dismissal of the head of the internal audit function and the head of the compliance function;
  - 8) taking measures so that a review of the internal audit function is reviewed by an independent auditor selected with the participation of the Committee at least once every five years.
2. Supervisors as well as those in charge of the Company's internal control area, compliance function and internal audit function may directly communicate and report with and to the Committee or its Chairperson.

#### § 8

1. The Committee's tasks associated with monitoring **the performance of financial audit** and with the provision of advisory and performance of activities related to issuing opinions include, in particular:
  - 1) recommending an audit firm to be selected by the Supervisory Board for the audit or review of the Company's financial statements and the consolidated financial statements of the Company's group;
  - 2) issuing an opinion on the proposed terms and conditions of agreements with the audit firm to perform the audit or review, including the amount and limit of remuneration;
  - 3) assessing the type and scope of services outsourced to the audit firm, as well as the compensation or other benefits paid to the audit firm in this respect, in terms of the risk of conflicts of interest;
  - 4) in the event of the audit firm's withdrawal from performing auditing activities at the Company, and in particular the termination by that firm of agreements concluded with the Company or with an entity belonging to the Company's group – assessing the reasons for such a withdrawal and presenting conclusions of such findings to the Supervisory Board;
  - 5) presenting the Supervisory Board with conclusions and recommendations arising from the report on the audit of the Company's financial statements and the consolidated financial statements of the Company's group prepared by the audit firm, particularly in the event that the audit firm refuses to express an opinion, expresses a negative opinion, or expresses reservations to the financial statements;
  - 6) expressing an opinion on the actions taken by the Company's Management Board in connection with reservations to the financial statements raised by the audit firm or comments made in another form regarding the accuracy of the financial statements or the accounting principles applied by the Company or the Company's group;
  - 7) evaluating and issuing an opinion on the information provided by the audit firm performing the audit at the Company on material issues relating to these activities, including material irregularities in the Company's internal control system with respect to financial reporting.

#### § 9

The Committee's tasks in **monitoring the independence of the statutory auditor** and audit firm performing the audit, as well as **providing advisory and performing activities related to issuing opinions in this regard** include, in particular:

- 1) assessing compliance with applicable provisions of the law regarding the rotation of the key statutory auditor and audit firm performing the statutory audit;

- 2) discussing with the audit firm and the key statutory auditor the risks to their independence and the safeguards in place to mitigate those risks;
- 3) verifying the scope of permitted services provided to the Company and other entities belonging to the Company's group by the audit firm performing the audit, related parties thereof, or a member of the audit firms network, and the compensation charged therefor, in terms of whether there are reasons which preclude the audit firm's independence with respect to the Company;
- 4) recommending to the Supervisory Board the course of action to be taken if it is determined that the audit firm or key statutory auditor does not meet the independence criteria.

#### § 10

1. The Committee evaluates the additional report referred to in Article 11 of Regulation No 537/2014, which is prepared by the audit firm, and submits it to the Supervisory Board and the Management Board.
2. The Committee may make the additional report available to the Shareholders Meeting.
3. The Committee may request that the key statutory auditor discuss with the Committee, the Management Board, or the Supervisory Board the key issues arising from the audit that are mentioned in the additional report.

### **IV. THE COMMITTEE'S MODE OF PROCEDURE**

#### § 11

1. The Committee's performance of the activities specified in the Rules of Procedure does not replace the statutory and regulatory powers and duties of the Supervisory Board.
2. Subject to the mandatory provisions of the law and to the extent necessary for the proper performance of the Committee's tasks set forth in the Rules of Procedure, the Committee or its members seconded by it may demand that the Management Board, commercial proxies, and persons employed by the Company under an employment agreement or performing certain activities for the Company on a regular basis under an agreement for the performance of a specific work, mandate agreement, or any other agreement of a similar nature, prepare or submit any information, documents, reports or explanations concerning the Company which are necessary for the performance of the Committee's tasks.
3. The information, documents, reports, or explanations referred to in section 2 must be provided to the Committee promptly, no later than two weeks from the date of the request addressed to the authority or obligated person, unless a longer period is specified in the request.
4. The Committee may request the Supervisory Board to order certain control activities at the Company. The controls ordered may be carried out by an internal unit of the Company or an external entity. If the control is carried out by an external entity, the persons carrying it out must submit in advance a statement committing to maintain the confidentiality of any information to which they will have access in connection with the control, in line with the model prepared by the Company, unless the obligation of confidentiality incumbent on the person in question arises from an agreement between the Company and said person or between the Company and the entity represented by said person.

#### § 12

1. The Committee Chairperson manages the work of the Committee. If the Committee Chairperson is absent or temporarily unable to serve, all the rights and duties of the Committee Chairperson shall be exercised by a Committee member designated by them who meets the independence criteria set forth in § 9 section 2 of the Rules and Regulations of the Supervisory Board.
2. Committee meetings should be held as needed, but at least once a quarter, on days determined by the Committee Chairperson.
3. The Committee's meetings should be scheduled in such a way as to ensure the proper performance of its tasks, particularly with regard to the tentative evaluation of documents related to the end of the fiscal year, the interim review of financial statements and the recommendation of the audit firm to be selected for the audit.

#### § 13

1. Committee meetings are convened by its Chairperson.

2. A request to convene a Committee meeting with a proposed agenda may be made by a Committee member or the Supervisory Board Chairperson at their own initiative or at the request of the Company's Management Board President or the audit firm performing the auditing activities at the Company. The meeting is convened at a date no later than two weeks after receipt of the request.
3. Committee meetings may be held using means of direct remote communication.
4. The agenda for the Committee meeting is determined by the Chairperson, taking into account the content of the requests to convene a meeting.
5. Committee meetings are convened by means of invitations sent by mail or e-mail or by other means agreed upon by the Committee members. Notices of scheduled Committee meetings with the agenda and materials for the meeting should be distributed at least seven days before the meeting. In justified cases, the person convening the Committee meeting may shorten said time limit.
6. Supervisory Board members who do not sit in the Committee should be notified of the fact that a Committee meeting is convened and of its proposed agenda within the time limit referred to in section 5, and immediately in the case referred to in section 7. Supervisory Board members who do not sit in the Committee may participate in the Committee's meetings, with the exception of the situation referred to in § 15 section 3.
7. The Committee may also meet without being formally convened if all members agree and do not object to the inclusion of particular matters on the agenda.
8. The agenda of a Committee meeting may be extended or modified during the relevant meeting if all Committee members attend the meeting and none of them objects.
9. During the meeting, the Committee may also adopt resolutions on matters not included in the proposed agenda if all members of the Committee attend the meeting and none of them objects.

#### § 14

1. The Committee expresses its position and adopts decisions in the form of a resolution or entry in the minutes of the Committee meeting.
2. The Committee expresses its position and adopts decisions during the meeting or outside of it.
3. The Committee adopts its resolutions by an absolute majority of votes. In the event of a tied vote, the Committee Chairperson has the casting vote.
4. The Committee Chairperson presides over the meetings of the Committee. Resolutions adopted at the meeting are signed by the Committee Chairperson.
5. For the resolutions to be valid, all Committee members must be properly invited to the meeting, and at least half of them, including the Chairperson, must be present.
6. Committee members may express their positions and participate in a Committee meeting using means of direct remote communication, in a manner enabling simultaneous real-time communication and mutual identification of all Committee members participating in the meeting, in particular by videoconference or teleconference. Committee members participating in the meeting using means of direct remote communication are included in the quorum required to hold the meeting.
7. A Committee member informs the Committee Chairperson, or the Company's employee referred to in the second sentence of § 16 section 1, with due notice, about the intention to participate in the meeting using means of direct remote communication and specifies the type of means of direct remote communication he or she intends to use, taking into account the Company's technical capabilities.
8. Upon request of the Committee Chairperson the Committee may adopt resolutions outside the meeting in writing or by means of remote communication.
9. To the extent not governed in the Rules of Procedure, the Rules and Regulations of the Supervisory Board applies *mutatis mutandis* to the procedure for adopting resolutions.

#### § 15

1. The person convening the Committee meeting may decide to invite persons who are not Committee members, in particular Management Board members or representatives of the audit firm performing the audit at the Company, as well as employees of the Company. The Committee may meet with a given person without the presence of Management Board members. The Committee informs the Management Board about meetings with the Company's employees.
2. Persons supervising the Company's internal audit function, compliance function and internal control area, as well as persons in charge of the Company's Head Office organizational units responsible for internal audit, compliance and internal control, participate in Supervisory Board or Audit Committee

meetings if their subject matter is issues related to the internal control system, internal audit function or compliance function.

3. The Committee may decide to hold a meeting or part thereof without the participation of non-members.

#### § 16

1. Committee meetings are minuted. The minutes are prepared by an employee of the Company designated to minute the meetings of the Supervisory Board, and in matters concerning issues which require special confidentiality - by a member of the Committee designated by the Chairperson.
2. The minutes should include the sequential number of the minutes, the date and place of the meeting, the attendance list, the agenda, the positions expressed during the meeting, the text of the decisions made by the Committee, the number of votes cast for each resolution and dissenting opinions submitted, along with any reasoning.
3. The minutes are subject to approval at the next Committee meeting, unless the Committee has set a different date, or its adoption is not included in the agenda. The approved text of the minutes is signed by the Chairperson of the Committee. In justified cases, the minutes are prepared and approved on the day of the relevant meeting.
4. Minutes of Committee meetings are stored at the Company's registered office.
5. All members of the Supervisory Board may inspect the minutes of the Committee's meetings and other documents constituting the result of its work.
6. The course of a Committee meeting may be recorded using magnetic or electronic media, in order to prepare the minutes from the Committee meeting. Immediately upon approval of the minutes, the recording of the Committee meeting is destroyed.

### **V. ACTIVITY REPORT**

#### § 17

1. The Committee submits an annual written report on its activities to the Supervisory Board. The report for the year should be submitted by the end of the first quarter of the following calendar year. The report should include an assessment of the Committee's activities in terms of its competence to implement the tasks assigned to it and the effectiveness of their implementation.
2. At least once a quarter, at a Supervisory Board meeting, the Committee Chairperson provides the Supervisory Board with an oral statement on the work of the Committee, in particular on decisions made (unless they are submitted to the Supervisory Board in connection with another item on the agenda).

### **VI. OTHER PROVISIONS**

#### § 18

1. A Committee member is obliged to maintain the confidentiality of information obtained by them in connection with his participation in the Committee.
2. The obligation to maintain confidentiality applies in particular to information constituting the Company's corporate secret, insurance secret, personal data, confidential information related to a public offering and admission of shares for trading on the regulated market and other information which is protected by law (this obligation also covers information about companies belonging to the Company's group).
3. The confidentiality obligation referred to in sections 1 and 2 does not apply to publicly available information, as well as information disclosed in the performance of an obligation incumbent on a Committee member by law, court ruling or decision of another body.

#### § 19

1. Administrative and technical support for the Committee is provided by the Company.
2. The Committee uses the Company's offices, equipment, and materials.
3. The costs of Committee's activity are covered by the Company.