

Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna**Motion
to the Shareholder Meeting of Powszechny Zakład Ubezpieczeń Spółka Akcyjna
on adopting for application the Corporate Governance Rules for Regulated Institutions****Content:**

It is moved to adopt a resolution on accepting for application the Corporate Governance Rules for Regulated Institutions

Justification:

On 22 July 2014 the Polish Financial Supervision Authority ("KNF") published Corporate Governance Rules for Regulated Institutions ("Corporate Governance Rules"). Whereas a portion of the Corporate Governance Rules is addressed to PZU SA shareholders, the adoption of a resolution by the PZU SA Ordinary Shareholder Meeting on adopting for application the Corporate Governance Rules should be deemed to be justified.

Institutions from all the financial market sectors subject to KNF's supervision are the object of the Corporate Governance Rules. The intention underlying the implementation of Corporate Governance Rules is in particular to strive to enhance the level of corporate governance in financial institutions, to augment the transparency of their operation and to deepen trust in the financial market in Poland.

The Corporate Governance Rules are applicable to the following areas of operation of regulated institutions:

- 1) organization and organizational structure;
- 2) relations with shareholders;
- 3) managing body;
- 4) supervising body;
- 5) compensation policy;
- 6) information policy;
- 7) promotional activity and relationships with clients;
- 8) crucial systems and internal functions;
- 9) exercising rights from assets acquired at a client's risk.

The Management Board and Supervisory Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("PZU SA"), respecting the prevailing legal regulations, have expressed their readiness to apply the Corporate Governance Rules to the objectively broadest extent giving consideration to the rule of proportionality and the rule "comply or explain", stemming from the rules in question, by adopting the pertinent resolutions. In the matter of applying the Corporate Governance Rules, on 12 December 2014 the PZU SA Management Board adopted resolution no. UZ/375/2014 while on 19 December 2014 the PZU SA Supervisory Board adopted resolution no. URN/49/2014.

Information concerning the will to apply the Corporate Governance Rules was conveyed to KNF (letter with file number BCM4/AS/W-372/2014) on 30 December 2014, and was also published on PZU SA's website on 29 December 2014.

Since a portion of the Corporate Governance Rules pertains to the shareholders of a regulated institution or contains guidelines by which the shareholder meeting of a regulated institution should be guided when making decisions the adoption of a resolution by the PZU SA Ordinary Shareholder Meeting on adopting for application the Corporate Governance Rules should be deemed to be justified.

The foregoing complies with KNF's stance on adopting for application the Corporate Governance Rules by the shareholders of a regulated institution that was articulated in the document entitled "Questions and answers concerning the Corporate Governance Rules for Regulated Institutions" published on the website of the KNF Office. According to KNF, modern corporate governance endeavors to enhance the role played by shareholders, and hence it is justified for the shareholders to voice their opinion on applying the Corporate Governance Rules. Consequently, KNF states that in the event of convening an Ordinary Shareholder Meeting, an item concerning the implementation of Corporate Governance Rules by

the shareholders should be inserted in the meeting agenda.

This motion is presented by:

Attachments:

- 1) PZU SA Management Board adopted resolution no. UZ/135/2015 of 12 May 2015 on submitting information to the PZU SA Ordinary Shareholder Meeting on applying Corporate Governance Rules for Regulated Institutions and the draft resolution to be adopted by the PZU SA Ordinary Shareholder Meeting on adopting for application the Corporate Governance Rules for Regulated Institutions;
- 2) Supervisory Board resolution no. URN/27/2015 of 21 May 2015 on accepting information on applying Corporate Governance Rules for Regulated Institutions and assessing the draft resolution to be adopted by the PZU SA Ordinary Shareholder Meeting on adopting for application the Corporate Governance Rules for Regulated Institutions;
- 3) the draft resolution to be adopted by the PZU SA Ordinary Shareholder Meeting on adopting for application the Corporate Governance Rules for Regulated Institutions.

RESOLUTION NO. UZ/135/2015

**ADOPTED BY THE MANAGEMENT BOARD OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ
SPÓŁKA AKCYJNA**

on 12 May 2015

on submitting information to the PZU SA Ordinary Shareholder Meeting on applying Corporate Governance Rules for Regulated Institutions and the draft resolution to be adopted by the PZU SA Ordinary Shareholder Meeting on adopting for application the Corporate Governance Rules for Regulated Institutions

Pursuant to § 4 item 21 of the Powszechny Zakład Ubezpieczeń Spółka Akcyjna Management Board Bylaws the following is hereby resolved:

Whereas:

- 1) on 22 July 2014 the Polish Financial Supervision Authority under resolution no. 218/2014 adopted Corporate Governance Rules for Regulated Institutions,
- 2) a portion of the Corporate Governance Rules for Regulated Institutions is addressed to the shareholders of regulated institutions,

§ 1

1. It is hereby resolved:
 - 1) to present information to the PZU SA Ordinary Shareholder Meeting on applying the Corporate Governance Rules for Regulated Institutions issued by the Polish Financial Supervision Authority;
 - 2) to request the PZU SA Ordinary Shareholder Meeting to adopt a resolution to adopt for application the Corporate Governance Rules for Regulated Institutions issued by the Polish Financial Supervision Authority.
2. It is hereby resolved to submit a motion to the Supervisory Board to accept information on the Corporate Governance Rules for Regulated Institutions and to opine the draft resolution to be adopted by the PZU SA Ordinary Shareholder Meeting on adopting for application the Corporate Governance Rules for Regulated Institutions.
3. The draft resolution to be adopted by the PZU SA Ordinary Shareholder Meeting on adopting for application the Corporate Governance Rules for Regulated Institutions constitutes an attachment to this resolution.

§ 2

This Resolution takes force on the date of its adoption.

The vote was taken in an open ballot.

Number of attendees: 4. Number of votes in favor: 4. Number of votes against: 0. Number of abstentions: 0

Management Board Member

Dariusz Krzewina

resolution on submitting information to the PZU SA Ordinary Shareholder Meeting on applying Corporate Governance Rules for Regulated Institutions and the draft resolution to be adopted by the PZU SA Ordinary Shareholder Meeting on adopting for application the Corporate Governance Rules for Regulated Institutions

RESOLUTION NO. URN/27/2015

**ADOPTED BY THE SUPERVISORY BOARD
OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ
SPÓŁKA AKCYJNA**

on 21 May 2015

on accepting information on applying Corporate Governance Rules for Regulated Institutions and assessing the draft resolution to be adopted by the PZU SA Ordinary Shareholder Meeting on adopting Corporate Governance Rules for Regulated Institutions

Pursuant to § 25 section 2 item 19 of the Articles of Association of Powszechny Zakład Ubezpieczeń Spółka Akcyjna and § 13 section 1 item 19 of the Powszechny Zakład Ubezpieczeń Spółka Akcyjna Supervisory Board Bylaws, the following is resolved:

Whereas:

- 1) a portion of the Corporate Governance Rules for Regulated Institutions issued by the Polish Financial Supervision Authority pursuant to resolution no. 218/2014 of 22 July 2014 is addressed to the shareholders of regulated institutions;
- 2) The PZU SA Management Board adopted resolution no. UZ/135/2015 on 12 May 2015 on submitting information to the PZU SA Ordinary Shareholder Meeting on applying Corporate Governance Rules for Regulated Institutions and the draft resolution to be adopted by the PZU SA Ordinary Shareholder Meeting on adopting Corporate Governance Rules for Regulated Institutions.

§ 1

The Supervisory Board:

- 1) accepts the information on applying the Corporate Governance Rules for Regulated Institutions issued by the Polish Financial Supervision Authority,
- 2) gives a positive assessment of the draft resolution to be adopted by the PZU SA Ordinary Shareholder Meeting on adopting for application the Corporate Governance Rules for Regulated Institutions issued by the Polish Financial Supervision Authority

and recommends their acceptance by the PZU SA Ordinary Shareholder Meeting.

§ 2

This Resolution takes force on the date of its adoption.

The vote was taken in an open ballot.

Number of persons in attendance: 9 Number of votes "in favor": 9 Number of votes "against": 0 Number of abstentions: 0

Chairwoman
PZU SA Supervisory Board

Aleksandra Magaczewska

RESOLUTION NO. .../2015

ADOPTED BY THE ORDINARY SHAREHOLDER MEETING

OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ SPÓŁKA AKCYJNA

on 2015

on adopting for application the Corporate Governance Rules for Regulated Institutions

Whereas:

- 1) a portion of the Corporate Governance Rules for Regulated Institutions ("Corporate Governance Rules") issued by the Polish Financial Supervision Authority pursuant to resolution no. 218/2014 of 22 July 2014 is addressed to the shareholders of regulated institutions,
- 2) by Resolution No. UZ/375/2014 of 12 December 2014, the PZU SA Management Board as the corporate body responsible for managing the activities of PZU SA declared its readiness to apply the Corporate Governance Rules to the objectively broadest extent,
- 3) by Resolution No. URN/49/2014 of 19 December 2014, the PZU SA Supervisory Board as the corporate body exercising constant supervision over the activities of PZU SA in all its areas, guided in the performance of its duties by care for the proper and safe operation of PZU SA, declared its readiness to apply the Corporate Governance Rules to the objectively broadest extent,

the PZU SA Ordinary Shareholder Meeting hereby resolves as follows:

§ 1

1. Hereby acknowledged is information on the application of the Corporate Governance Rules in PZU SA to the extent specified in the attachment to this Resolution.
2. The Ordinary Shareholder Meeting, respecting the applicable legal regulations, hereby expresses its readiness to apply the Corporate Governance Rules addressed to PZU SA's shareholders to the objectively broadest extent giving consideration to the rule of proportionality and the rule "comply or explain" stemming from the contents of the Corporate Governance Rules.
3. The provisions referred to in sections 1 and 2 shall not give rise to any liability on the part of the shareholders and may not form the basis for raising any claims against them by third parties.

§ 2

This Resolution shall come into force on the date of its adoption.

Attachment:

– Information on the application of the Corporate Governance Rules in PZU SA

Chairperson
of the PZU SA Ordinary Shareholder Meeting

PZU SA Management Board and Supervisory Board information on applying the Corporate Governance Rules for Regulated Institutions

A. Background: Corporate Governance Rules for Regulated Institutions

On 22 July 2014 the Polish Financial Supervision Authority ("KNF") published Corporate Governance Rules for Regulated Institutions ("Corporate Governance Rules").

Institutions from all the financial market sectors subject to KNF's supervision are the object of the Corporate Governance Rules. The intention underlying the implementation of Corporate Governance Rules is in particular to strive to enhance the level of corporate governance in financial institutions, to augment the transparency of their operation and to deepen trust in the financial market in Poland.

B. Areas covered by this regulation:

The Corporate Governance Rules are applicable to the following areas of operation of regulated institutions:

- 1) organization and organizational structure;
- 2) relations with shareholders;
- 3) managing body;
- 4) supervising body;
- 5) compensation policy;
- 6) information policy;
- 7) promotional activity and relationships with clients;
- 8) crucial systems and internal functions;
- 9) exercising rights from assets acquired at a client's risk.

C. PZU SA's application of the Corporate Governance Rules

The Management Board and Supervisory Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("PZU SA"), respecting the prevailing legal regulations, have expressed their readiness to apply the Corporate Governance Rules to the objectively broadest extent giving consideration to the rule of proportionality and the rule "comply or explain", stemming from the rules in question, by adopting the pertinent resolutions.

In the matter of applying the Corporate Governance Rules, on 12 December 2014 the PZU SA Management Board adopted resolution no. UZ/375/2014 while on 19 December 2014 the PZU SA Supervisory Board adopted resolution no. URN/49/2014.

Information concerning the will to apply the Corporate Governance Rules was conveyed to KNF (letter with file number BCM4/AS/W-372/2014) on 30 December 2014 and was also published on PZU SA's website on 29 December 2014. Pursuant to the Corporate Governance Rules the PZU SA Management Board furnishes information on its website concerning the application or forbearing from the application of the rules addressed to the company's managing body and supervising body.

Below the PZU SA Management Board and the PZU SA Supervisory Board present information on the various rules whose application will be partial or that do not apply to PZU SA on account of the nature of its business and its specific nature.

At the same time, in keeping with the rule prescribed by § 27 of the Corporate Governance Rules, the PZU SA Supervisory Board will assess in 2016 PZU SA's application of the Corporate Governance Rules in 2015. Information pertaining to the completed assessment will be furnished on the Company's website.

| No. | Unit Reference | Rule | Justification for partial application |
|-----|----------------|---|---|
| 1. | § 8 section 4 | A regulated institution, if justified by the number of shareholders, should endeavor to enable all shareholders to participate in the decision-making body's meeting of the regulated institution, inter alia by procuring the possibility of actively participating electronically in the decision-making body's meetings. | Presently, shareholders may following the broadcast of the shareholder meeting. The company has not elected to introduce an electronic shareholder meeting. According to PZU, there are many technical and legal factors that may affect the proper course of the shareholder meeting. The legal doubts pertain to the ability to identify shareholders and check the legitimacy of participants in the shareholder meeting. The risk of the occurrence of technical difficulties, e.g. with the internet connection or possible external interference in the IT systems may disrupt the work of the shareholder meeting and evince doubts concerning the efficacy of the resolutions adopted during its course. The appearance of these risks may affect the proper application of this rule to a full extent. |
| 2. | § 21 sec. 2: | The function of a chairman to preside over the work of the supervising body should be distinguished in the supervising body's composition. The selection of the supervising body's chairman should be accomplished on the basis of experience and team management skills while giving consideration to the criterion of independence. | Pursuant to the Commercial Company Code and PZU SA's Articles of Association, the chairman function has been distinguished in the PZU SA Supervisory Board's composition. The PZU SA Supervisory Board's composition and the chairman's function are shaped in accordance with the criteria of independence stated in the Act of 7 May 2009 on statutory auditors and their self-regulatory body (...). The selection of the Supervisory Board Chairman is accomplished on the basis of the criterion of knowledge, experience and skills that confirm the competences required to discharge duly the duties of supervision. Applying the criterion of independence to the chairman according to the KNF Office's explanation of this rule may evince doubts concerning a possible collision with the legal regulations pertaining to shareholder rights. |
| 3. | § 49 sec. 3 | In a regulated institution the person managing the internal audit cell and the person managing the compliance cell are appointed and dismissed with the consent of the supervising body or the audit committee. | PZU SA applies the Rules prescribed by § 14 to their full extent. This means that the PZU SA Management Board is the sole body empowered to, and responsible for, managing the company's activity. Moreover, according to the labor law regulations, the managing body exercises labor law activities. On account of the foregoing, PZU SA has adopted the solution that anticipates that the selection and dismissal of the person managing the internal audit cell is accomplished while taking into account the opinion of the Supervisory Board's Audit Committee. The person managing the compliance cell is appointed and dismissed in an identical manner. In making these decisions the Management Board shall obtain the Audit Committee's opinion. |

Corporate Governance Rules whose fulfillment is not applicable PZU SA

- 1) The rule prescribed by § 11 section 3 in the following reading:
"In the event that the decision-making body makes a decision concerning a transaction with an affiliate, all shareholders should have access to all information required to assess the conditions on which it is implemented and its impact on a regulated institution's standing."
- In PZU SA the shareholder meeting does not make decisions on transactions with an affiliate.
- 2) The rule prescribed by § 49 section 4 with the following reading:
"In a regulated institution in which there is no audit or compliance cell, the rights ensuing from sections 1-3 are vested in the persons responsible for performing these functions."
- Audit and compliance cells operate in PZU SA.
- 3) The rule prescribed by § 52 section 2 with the following reading:
"In a regulated institution in which there is no audit or compliance cell or no cell responsible for this area has been designated, the information referred to in section 1 shall be conveyed by the persons responsible for performing these functions."
- Audit and compliance cells operate in PZU SA.
- 4) The rules prescribed by Chapter 9 - *Exercising the rights from assets acquired at a client's risk*
- PZU SA does not offer products entailing asset management at a client's risk.

D. Rules addressed to PZU SA shareholders

A portion of the Corporate Governance Rules pertains to the shareholders of a regulated institution or contains guidelines by which the shareholder meeting of a regulated institution should be guided when making decisions:

- Shareholders **should cooperate in pursuing the Company's goals** and procuring the safety of its operation (§ 9 section 1).
- Shareholders may influence the Company's operation **solely through the decision-making body's decisions** without breaching the powers of the other bodies (§ 9 section 2).
- **Shareholders may not interfere with the method of management**, including how the management board conducts its affairs (§ 9 section 2).
- Shareholders should **effectively utilize the instruments of ownership supervision** to procure the proper operation of the Company's managing and supervising bodies. The corporate bodies should operate in such a manner so as to procure separation between ownership and managerial functions (§ 9 section 5).
- The implementation of **personal rights or other special rights for shareholders should be justified and serve the accomplishment** of the Company's material operational goals. Such rights should be reflected by the Articles of Association (§ 10 section 2).
- Shareholder rights **should not lead to impeding the proper operation** of the Company's corporate bodies or to discriminating other shareholders (§ 10 section 3).
- Shareholders should be guided by **the company's interests** in their decisions (§ 9 section 3).
- Shareholders **should not use their position to take decisions to transfer assets** from the Company to other entities, or to acquire or sell or enter into other transactions causing the Company to dispose of its assets on conditions that are not at arm's length, or to jeopardize its security or interests (§ 10 section 4).
- Conflicts emerging between shareholders **should be solved without delay** so as not to violate the interests of the Company and its clients (§ 9 section 6).
- Shareholders are responsible for **recapitalizing without delay** a regulated institution in a situation in which it is necessary to maintain the regulated institution's equity at the level required by the legal regulations or oversight regulations as well as when the security of the regulated institution so requires (§ 12 section 1).
- Shareholders should be responsible for **supplying financial support to a regulated institution** without delay in a situation in which it is necessary to maintain the regulated institution's liquidity at the level required by the legal regulations or oversight regulations as well as when the security of the regulated institution so requires (§ 12 section 2).

- *Decisions related to **dividend payouts** should hinge on the necessity of maintaining the **appropriate level of equity** and accomplishing the regulated institution's strategic goals and should take into consideration the recommendations and specific instructions given by regulatory authorities (§ 12 section 3).*
- *"In the event that the decision-making body makes a decision concerning a transaction with an affiliate, all shareholders **should have access to all information required to assess the conditions** on which it is implemented and its impact on the Company's standing (§ 11 section 3)."*

In PZU SA the shareholder meeting does not make decisions on transactions with affiliates. This competence belongs to the Supervisory Board.

E. PZU SA's application of the Corporate Governance Rules

KNF's stance on adopting for application the Corporate Governance Rules by the shareholders of a regulated institution was articulated in the document entitled "Questions and answers concerning the Corporate Governance Rules for Regulated Institutions" published on the website of the KNF Office. According to the contents of the document in question, by invoking values such as honesty, loyalty and accountability for a regulated institution, the Corporate Governance Rules assist a regulated institution to attain its statutory goals. According to KNF, modern corporate governance endeavors to enhance the role played by shareholders, and hence it is justified for the shareholders to voice their opinion on applying the Corporate Governance Rules. Consequently, KNF states that in the event of convening an Ordinary Shareholder Meeting, an item concerning the implementation of Corporate Governance Rules by the shareholders should be inserted in the meeting agenda.

Whereas a portion of the Corporate Governance Rules is addressed to PZU SA shareholders (see item D above), and giving consideration to KNF's stance, the adoption of a resolution by the PZU SA Ordinary Shareholder Meeting on adopting for application the Corporate Governance Rules should be deemed to be justified.

Justification for the resolution to be adopted by the Ordinary Shareholder Meeting of Powszechny Zakład Ubezpieczeń Spółka Akcyjna on adopting for application the Corporate Governance Rules for Regulated Institutions

The target audience of the Corporate Governance Rules for Regulated Institutions ("Corporate Governance Rules") published by the Polish Financial Supervision Authority ("KNF") on 22 July 2014 is a regulated institution operating through its corporate bodies that voice their opinion within the area of their autonomous decisions on the application of the Corporate Governance Rules.

The Management Board and Supervisory Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("PZU SA"), respecting the prevailing legal regulations, have expressed their readiness to apply the Corporate Governance Rules to the objectively broadest extent giving consideration to the rule of proportionality and the "comply or explain" rule stemming from the rules in question, by adopting the pertinent resolutions.

In the matter of applying the Corporate Governance Rules, on 12 December 2014 the PZU SA Management Board adopted resolution no. UZ/375/2014 while on 19 December 2014 the PZU SA Supervisory Board adopted resolution no. URN/49/2014.

Information concerning the will to apply the Corporate Governance Rules was conveyed to KNF (letter with file number BCM4/AS/W-372/2014) on 30 December 2014 and was also announced on PZU SA's website on 29 December 2014. Pursuant to the Corporate Governance Rules the PZU SA Management Board furnishes information on its website concerning the application or forbearing from the application of the rules addressed to the company's managing body and supervising body.

In addition, KNF's stance set forth in the document entitled "Questions and answers concerning the Corporate Governance Rules for Regulated Institutions" published on the website of the KNF Office should also be referenced. According to the contents of the document in question, by invoking values such as honesty, loyalty and accountability for a regulated institution, the Corporate Governance Rules assist a regulated institution to attain its statutory goals. According to KNF, modern corporate governance endeavors to enhance the role played by shareholders, and hence it is justified for the shareholders to voice their opinion on applying the Corporate Governance Rules. Consequently, KNF states that in the event of convening an Ordinary Shareholder Meeting, an item concerning the implementation of Corporate Governance Rules by the shareholders should be inserted in the meeting agenda.

Whereas a portion of the Corporate Governance Rules is addressed to PZU SA shareholders, and giving consideration to KNF's stance, the adoption of a resolution by the PZU SA Ordinary Shareholder Meeting on adopting for application the Corporate Governance Rules should be deemed to be justified.



Corporate Governance Rules for Regulated Institutions

Information for the PZU SA Shareholder Meeting

Warsaw, May 2015



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Corporate Governance Rules for Regulated Institutions

Corporate Governance Rules for Regulated Institutions



- date of implementation – **01 Jan. 2015**;
- set of guidelines (soft law norms) that should be applied by regulated entities under prevailing laws giving consideration to the rule of proportionality;
- the application of various guidelines is preceded by an analysis of a possible collision between a rule and the legal regulations;
- a regulated entity may forbear from applying specific rules;
- information on forbearing from the application of certain rules is published on the entity's website.

Regulated areas

Regulated areas

- Organization and organizational structure
- Relations with a regulated institution's shareholders
- Managing body
- Supervising body
- Compensation policy
- Information policy
- Promotional activity and relationships with clients
- Crucial systems and internal functions
- Exercising rights from assets acquired at a client's risk





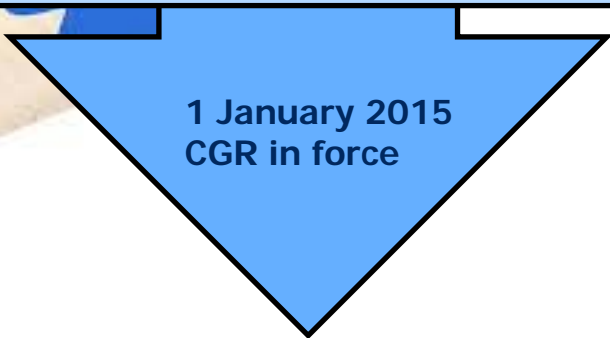
Adjustment measures

12 December 2014 – PZU SA Management Board resolution on applying the Corporate Governance Rules for Regulated Institutions

19 December 2014 – PZU SA Supervisory Board resolution on applying the Corporate Governance Rules for Regulated Institutions

The PZU SA Management Board and Supervisory Board expressed their will to apply the Corporate Governance Rules giving consideration to the rule of proportionality and the rule “**comply or explain**”.

29 December 2014 – publication of information on PZU SA's application of the Corporate Governance Rules on its website



1 January 2015
CGR in force



Scope of information presented on the website - partially applied rules

| Rule | Justification for partial application |
|--|---|
| <p>A regulated institution, if justified by the number of shareholders, should endeavor to enable all shareholders to participate in the decision-making body's meeting of the regulated institution, inter alia by procuring the possibility of actively participating electronically in the decision-making body's meetings.</p> | <p>Presently, PZU SA shareholders may following the broadcast of the shareholder meeting. The company has not elected to introduce an electronic shareholder meeting.</p> <p>According to PZU SA, there are many technical and legal factors that may affect the proper course of the shareholder meeting. The legal doubts pertain to the ability to identify shareholders and check the legitimacy of participants in the shareholder meeting. The risk of the occurrence of technical difficulties, e.g. with the internet connection or possible external interference in the IT systems may disrupt the work of the shareholder meeting and evince doubts concerning the efficacy of the resolutions adopted during its course. The appearance of these risks may affect the proper application of this rule to a full extent.</p> |
| <p>The function of a chairman to preside over the work of the supervising body should be distinguished in the supervising body's composition. The selection of the supervising body's chairman should be accomplished on the basis</p> | <p>Pursuant to the Commercial Company Code and PZU SA's Articles of Association, the chairman function has been distinguished in the PZU SA Supervisory Board's composition. The PZU SA Supervisory Board's composition and the chairman's function are shaped in accordance with the criteria of independence stated in the Act of 7 May 2009 on statutory auditors and their self-regulatory body (...). The selection of the Supervisory Board Chairman is accomplished on the basis of the criterion of knowledge, experience and skills that confirm the competences required to discharge duly the duties of</p> |

Scope of information presented on the website - partially applied rules

| Rule | Justification for partial application |
|---|---|
| of experience and team management skills while giving consideration to the criterion of independence. | supervision. Applying the criterion of independence to the chairman according to the KNF Office's explanation of this rule may evince doubts concerning a possible collision with the legal regulations pertaining to shareholder rights. |
| In a regulated institution the person managing the internal audit cell and the person managing the compliance cell are appointed and dismissed with the consent of the supervising body or the audit committee. | The PZU SA Management Board is the sole body empowered to, and responsible for, managing the company's activity. Moreover, according to the labor law regulations, the managing body executes labor law activities. On account of the foregoing, PZU SA has adopted a solution that anticipates that the selection and dismissal of the person managing the internal audit cell is accomplished while taking into account the opinion of the Supervisory Board's Audit Committee. The person managing the compliance cell is appointed and dismissed in an identical manner. In making these decisions the Management Board shall obtain the Audit Committee's opinion. |



Application of CGR by Shareholders - Polish Financial Services Authority's interpretation

CGR are addressed to regulated institutions whose corporate bodies should voice their opinions on the application of CGR within the area of their autonomous decisions.

It is expected that corporate bodies will decide to adopt CGR for application only in gremio (collectively).

Application of CGR by Shareholders*

Modern corporate governance endeavors to enhance the role played by shareholders. The most important decisions for the company are made at the shareholder meeting. Shareholders should endeavor to accomplish their common goal and co-decide on the institution

By invoking values such as honesty, loyalty and accountability for a regulated institution, the CGR assist a regulated institution to attain its statutory goals. That is why it is justified for shareholders to voice their opinions on the application of CGR.

* "Questions and answers concerning the Corporate Governance Rules for Regulated Institutions" published on the website of the KNF Office.



Rules concerning Shareholders – presenting the rules

Shareholders

RULE

- Shareholders **should cooperate in pursuing the Company's goals** and procuring the security of its operation.
- Shareholders may influence the Company's operation **solely through the decision-making body's decisions** without breaching the powers of the other bodies.
- **Shareholders may not interfere with the method of management**, including how the management board conducts its affairs.
- Shareholders should **effectively utilize the instruments of ownership supervision** to procure the proper operation of the Company's managing and supervising bodies. The corporate bodies should operate in such a manner so as to procure separation between ownership and managerial functions.
- The implementation of **personal rights or other special rights for shareholders should be justified and serve the accomplishment** of the Company's material operating goals. Such rights should be reflected by the Articles of Association.
- Shareholder rights **should not lead to impeding the proper operation** of the Company's corporate bodies or to discriminating other shareholders.
- Shareholders should be guided by **the company's interests** in their decisions.



Rules concerning Shareholders – presenting the rules

Shareholders

RULE

- Shareholders **should not use their position to take decisions to transfer assets** from the Company to other entities, or to acquire or sell or enter into other transactions causing the Company to dispose of its assets on conditions that are not at arm's length, or to jeopardize its security or interests.
- Conflicts emerging between shareholders **should be solved without delay** so as not to violate the interests of the Company and its clients.
- Shareholders are responsible for **recapitalizing without delay** a regulated institution in a situation in which it is necessary to maintain the regulated institution's equity at the level required by the legal regulations or oversight regulations as well as when the security of the regulated institution so requires.
- Shareholders should be responsible for **supplying financial support to a regulated institution** without delay in a situation in which it is necessary to maintain the regulated institution's liquidity at the level required by the legal regulations or oversight regulations as well as when the security of the regulated institution so requires.
- Decisions related to **dividend payouts** should hinge on the necessity of maintaining the **appropriate level of equity** and accomplishing the regulated institution's strategic goals and should take into consideration the recommendations and specific instructions given by regulatory authorities.
- In the event the decision-making body makes a decision concerning a transaction with an affiliate, **all shareholders should have access to all information required to assess the conditions** on which it is implemented and its impact on the Company's standing.

Rules concerning Shareholders – following the rules

