

**SUPERVISORY BOARD AUDIT COMMITTEE  
OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ SPÓŁKA AKCYJNA**

**2011 ACTIVITY REPORT OF THE  
PZU SA SUPERVISORY BOARD AUDIT COMMITTEE**

Warsaw, 1 February 2012

## **2011 ACTIVITY REPORT OF THE PZU SA SUPERVISORY BOARD AUDIT COMMITTEE**

### **I. Appointment and composition of the PZU SA Supervisory Board Audit Committee**

The PZU SA Supervisory Board Audit Committee was appointed on 3 June 2008 by the power of Resolution no. URN/20/2008 adopted by the PZU Supervisory Board in the matter of appointing the PZU SA Supervisory Board Audit Committee.

From 16 June 2010 to 30 June 2011, the PZU SA Supervisory Board Audit Committee acted in the following composition:

- Marzena Piszczek – Chairwoman,
- Grażyna Piotrowska-Oliwa – Member,
- Dariusz Filar – Member.

Grażyna Piotrowska-Oliwa was named by the Supervisory Board as an independent member with qualifications in the area of accounting or financial revision within the meaning of Article 86 section 4 of the Act of 7 May 2009 on statutory auditors and their self-regulatory body, entities authorized to audit financial statements and public oversight (Journal of Laws of 2009 No. 77 Item 649).

On 30 June 2011, the Ordinary Shareholder Meeting of PZU SA appointed the Supervisory Board of the new term of office. In connection with the change of the Supervisory Board's personnel, the following Audit Committee was appointed during the first meeting:

- Marzena Piszczek – Chairwoman,
- Dariusz Daniluk – Member,
- Dariusz Filar – Member.

Dariusz Filar was named by the Supervisory Board as an independent member with qualifications in the area of accounting or financial revision within the meaning of Article 86 section 4 of the Act of 7 May 2009 on chartered auditors and their self-regulatory body, entities authorized to audit financial statements and public oversight (Journal of Laws of 2009 No. 77 Item 649).

Additionally, Supervisory Board members agreed that Mr. Krzysztof Dresler, the PZU SA Supervisory Board Secretary will take part in Audit Committee meetings without a voting right.

### **II. Activity of the PZU SA Supervisory Board Audit Committee**

In the reporting period, the PZU SA Supervisory Board Audit Committee operated pursuant to:

- the Company's Articles of Association,
- Supervisory Board Bylaws,
- Bylaws of the PZU SA Supervisory Board Audit Committee,
- Act of 7 May 2009 on chartered auditors and their self-regulatory body, entities authorized to audit financial statements and public oversight,
- other generally applicable legal regulations.

Committee meetings were convened by its Chairwoman following the ordinary procedure, in which all the Committee Members are notified about the proposed agenda, date and location of a meeting.

In the reporting period, i.e. from 1 January 2011 to 31 December 2011, the Committee held six meetings on the following dates:

- 8 and 15 March 2011 (a meeting composed of two parts),
- 26 April 2011 and 12 May 2011 (a meeting composed of two parts),
- 7 June 2011,
- 9 August 2011 and 20 September 2011 (a meeting composed of two parts),
- 22 November 2011, and
- 13 December 2011.

In the corresponding period, the PZU SA Supervisory Board held seven meetings.

The Audit Committee meetings were attended, depending on the discussed matters, by invited guests such as Members of the PZU SA Management Board, PZU Group's Managing Director on Audit and the Audit Director at the PZU SA and PZU Życie Internal Audit Department. The Audit Committee meetings were also attended by representatives of the following companies: Deloitte Audyt Sp. z o. o., Ernst & Young Audit Sp. z o. o., KPMG Audyt Sp. z o. o. and PricewaterhouseCoopers Sp. z o. o.

Audit Committee decisions were made in the form of resolutions and opinions subsequently delivered to the Company's Supervisory Board. In 2011, the PZU SA Supervisory Board Audit Committee adopted 7 resolutions (the list of resolutions constitutes Appendix 1 to this report).

All the absences at PZU SA Supervisory Board Audit Committee meetings were excused (the attendance record at PZU SA Supervisory Board Audit Committee meetings in 2011 constitutes Appendix 2 to this report).

### **III. Important issues handled by the PZU SA Supervisory Board Audit Committee**

According to the Bylaws of the PZU SA Supervisory Board Audit Committee adopted by a resolution of the PZU SA Supervisory Board, the Audit Committee is an advisory and opinion body of the Supervisory Board and has been established to increase efficiency of supervisory activities performed by the Supervisory Board in the area of monitoring the Company's financial reporting process, financial audit activities in the Company and efficiency of internal control and internal audit system and the risk management system in the Company.

In order to achieve the above, in the period from 1 January to 31 December 2011 the Audit Committee handled the following matters in particular:

- Discussion and evaluation of the financial statements and the Management Board's reports on the activity of PZU SA and the PZU Capital Group in 2010;
- Evaluation of the motion of the PZU SA Management Board to the PZU SA Shareholder Meeting to distribute net profit earned by PZU SA and to pay out dividends for the year ended 31 December 2010;
- Adoption of the 2010 Activity Report of the PZU SA Supervisory Board Audit Committee and the Activity Report of the PZU SA Supervisory Board Audit Committee for the first half of 2011;
- Discussion of the draft activity report of the PZU SA Supervisory Board as the Company's corporate body in 2010 and the draft PZU SA Supervisory Board's report on evaluation of the financial statements of PZU SA for the financial year ended 31 December 2010, the Management Board's report on the activity of PZU SA in 2010;
- Recommendations of the auditor Deloitte Audyt Sp. z o.o. issued after the audit of the PZU SA's financial statements for the financial year of 2009 and 2010 and the position of the Company's Management Board in this respect;
- Recommendation to the Supervisory Board regarding the selection of a chartered auditor to audit the annual financial statements of PZU SA and the annual consolidated financial statements of the PZU Group for the financial year ended 31 December 2011 and the launching of the process of selecting the chartered auditor to audit the annual financial statements of PZU SA and the annual consolidated financial statements of the PZU Group for the coming reporting period;
- Discussion of the Company's tentative financial results after the first half of 2011 and the interim consolidated financial statements of the PZU SA Capital Group for Q3 2011;
- Recommendation for the Supervisory Board on approving the Financial Plan for 2012 for PZU SA and the PZU Group
- Discussion of the reports issued by the Internal Audit Department for Q4 2010, the year 2010 and Q1-Q3 2011;
- Discussion of the results of the independent evaluation of the internal audit function prepared by PricewaterhouseCoopers Sp. z o.o.;
- Issuing an opinion on Mr. Sławomir Niemierka as a candidate for the function of the head of the internal audit function in the Company;
- Discussion of the internal audit strategy for the years 2011-2014;
- Discussion of the draft Audit Plan for 2012.

Moreover, the Audit Committee supported communication between the entity authorized to audit financial statements which performed the financial revision activities in the Company, the persons managing the internal control and audit function in the Company and the Supervisory Board and performed all other activities requested by the Company's Supervisory Board.

Based on the materials and explanations provided, the PZU SA Supervisory Board Audit Committee hereby gives a positive opinion on the Company's financial reporting process, the financial revision activities in the Company and on efficiency of the Company's internal control and internal audit systems and of the risk management system.

#### **IV. Performance of reporting obligations to the PZU SA Supervisory Board**

Pursuant to § 14 item 2 of the Bylaws of the PZU SA Supervisory Board Audit Committee, during the meetings of the PZU SA Supervisory Board, the Audit Committee Chairwoman presented information on the progress of the Committee's work to the Supervisory Board.

Chairwoman  
of the PZU SA Supervisory Board Audit  
Committee

Marzena Piszczek