

# PZU (2013)

- report on the application of corporate governance



Warsaw 12 March 2014



# Table of Contents

---

1. Corporate governance principles applied by PZU	2
2. Application of Good Practices of Companies Listed on WSE	2
3. Control system applied during preparation of the financial statements	3
4. Entity authorized to audit financial statements	5
5. Share capital and shareholders of PZU; stock held by members of its authorities	6
6. By-laws of PZU	8
7. General Shareholders' Meeting, Supervisory Board and Management Board	8
8. Remuneration of the members of Group's bodies	27

## **1 Corporate governance principles applied by PZU**

Since the date the Company's shares have been admitted to trading on a regulated market PZU has followed the corporate governance rules laid down in *Good practices of companies listed on WSE*.

The document was accepted by WSE Council on 4 July 2007 and has undergone several modification since then. The contents of *Good practices of companies listed on WSE* are available on the website devoted to corporate governance of WSE-listed entities ([www.corp-gov.gpw.pl](http://www.corp-gov.gpw.pl)) and on the Company's website ([www.pzu.pl](http://www.pzu.pl)) in the section dedicated to PZU's shareholders – *Investor Relations*.

*Code of Good Insurance Practices* adopted on 8 June 2009 by the General Meeting of the Polish Chamber of Insurance ("PIU"), an organization associating insurance companies operating in the Polish market is another document determining the manner of business operations and of developing relations with stakeholders. The document is available on the website:

<http://piu.org.pl/zasady-dobrych-praktyk/project/132/pagination/1>

Further, stakeholder relations are based on our internal *PZU Code of Good Practices*. The document is available on the website:

[http://www.pzu.pl/c/document\\_library/get\\_file?uuid=f430d2f3-0ffa-4b72-add8-c53f3668c66a&groupId=10172;](http://www.pzu.pl/c/document_library/get_file?uuid=f430d2f3-0ffa-4b72-add8-c53f3668c66a&groupId=10172;)

## **2 Application of *Good Practices of Companies Listed on WSE***

*Good Practices of Companies Listed on WSE* have been effective since 1 January 2013 accepted by the Resolution of WSE Council regarding amendments thereto of 21 November 2012.

In 2013, PZU complied with the principles included in *Good Practices of Companies Listed on WSE* except from the one referred to in Section IV.10, regarding enabling shareholders' participation in general meetings using IT tools to allow mutual real-time communication and participating in discussions during the meeting for shareholders who are physically absent at the meeting venue. Further, PZU does not comply with recommendations of Section I.5, I.9 and I.12.

With regard to the principle referred to in Section IV.10, regarding enabling shareholders' participation in general meetings using IT tools to allow mutual real-time communication and participating in discussions during the meeting for shareholders who are physically absent at the meeting venue, please note that in our opinion, there are a number of technical and legal factors that may affect the course of a general meeting, and therefore the appropriate application of the above rule. Moreover, in our view, principles concerning participation in shareholders' meetings applicable in PZU allow for exercising rights from shares and protect interests of all shareholders. The communication regarding non-compliance with the principle included in Section VI.10 was submitted by the Company on 29 January 2013.

The following issues mentioned in section I of *Good practices of companies listed on WSE* defining *Recommendations concerning good practices of companies listed on WSE* should be emphasized:

- As for the recommendation included in Section 1.5 concerning the policy of remunerating members of management and supervisory bodies, remunerations of members of the Supervisory Board are determined by the General Shareholders' Meeting and those of the Management Board are set based on a resolution of the Supervisory Board.

- The policy of remunerating members of the management and supervisory bodies of PZU does not include all elements indicated in the recommendation of the European Commission of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC), supplemented by recommendation of EC of 30 April 2009 (2009/385/EC). Moreover, PZU did not present a declaration presenting remuneration policy on its corporate website. The decision concerning future compliance with the said rule will be taken by the Supervisory Board and the General Shareholders' Meeting.
- At the same time, please note that implementing the Ordinance on current and periodic information<sup>8</sup>, the Company discloses information regarding remuneration, awards or bonuses for each member of the managing and supervisory bodies in PZU on the annual basis.
- As for the recommendation specified in Section I.9 concerning gender parity principle to be followed in the Company's management and supervisory bodies, PZU has always pursued the policy of appointing competent, creative, experienced and educated people to the Company's bodies. The composition of the Management and Supervisory Board is determined based on a decision of the Supervisory Board or a General Shareholders' Meeting, respectively and other factors, such as sex, are not taken into account.
- With regard to the recommendation referred to in Section IV.12, regarding enabling shareholders' participation in general meetings using IT tools to allow mutual real-time communication and participating in discussions during the meeting for shareholders who are physically absent at the meeting venue, please note that in our opinion, there are a number of

technical and legal factors that may affect the course of a general meeting, and therefore the appropriate application of the above rule. Moreover, in our view, principles concerning participation in shareholders' meetings applicable in PZU allow for exercising rights from shares and protect interests of all shareholders.

The announcement on non-compliance with these recommendations was not issued in line with the waiver of the obligation to publish issuers' reports referred to in Article 29.3 of the Regulations of WSE with respect to corporate governance principles set forth in Section I of *Good practices of companies listed on WSE*, in accordance with the resolution of the Management Board of WSE dated 11 December 2007 regarding partial waiver of the obligation to publish reports on corporate governance adopted on the WSE Main Market.

### **3 Control system applied during preparation of the financial statements**

Financial statements are prepared within the PZU Finance Division including PZU Head Office (the Accounting Office) and central units operating based on applicable regulations. PZU Finance Division is supervised by a Member of the Management Board of PZU.

The elements which facilitate completing the process are the accounting principles (policy), the chart of accounts with a commentary and other detailed internal regulations approved by the Management Board of PZU specifying the key rules of recording business events in PZU and dedicated reporting systems.

Data is prepared in the source systems using formal operating and acceptance procedures which specify the competencies of individual persons.

The reporting process is controlled by appropriately qualified, skilled and experienced staff.

PZU monitors the changes in the external regulations concerning e.g. the accounting policy (procedures) and

<sup>8</sup> Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information submitted by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state.

reporting requirements of insurance undertakings and carries out appropriate adaptation processes.

The accounting records are closed and financial statements are prepared in accordance with detailed schedules, including the key activities and control points with assigned liability for timely and correct completion.

The key controls during preparation of the financial statements include:

- controls and permanent monitoring of the quality of input data, supported by the financial systems with defined rules of data correctness, in accordance with the PZU internal regulations concerning the control of correctness of the accounting data;
- data mapping from the source systems to financial statements supporting appropriate presentation of data;
- analytical review of financial statements by specialists to compare them with the business knowledge and business transactions;
- formal review of the financial statements to confirm compliance with the valid legal regulations and market practice in terms of required disclosures.

PZU internal audit periodically reviews the organization and the process of preparing the financial statements.

### **Audit Committee**

In accordance with the By-laws of PZU, the Supervisory Board of PZU appoints an Audit Committee composed of three members, with at least one of them qualified in accounting or auditing as understood by the Act on statutory auditors. The Audit Committee is an advisory and consultative body to the Supervisory Board of PZU and is appointed to improve the effectiveness of the supervision of the correctness of financial reporting of PZU, effectiveness of internal control, including internal audit and risk management, exercised by the Supervisory Board of PZU.

A certified auditor appointed by the Supervisory Board of PZU based on the recommendation of the Audit

Committee reviews interim separate and consolidated financial statements of PZU and audits its annual separate and consolidated financial statements.

Activities within the consolidated financial reporting are coordinated through the organizational structure of the Finance Division in the PZU and PZU Życie Head Offices which is shared, i.e. organized based on a personal union and with persons important for financial reporting of the majority of consolidated entities with their registered office in Poland, employed for a FTE fraction. PZU controls all the consolidated subsidiaries through Management Boards and Supervisory Boards of the companies.

Consolidated financial reporting is governed by a number of internal regulations concerning the accounting principles (policy) adopted by the PZU Group and applied accounting standards, as well as detailed schedules including the key activities and control points with assigned liability for timely and correct completion.

#### 4 Entity authorized to audit financial statements

On 8 May 2012 the Supervisory Board of PZU appointed Deloitte Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa with the registered office in Warsaw, Al. Jana Pawła II 19, entered on the list of entities authorized to audit financial statements under no. 73 by the National Chamber of Statutory Auditors as the entity authorized to audit:

- annual financial statements of PZU;
- annual consolidated financial statements of the PZU Group;

and to review:

- interim separate financial statements of PZU;
- interim consolidated financial statements of the PZU Group.

The entity has been appointed for two subsequent financial years, i.e. 2012 and 2013.

authorized to audit financial statements, with whom an agreement on audit and review of financial statements will be concluded.

The scope of the agreement will include:

- audit of annual separate financial statements of PZU and of annual consolidated financial statements of the PZU Group;
- review of interim separate financial statements of PZU and of interim consolidated financial statements of the PZU Group.

The work referred to above will include three subsequent financial years ending, respectively,

on 31 December 2014, 31 December 2015 and 31 December 2016 with an option to extend the agreement for further two financial years ending, respectively, on 31 December 2017 and 31 December 2018.

Former cooperation of PZU with KPMG Audyt included mostly tax advisory services.

Fee of the entity authorized to audit financial statements	1 January - 31 December 2013	1 January - 31 December 2012
a) statutory audit of annual separate/consolidated financial statements	633	633
b) other attestation services including review of separate/consolidated financial statements	887	519
c) tax advisory services	416	377
d) other services	34	34
<b>Total</b>	<b>1 970</b>	<b>1 563</b>

Annex of 2 August 2013 modified the scope of work specified in the aforementioned agreement for the separate financial statements of PZU for the 6-month period ended 30 June 2013 so that the review of the condensed interim separate financial statements of PZU was replaced by an audit of the separate financial statements of PZU.

On 18 February 2014 the Supervisory Board of PZU appointed KPMG Audyt Sp. z o.o. sp. k. with the registered office in Warsaw, ul. Chłodna 51, 00-867 Warsaw, entered on the list of entities authorized to audit financial statements under no. 3546 by the National Chamber of Statutory Auditors as the entity

#### 5 Share capital and shareholders of PZU; stock held by members of its authorities

The share capital of PZU is divided into 86,352,300 ordinary shares with the face value of PLN 1 each, giving right to 86,352,300 votes on the General Shareholders' Meeting.

As at 31 December 2013 the State Treasury holding 30,385,253 shares, i.e. 35.2% of the share capital of the Company and gave the right to 30,385,253 votes



the general meeting was the only shareholder of

the Company with a significant block of shares.

### Shareholding structure - as at 31 December 2013

Shareholder	Number of shares	Interest in the share capital	Share in votes at the General Shareholders' Meeting
State Treasury	30 385 253	35.19%	35.19%
Other shareholders	55 967 047	64.81%	64.81%
Total	86 352 300	100.00%	100.00%

In 2013 the shareholding structure of PZU did not change. The Management Board of the Company has no knowledge about concluded agreements which may result in changes in the proportion of shares held by the shareholders.

PZU did not issue, redeem or repay any debt or equity securities that would provide its shareholders with special control rights.

In 2012 and 2013 no employee stock ownership plans existed in PZU.

In line with the PZU's By-laws the voting right of the shareholders was restricted in a way that none of them can exercise more than 10% of the total number of votes at PZU at the date of the general meeting, with the reservation that for the purpose of determining obligations of parties acquiring material blocks of shares provided for in the Act on public offering and the Act on insurance activity, such voting restrictions are considered non-existent. The restrictions do not apply to:

- Shareholders who held shares entitling to more than 10% in the total number of votes in

the Company as at the date of adopting a resolution of the General Shareholders' Meeting;

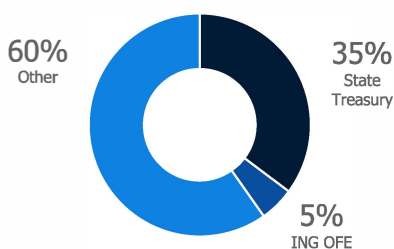
- Shareholders co-acting with shareholders defined in item 1 based on agreements concerning joint voting rights attached to the shares.

For the purposes of voting rights restrictions, the votes of the shareholders being parent companies or subsidiaries will be added up in line with the principles specified in the By-laws.

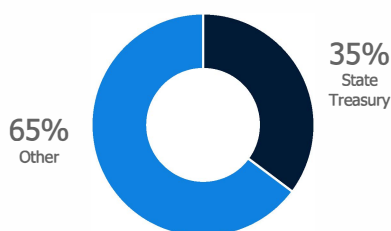
In case of any interpretation doubts with respect to the voting restrictions, Article 65.2 of the Civil Code will apply.

In line with the PZU's By-laws, the above voting restrictions will expire starting from the moment when a share of a shareholder who, at the date of adopting a resolution of the Shareholders' Meeting introducing the restriction held shares entitling him to more 10% in the total number of votes in the Company, drops below 5% of the share capital.

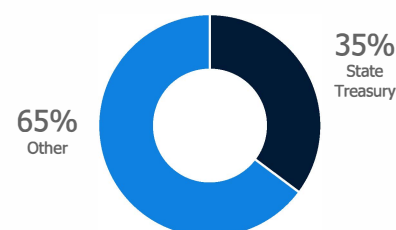
**PZU shareholding structure as at 31.12.2011**



**PZU shareholding structure as at 31.12.2012**



**PZU shareholding structure as at 31.12.2013**



**Shares or rights to shares held by members of management or supervisory bodies and Group Directors of PZU**

No.	Body / Name and surname	Number of shares held as at 13 March 2013	Number of shares held as at 12 March 2014	Change between dates
<b>Management Board</b>				
1	Andrzej Klesyk	0	0	X
2	Przemysław Dąbrowski	0	0	X
3	Bogusław Skuza (Board member until 31 December 2013)	500	500	X
4	Ryszard Trepczyński	0	0	X
5	Tomasz Tarkowski	80	80	X
6	Dariusz Krzewina (Board member until 15 March 2013)	0	0	X
7	Barbara Smalska (Board member since 15 March 2013)	0	0	X
<b>Group Directors</b>				
1	Rafał Grodzicki	0	0	X
2	Dariusz Krzewina (Director until 14 March 2013)	0	0	X
3	Przemysław Henschke	0	0	X
4	Sławomir Niemierka	0	0	X
5	Barbara Smalska (Director until 14 March 2013)	0	0	X
6	Tobiasz Bury (Director since 16 January 2014)	50	50	X
<b>Supervisory Board</b>				
2	Waldemar Maj	30	30	X
3	Zbigniew Cwiąkański	0	0	X
4	Tomasz Zganiacz	0	0	X
5	Dariusz Daniluk	0	0	X
6	Zbigniew Derdziuk			X
8	Dariusz Filar	0	0	X
9	Włodzimierz Kiciński	30	30	X
10	Alojzy Nowak	0	0	X
11	Maciej Piotrowski	0	0	X
<b>Total</b>		<b>690</b>	<b>690</b>	<b>X</b>



## 6 By-laws of PZU

### Amendments to By-laws

The By-laws of PZU can be amended by the General Shareholders' Meeting in the form of a resolution passed by a majority of three fourths of votes. In cases specified in the Act on Insurance Activity such change must be approved by the FSA and then recorded in the National Court Register. The Supervisory Board can approve the unified amended text of the By-laws.

In 2013 the By-laws of PZU were not amended.

## 7 General Shareholders' Meeting, Supervisory Board and Management Board

### General Shareholders' Meeting

The General Shareholders' Meeting is the highest body of PZU. The general operational principles and the rights of the General Shareholders' Meeting have been determined by the Code of Commercial Companies and the By-laws.

The By-laws are available on PZU's corporate website ([www.pzu.pl](http://www.pzu.pl)) in the "Investors relations" section, tab: "Company".

The General Shareholders' Meeting did not issue its Regulations.

The General Shareholders' Meeting is a body authorized to make decisions concerning issues related to the organization and operations of the Company. Resolutions of the General Shareholders' Meeting are adopted by an absolute majority of votes, except for cases specified in the Code of Commercial Companies or the By-laws.

The competencies of the General Shareholders' Meeting, in addition to those specified in the Commercial Companies Code and the By-laws of PZU, include passing resolutions concerning the following:

- examination and approval of the Management Board report on the company's activities, financial statements for the previous financial year and acknowledgment of the fulfilment of

duties by members of the company's authorities;

- profit distribution or loss coverage;
- making decisions concerning claims for redressing damage inflicted upon formation of the Company or exercising management or supervision;
- disposal of the enterprise or its organized part or its lease or establishment of a limited property right;
- redemption of shares or issue of bonds;
- creating reserve capitals and making the decision whether to use them and if so, how;
- division of the Company, its combination with another company, its liquidation or dissolution;
- appointing and dismissing members of the Supervisory Board, subject to the right granted to the State Treasury to appoint and dismiss one member of the Supervisory Board;
- establishing the rules of remunerating members of the Supervisory Board;
- acquisition or disposal of real property, perpetual usufruct or share in real property or in perpetual usufruct with a value exceeding the equivalent of a gross amount of EUR 30.0m (thirty million euro).

In accordance with the By-laws, a majority of three fourths of votes is required to pass resolutions on the following:

- amendments in the By-laws;
- a decrease in the share capital;
- disposal of the enterprise or its organized part or its lease or establishment of a limited property right.

A majority of 90% of votes at the General Shareholders' Meeting is required to pass resolutions relating to the following:

- preference shares;
- Company's business combination by transferring all its assets to another company;
- its merger by forming a new company;

- dissolving the Company (also as a result of moving its seat or the head office abroad);
- its liquidation, transformation or reduction in the share capital through redemption of a portion of shares without a similar capital increase.

The General Shareholders' Meeting is held:

- as an Ordinary General Shareholders' Meeting which should be held within six months from the end of each financial year;
- as an Extraordinary General Shareholders' Meeting which is convened in cases specified in the generally applicable law and the By-laws.

The General Shareholders' Meetings are held in Warsaw and convened by placing an appropriate announcement on PZU's website in accordance with the method for providing current information specified in the Act on public offering, conditions governing the introduction of financial instruments to organized trading, and public companies of 19 July 2005, i.e. in the form of current reports. Such announcement should be made not later than 26 days before the date of the General Shareholders' Meeting. From the date of convening the General Shareholders' Meeting the announcement with materials presented to shareholders at the General Shareholders' Meeting are available on PZU's corporate website ([www.pzu.pl](http://www.pzu.pl)) in section "Investors relations", tab "General Shareholders' Meeting". A duly called General Shareholders' Meeting is deemed valid regardless of the number of attending shareholders or number of represented shares.

The General Shareholders' Meeting is opened by the Chairman of the Deputy Chairman of the Supervisory Board and then the Chairman of the Shareholders' Meeting is elected. In the absence of the Chairman and Deputy Chairman of the Supervisory Board, the General Shareholders' Meeting is opened by the Chairman of the Management Board or a person designated by the Management Board.

The General Shareholders' Meeting may adopt resolutions regardless of the number of attending shareholders or number of represented shares. Resolutions are passed in an open ballot. The secret ballot vote is used when appointing and dismissing members of the Company's bodies or liquidators, in cases of their personal responsibility towards

the Company, and in personal cases, except when an open ballot method is required by the applicable law, upon request of any shareholder present or represented at the General Shareholders' Meeting.

The rights of the shareholders and the method of exercising thereof at the General Shareholders' Meeting are specified in the Code of Commercial Companies and the By-laws.

Only persons who were shareholders of the Company 16 days before the date of the General Shareholders' Meeting have the right to participate in the Meeting (date of registration of attendance at the Meeting). Shareholders may attend the General Shareholders' Meeting and exercise the right to vote personally or through a proxy. The power of attorney to participate in the General Shareholders' Meeting and to exercise the voting right may be granted in writing or in an electronic form.

One share of PZU gives the right to a single vote at the General Shareholders' Meeting, including restrictions with respect to exercising the voting rights described in the Company's By-laws. The shareholder has the right to vote in a different manner under each share held.

During the General Shareholders' Meeting each shareholder may provide resolution drafts concerning items on the agenda.

In accordance with the Code of Commercial Companies, detailed procedures concerning participation in the General Shareholders' Meeting and exercising the voting rights are always presented in an announcement of the General Shareholders' Meeting published on the date of convening the Shareholders' Meeting on PZU's corporate website ([www.pzu.pl](http://www.pzu.pl)), section "Investors relations", tab "General Shareholders' Meeting".

## **Composition, powers and functioning of the Supervisory Board**

### **Composition**

The Supervisory Board is composed of seven to eleven members. The number of members is specified at the General Shareholders' Meeting.

Members of the Supervisory Board are appointed by the General Shareholders' Meeting for a shared term which includes three consecutive full financial years.

At least one member of the Supervisory Board must be qualified in accounting or auditing, as understood by the Act on statutory auditors and their self-governing body, auditing firms and on public oversight of 7 May 2009. Furthermore, at least one member of the Supervisory Board should meet the independence criteria specified in the By-laws (Independent Member) concerning e.g. professional and personal relations, especially with members managing or supervising PZU and entities in the PZU Group. The *Independent Member* has to present a written statement that all independence criteria provided for in the By-laws have been met and inform the Company when the criteria are no longer met. In addition, the By-laws give the State Treasury the right to appoint and dismiss one member of the Supervisory Board by way of a written statement submitted to the Management Board. The right will expire once the State Treasury ceases to be the Company's shareholder.

financial year of their term, i.e. on the date of the General Shareholders' Meeting in 2015.

Composition of the Supervisory Board of PZU as at 1 January 2013:

- Waldemar Maj                      Chairman
- Zbigniew Ćwiakalski              Vice-Chairman
- Tomasz Zganiacz                  Secretary
- Dariusz Daniluk                    Member
- Zbigniew Derdziuk                Member
- Dariusz Filar                        Member
- Włodzimierz Kiciński            Member
- Alojzy Nowak                        Member
- Maciej Piotrowski                Member

The criteria of an Independent Member of the Supervisory Board were met by Dariusz Daniluk and Dariusz Filar.

The composition of the Supervisory Board did not change in 2013.

The current term of office of the Supervisory Board of PZU started on 30 June 2011 and will end after the lapse of three financial years. The mandates of members of the Supervisory Board expire not later than on the date of the General Shareholders' Meeting approving the financial statements for the last full

---

### **Waldemar Maj - Chairman of the Supervisory Board**

Graduated from the Faculty of Technical Physics and Applied Mathematics of the Technical University of Warsaw, obtained ScD from the Institute of Physics of the Polish Academy of Sciences and MBA from Harvard Business School, U.S.A. Awarded with the Officer's Cross of the Order of Polonia Restituta. In 1981-1991 he was junior lecturer and assistant professor at the Institute of Physics of the Polish Academy of Sciences, postdoctoral fellow at the Kamerlingh Onnes Laboratorium in Leiden, the Netherlands. From 1991 to 1994 he was adviser to the Minister of Finance; Chairman of the Management Board of the Foundation for the Development of the Financial System; Chairman of the Supervisory Board of Bank Gdański S.A.

In 1996-2000 he worked as a senior investment officer in the International Finance Corporation (The World Bank Capital Group, Washington, U.S.A.). From 2000 to 2002 he was senior associate in the U.S. strategic advisory firm McKinsey & Company in Warsaw. In 2002 he was appointed Chairman of the Management Board of AmerBank S.A./DZ Bank Polska S.A. and held the position until 2004 when he became Member of the Management Board of BGŻ S.A. in charge of corporate and treasury banking, which he held until 2007. From 2007 to 2008 he was Deputy Chairman and CFO at PKN Orlen S.A. in charge of finance and investor relations functions.

Currently, he is Member of the Supervisory Boards of PZU and Ciech SA, and the founding Partner of Metropolitan Capital Solutions Sp. z o.o. SKA, a provider of strategic and transaction advisory services.

### **Tomasz Zganiacz – Secretary of the Supervisory Board**

He is an engineer and MBA graduate. He is an experienced and highly qualified manager with advanced knowledge of tools for restructuring, efficiency improvement, especially in financial management and investment valuation. He has been involved in many projects carried out by enterprises from various industries; he has worked with commercial and investment banks, brokerage offices and other players on the capital market. He has been in charge of finance, preparation and implementation of investment projects and has co-authored development strategies. He has broad experience in managing commercial companies; among others, he was member of the Warsaw Stock Exchange Supervisory Board

Until 2009, before he became Chairman of the listed development company Triton Development S.A., Mr. Tomasz Zganiacz was Deputy Chairman and CFO of the listed company Arksteel, head of credit at Societe Generale, a researcher and lecturer at the Faculty of Production Engineering of the University of Warsaw, and was a participant in the National Investment Funds programme.

From 2009 he was Director in the Ministry of the State Treasury in charge of capital market transactions and corporate governance in financial institutions. At present he is Member of the Supervisory Board of PZU and PKO BP SA.

### **Zbigniew Ćwiąkałski – Deputy Chairman of the Supervisory Board**

He graduated from the Faculty of Law at the Jagiellonian University in Kraków in 1972. He was an academic teacher at the Jagiellonian University, University in Rzeszów, and the School of Law and Public Administration in Przemyśl. Since 1988, he has been partner in one of the leading law firms specialising in business law T. Studnicki, K. Pleszka, Z. Ćwiąkałski, J. Górski, sp. k. He is deputy Chairman of the Supervisory Board of the International Airport in Kraków. He was Member of the Supervisory Board of Bank Przemysłowo-Handlowy in Kraków, and from 16 November 2007 to 21 January 2009, he served as the Minister of Justice – Attorney General in PM Donald Tusk's Cabinet. Currently, he is Member of the Supervisory Board of PZU.

### **Dariusz Daniluk – Member of the Supervisory Board**

He has graduated from the Faculty of Law and Administration of the University of Warsaw; he has completed post-graduate studies in European Community Law and Economics at the University of Warsaw, and international finance and banking at the University of Southampton. He worked in the General Inspectorate of Banking Supervision, the Department of International Financial Institutions and the Foreign Department of the National Bank of Poland, and Bank Gospodarki Żywnościowej S.A. He was member of the Internal Audit Committee of the European Central Bank. His publications cover banking law, banking supervision and regulations regarding financial institutions. In 2008-2011 he was undersecretary of state in the Ministry of Finance. From 2008 to April 20<sup>th</sup> 2011 he was a member of the Polish Financial Supervision Commission. From 2009 he was appointed Chairman of the Council of the Bank Guarantee Fund. In 2011 – 2013 he served as Chairman of Bank Gospodarstwa Krajowego. Since January 2014, he has been Chairman of the Management Board of Trade Trans Sp. z o.o., a leading transport company in the PKP Cargo S.A. Capital Group.

### **Zbigniew Derdziuk – Member of the Supervisory Board**

He has a degree from the Faculty of Sociology of the University of Warsaw. In 1996, he completed post-graduate studies in turnaround management and received a diploma from the Institute of Organisation and Management in the Industry "ORGMASZ " and Swedish M-Gruppen Consulting Group. He has completed numerous training courses in finance and management. He has many years of experience working in middle and senior management positions, including Director of the Office of Analysis and Strategic Planning in Telewizja Polska SA; Deputy Head of the Marketing Department in Polski Bank Inwestycyjny; Deputy Head of the Promotion and Communication Department in PKO BP SA; Director of the Office of the Management Board in Telewizja Familijna; Deputy Chairman of the Management Board of Bank

---

Pocztowy SA. He has also gained broad experience in administration during his employment as Director of the Office of the Head of the Chancellery of the Sejm; Secretary of State in the Chancellery of the Prime Minister, including Deputy Head of the Chancellery – Member of the Cabinet; Head of the Standing Committee of the Cabinet; Secretary of the Capital City of Warsaw. Since 2009, he has been Chairman of the Polish Social Insurance Institution. His extensive experience as member of supervisory bodies extends to companies PKP Polskie Linie Kolejowe SA, Przedsiębiorstwo Robót Drogowo Mostowych w Tomaszowie Lubelskim, Metro Warszawskie, Bank Gospodarstwa Krajowego, Totalizator Sportowy sp. z o.o., PKO BP SA, OBOP, Postdata SA, Winuel SA.

### **Dariusz Filar**

He was born in Gdynia on August 18<sup>th</sup>, 1950. He began working as a lecturer at the Faculty of Economics of the University of Gdansk; since 1992 he has been professor extraordinarius. He was visiting professor at the Center for Russian and East European Studies (CREES), University of Michigan, Ann Arbor (USA) in 1992-1995 and lecturer at the Central European University in 1998-2001.

In 1980s., he contributed to the underground political publications and published commentaries in *The Wall Street Journal*. Since 1988, he has cooperated with the editorial team of the quarterly *Przegląd Polityczny*. He also publishes articles and comments on economic matters in *Rzeczpospolita* and *Gazeta Wyborcza* daily newspapers. In 1999 - 2004 he was Chief Economist Bank Pekao S.A. In 2004 – 2010 he served as Member of the Monetary Policy Council of the National Bank of Poland. In March 2010 he was appointed member of the Economic Council to the Chairman of the Council of Ministers.

### **Włodzimierz Kiciński - Member of the Supervisory Board**

In 1986 graduated from Foreign Trade Faculty of the present Warsaw School of Economics and in 1989 from Mechanical and Technological Faculty of Warsaw University of Technology. In 1988-1989 participated in post-graduate courses at Gutenberg University in Mainz, Germany, Foreign Trade Theory Institute. He has won a number of prestigious awards, including the title of Bankowy Menedżer Roku 2010 and Lider Polskiego Biznesu Business Centre Club received in 2009. In 2006 he was honored with Krzyż Kawalerski Orderu Polonia Restituta and in 2011, Krzyż Oficerski Orderu Polonia Restituta (Order of Rebirth of Poland).

In 1990-1991 was an advisor in Central Europe Trust sp. z o.o. Since 1991, member of several supervisory boards, including International Economic Cooperation Bank and International Investment Bank in Moscow, Wielkopolski Bank Rolniczy S.A. in Kalisz, Nordea Polska Towarzystwo Ubezpieczeń na Życie S.A., Związek Banków Polskich (ZBP), Nordea Powszechna Towarzystwo Emerytalne S.A., KGHM International Canada, Ltd., KGHM (Shanghai) Copper Trading Co., Ltd.

In 1991 - 1994 acted as Foreign Department Director in the National Bank of Poland. In 1994-1995 an advisor in Bayerische Hypotheken- und Wechsel-Bank AG in Munich, and from 1995 to 1998 Deputy Chairman in the Management Board of Zarządu Hypo-Bank Polska S.A. and in Itach. In 1999-2002 Deputy Chairman in Bank Gospodarki Żywnościowej S.A. In 2002-2011 Chairman of the Management Board in Nordea Bank Polska S.A. In 2012-2013 the first deputy chairman in KGHM Polska Miedź SA.

Since 1998 a member of Supervisory Regulatory Committee in Association of Polish Banks, in 1991 member of the Polish delegation negotiating with the Paris Club, and in 1991-1994 member of the Polish delegation negotiating with the London Club. In 1997-1998 representative of banks with foreign capital in Association of Polish Banks and in 1997-1999 member of the Program Council in Fundacja na rzecz Kredytu Hipotecznego. In 1999-2002 Chairman in Banking Card Issuer Council, and in 2009-2011 member of Managing Committee for New European Market (Poland, Russia Baltic States) in the Nordea Group.

### **Alojzy Zbigniew Nowak - Member of the Supervisory Board**

In 1984 graduated from the present Warsaw School of Economics and in 1992 from University of Illinois at Urbana - Champaign, USA, M.A. in economics. In 1993 completed studies in banking, finance and capital markets at Exeter, UK, and in 1996 economic studies at Free University of Berlin, while in 1997 in International Economics at RUCA. In 2002 gained the title of Professor of Economics.

He has won a number of prestigious awards, including Rector Award for Scientific Achievements (annually since 1997), Award of the Minister of Education for a book *Integracja europejska. Szansa dla Polski?* and *Banki a gospodarstwa domowe - dynamika rozwoju*. Member of scientific organizations and professional editing boards of periodicals, among others *Foundations of Management* (member), *Journal of Interdisciplinary Economics* (editor in chief), *Yearbook on Polish European Studies*, *Mazovia Regional Studies*, *Gazeta Bankowa* and a reviewer in PWE SA Warszawa editing company. A long-term committee member of *Teraz Polska* Award and scientific council member of *Studia Europejskie*.

He gained his professional experience working as head of International Business Relations Section at Management Faculty, University of Warsaw, head of National Economy Unit at Management Faculty, University of Warsaw, Director of European Center at University of Warsaw, Deputy Dean in charge of foreign cooperation at Management Faculty, University of Warsaw, dean at Management Faculty, University of Warsaw and Deputy Rector in charge of scientific research and cooperation, University of Warsaw. He is a lecturer at University of Warsaw, and also in France, UK, U.S., Russia, China and Korea.

Further, he worked as: advisor to the Prime Minister, to the Minister of Agriculture, President of University Sports Association at University of Warsaw, member of the advisory committee NewConnect at Management Board of Warsaw Stock Exchange, member of the Foundation Council of the National Bank of Poland, chairman of the Scientific Council of the National Bank of Poland.



---

He held positions in supervisory boards of various institutions, to include: PTE WARTA S.A., PKO BP S.A., JSW S.A., Chairman and Deputy Chairman of the Supervisory Board in EUROLOT S.A.

#### **Maciej Piotrowski - Member of the Supervisory Board**

In 1989 Maciej Piotrowski graduated from Faculty of Fundamental Problems of Technology at Wrocław University of Technology. In 1998-1990 was a student at post-graduate Foreign Trade courses at Wrocław University of Economics; from 1990 to 1991 he studied finance at the same University, and in 1990-1994, he participated in Ph.D. studies at Wrocław University of Technology. In 1995-1997 participated in Master of Business Administration University of Illinois at Urbana-Champaign co-organized with University of Warsaw (M.A. in Management and Marketing). Participated in a number of domestic and foreign seminars and courses on banking, finance and capital markets. In 1991 obtained a security broker license (in 1992, won WSE President Award for the best broker) and in 2004 obtained a license for candidates for supervisory board members in State Treasury companies.

In 1991-1997 gained professional experience working as securities broker, deputy director in a Broker Office, managing director in charge of investment banking in Bank Gdański S.A. From 1997 to 1999 was an investment banking director in Bank of America (Poland) S.A. In 2000-2002 was a managing director in charge of investment project funding and Vice President Global corporate & investment banking in Bank of America (Poland) S.A., then from 2002 to 2007 held the following positions: Management Board Chairman in TP Invest Sp. z o.o. and Management Board Chairman in Towarzystwo Emerytalne Telekomunikacji Polskiej S.A. in Telekomunikacja Polska S.A. Capital Group. In 2008-2013 was Deputy CEO in charge of finance and administration in Polska Agencja Żegluga Powietrznej, and in 2013 temporarily acted as its CEO. Since January 2014, Deputy Chairman of the Management Board in Bank Gospodarstwa Krajowego.

He held positions in supervisory boards of various institutions, to include: Supervisory Board Chairman in Bank Gospodarstwa Krajowego, Member of the Supervisory Commission of Bank Przemysłowy in Łódź established by National Bank of Poland, Supervisory Board Member in Metro Warszawskie sp. z o.o., and since 2013 Supervisory Board Member in Enea Wytwarzanie SA.

#### **Competencies**

The Supervisory Board exercises constant supervision over the company's activities in all aspects of its business.

In accordance with the By-laws, the powers of the Supervisory Board include:

- review of the Management report on the activities of the Company and financial statements for the previous financial year in terms of their compliance with the accounting records, documents and facts;
- review of the motions of the Management Board concerning profit distribution or loss coverage;
- presenting the General Shareholders' Meeting with a written report on the results of the review described above and submitting a brief annual assessment of the situation of the Company including internal controls and key risk management and an annual report on the work of the Supervisory Board;
- concluding, terminating and amending the agreements with members of the Management Board and setting the terms and conditions of remuneration and the amount of remuneration;
- appointing, suspending and dismissing the Chairman of the Management Board, members of the Management Board or the entire Management Board, as well as making decision to stop the suspension;
- agreeing to transfer the entire or portion of the insurance portfolio;
- accepting motions of the Management Board concerning acquisition, assumption or disposal of shares in companies, as well as the Company's participation in other entities - the Supervisory Board may specify the amount, terms and conditions and the way in which the Management Board may carry out the activities without the acceptance of the Supervisory Board;
- delegating members of the Supervisory Board to temporarily perform the functions of members of the Management Board who have been dismissed, resigned or cannot perform their functions for other reasons;
- accepting instructions concerning votes being cast by the Company's representatives during general shareholders' meeting of PZU Życie

---

concerning: an increase and decrease in the share capital, bonds issue, disposal and lease of a PZU Życie enterprise or establishment of a usufruct right, division of PZU Życie, combination of PZU Życie with a different company, liquidation or termination of PZU Życie;

- selection of the entity authorized to audit the financial statements which will audit the annual financial statements of the Company;
- wording of the consolidated amended By-laws;
- approval of the long-term plans for the development of the Company and annual financial plans drafted by the Management Board;
- approval of the regulations of the Management Board;
- examination and evaluation of issues submitted by the Management Board for discussion during the General Shareholders' Meeting.

Moreover, the Supervisory Board grants consent to:

- acquisition or disposal of a real property, perpetual usufruct or share in the real property or in perpetual usufruct exceeding the equivalent of EUR 3m.
- conclusion of a material agreement as understood by the Ordinance on current and periodic information by the Company and its related party, excluding standard agreements concluded by the Company on an arm's length basis as part of its operating activities (consent will be required on the date of the first listing on WSE);
- conclusion of the agreement with the underwriter referred to in Article 433.3 of the Code of commercial companies;
- advance payment against expected dividend;
- creation and closing of regional and foreign branches.

### Mode of operation

The Supervisory Board adopts the Regulations of the Supervisory Board specifying its organization and the manner of performing activities. The regulations of the Supervisory Board were adopted by its Resolution of 9 October 2012 and specify its composition and the way in which its members are appointed, the tasks and the scope of its activities and the manner of calling the Supervisory Board and conducting debates.

The By-laws stipulate that the Supervisory Board should meet at least once every quarter. The Supervisory Board may delegate its members to fulfil specific supervising activities on their own and to this effect appoint temporary committees. The scope of responsibility of a delegated member of the Supervisory Board and the committee is specified in a resolution of the Supervisory Board.

Resolutions of the Supervisory Board are adopted by an absolute majority of votes. In the event of a voting tie, the Chairman of the Supervisory Board has the casting vote. The resolutions of the Supervisory Board may be adopted using means of direct distant communication and circular vote. Additionally, the By-laws stipulate that a vote may be cast in writing through another member of the Supervisory Board.

In accordance with the By-laws, the resolutions of the Supervisory Board are adopted in an open ballot, except for resolutions concerning appointment of the chairman, Deputy Chairman and the Secretary of the Supervisory Board, delegation of members of the Supervisory Board to temporarily fill in for members of the Management Board and for resolutions with respect to appointing, suspending and dismissing the Chairman of the Management Board, members of the Management Board or the entire Management Board as well and taking decision to stop such suspension which are adopted in a secret ballot. Moreover, a secret ballot may be chosen on request of a member of the Supervisory Board.

The Supervisory Board appoints the Chairman and the Deputy Chairman of the Supervisory Board from its



---

members and it may also select the Secretary of the Supervisory Board.

In accordance with the Regulations of the Supervisory Board, apart from appointing the audit committee and promotion and compensation Committee, provided for in the By-laws to properly perform its supervision, the Supervisory Board may appoint other permanent advisory and consultative committees whose competencies, composition and way of work is specified by regulations adopted by the Supervisory Board. The regulations of the Supervisory Board stipulate that the Supervisory Board and the appointed committees may use the services of experts and advisory companies.

Members of the Management Board, employees of the Company competent for the discussed issue, selected by the Management Board and other persons invited by the Supervisory Board may take part in the meetings of the Supervisory Board, however, they cannot cast votes. In specific cases, the Supervisory Board of PZU may also invite members of the management board or a supervisory board of a different company in the PZU Group. Moreover, members of the Supervisory Board, upon consent of the Supervisory Board, may select one advisor authorized to take part in the meetings of the Supervisory Board devoted to reports and financial statements, and give their advice, provided that such person respects confidentiality and signs a confidentiality statement.

At present, the following committees function as part of the Supervisory Board of PZU SA:

- Audit Committee
- Promotion and Compensation Committee
- Strategy Committee.

The By-laws provide for appointing an [Audit Committee](#) by the Supervisory Board. The Committee is composed of three members, including at least one independent members qualified in accounting or auditing. Detailed tasks and terms and conditions of appointing members of the Audit Committee and its functioning have been

specified in a resolution of the Supervisory Board, which views relevant competencies and experience of the candidates for members of the Committee.

In accordance with the Regulations of the Audit Committee adopted by a resolution of the Supervisory Board, the Audit Committee is an advisory and consultative body to the Supervisory Board and is appointed to improve the effectiveness of the supervision of the correctness of financial reporting, effectiveness of internal control, including internal audit and risk management, exercised by the Supervisory Board. Moreover, the Audit Committee may apply to the Supervisory Board for commissioning specific controls in the Company to be exercised by an internal or external entity.

The Supervisory Board appointed the Audit Committee on 3 June 2008. Composition of the Audit Committee as at 1 January 2013:

- Dariusz Filar – Chairman
- Dariusz Daniluk – Member
- Tomasz Zganiacz – Member.

Dariusz Filar was indicated by the Supervisory Board as an independent member, having accounting and audit qualifications as defined in Article 86.4 of the Act on statutory auditors.

As at 31 December 2013 the composition of the Audit Committee had not changed.

In accordance with the Regulations of the Supervisory Board, once the Company's shares are listed on a regulated market, as understood by the Act on trading in financial instruments of 29 July 2005, the Supervisory Board may appoint a [Promotion and Compensation Committee](#).

In accordance with the By-laws, detailed responsibilities and the method of appointing members of the Promotion and Compensation Committee, the way it works and remuneration are specified in a resolution of the Supervisory Board. The Committee should include at least one independent member. If the Supervisory Board includes five members elected in a vote, the Promotion and Compensation Committee is not

appointed and its tasks are carried out by the entire Supervisory Board.

According to the regulations of the Promotion and Compensation Committee adopted by a resolution of the Supervisory Board of 4 April 2013, it is an advisory and consultative body to the Supervisory Board and is to improve efficiency of the Board's supervisory activities related to establishing the management structure, including organizational issues, remuneration system, remuneration principles and selection of properly qualified staff.

The Supervisory Board decided that the promotion and compensation committee would be composed of five persons. Composition of the Promotion and Compensation Committee as at 1 January 2013:

- Zbigniew Cwiąkański – Chairman
- Zbigniew Derdziuk – Member
- Dariusz Filar – Member
- Maciej Piotrowski – Member
- Tomasz Zganiacz – Member.

As at 31 December 2013 the composition of the Committee had not changed.

The Committee is dissolved once five members of the Supervisory Board are elected in a vote in groups and its rights are then taken by the entire Supervisory Board.

According to the regulations of the Strategy Committee adopted by a resolution of the Supervisory Board of 4 April 2013, it is an advisory and consultative body to the Supervisory Board and is to improve efficiency of the Board's supervisory activities related to consulting of all strategic documents presented by the Management Board (in particular, the Company development strategy) and presenting the Supervisory Board with recommendations on planned investments that materially impact the Company's assets.

The composition of the Committee in 2013:

- Waldemar Maj – Chairman
- Zbigniew Derdziuk – Member
- Alojzy Nowak – Member

- Maciej Piotrowski – Member.

In 14 January 2014 the Supervisory Board added Włodzimierz Kiciński to the Strategy Committee.

## Management Board

### Composition

In accordance with the By-laws of PZU, the Management Board is composed of three to seven members appointed for a shared term which includes three consecutive full financial years.

Members of the Management Board, including the Chairman of the Management Board, are appointed and dismissed by the Supervisory Board; however, members of the Management Board are appointed and dismissed by the Supervisory Board at the request of the Chairman of the Management Board. The Chairman of the Management Board of the new term appointed before the end of the current term may apply to the Supervisory Board for appointing other members of the Management Board of the new term before the end of the current term.

Management Board of PZU as at 1 January 2013:

- Andrzej Klesyk – Chairman
- Przemysław Dąbrowski – Member
- Tomasz Tarkowski – Member
- Bogusław Skuza – Member
- Ryszard Trepczyński – Member.

On 12 March 2013, the Supervisory Board of PZU appointed Dariusz Krzewina and Barbara Smalska to the positions of Members of the Management Board effective from 15 March 2013. Consequently, the Management Board of PZU was composed of:

- 
- Andrzej Klesyk – Chairman
  - Przemysław Dąbrowski – Member
  - Dariusz Krzewina – Member
  - Barbara Smalska – Member
  - Bogusław Skuza – Member
  - Tomasz Tarkowski – Member
  - Ryszard Trepczyński – Member.

On 27 December 2013, Bogusław Skuza resigned from the position of a Member of the Management Board of PZU effective from 31 December 2013.

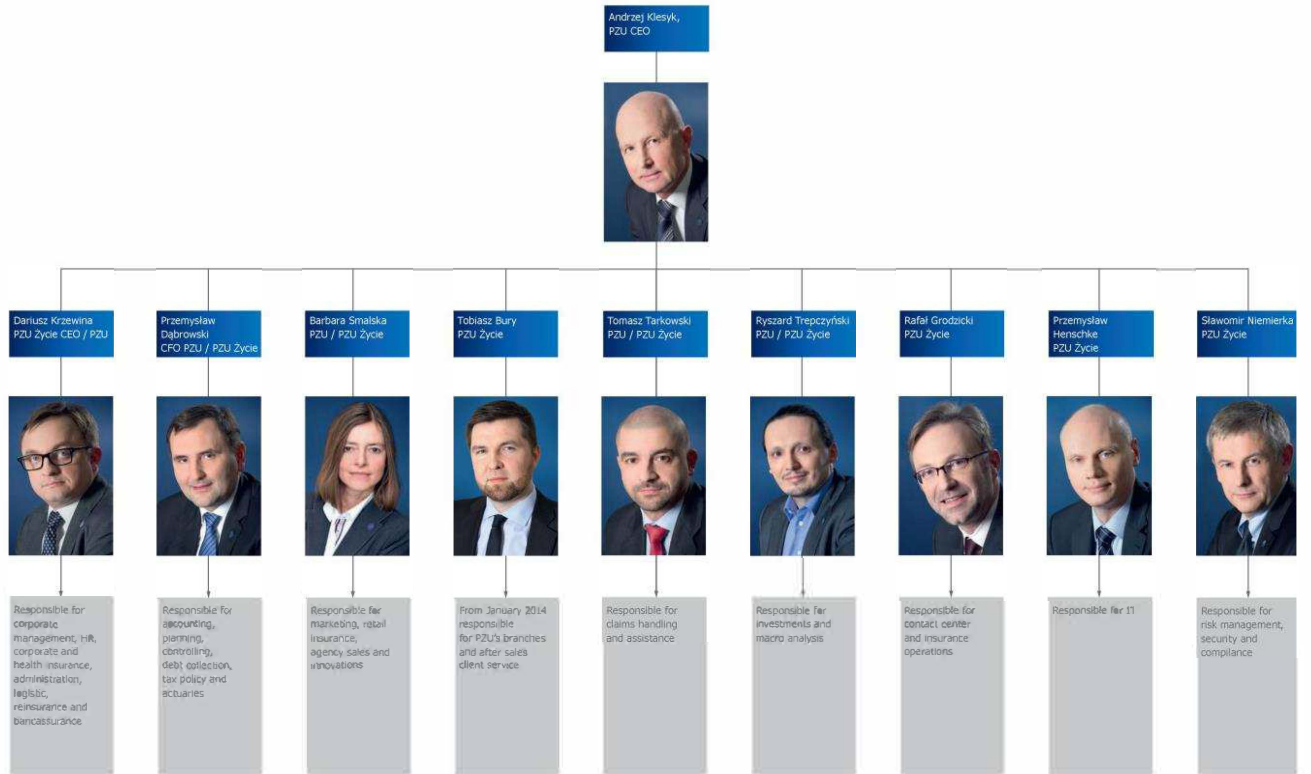
Therefore, since 1 January 2014, composition of the Management Board has been as follows:

- Andrzej Klesyk – Chairman
- Przemysław Dąbrowski – Member
- Dariusz Krzewina – Member
- Barbara Smalska – Member
- Tomasz Tarkowski – Member
- Ryszard Trepczyński – Member.

The current term of the Management Board of PZU started on 1 July 2011 and will last until the end of three consecutive financial years. The mandates of members of the Management Board expire not later than on the date of the General Shareholders' Meeting approving the financial statements for the last full financial year of their term.

Information about experience and responsibilities of the Management Board of PZU and PZU Życie has been presented below.

## Roles and responsibilities:



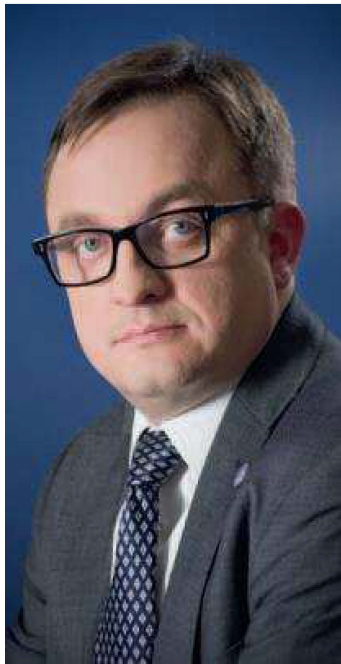


**Andrzej Klesyk, Chairman of the Management Board in PZU**

Andrzej Klesyk has been the Chairman of the Management Board of PZU SA since December 2007. From 2003 to 2007 he was a Partner and Managing Director of The Boston Consulting Group in Warsaw, where he collaborated with PZU in performing insurance projects. Created and managed Inteligo, a pioneer Internet banking project. Managed a team creating Handlobank, the consumer banking division of Bank Handlowy w Warszawie SA. From 1993 to 2000 he worked in the London branch of McKinsey. In 1991 Andrzej Klesyk went to the USA, where he worked for Kidder, Peabody and Coopers & Lybrand, New York.

Andrzej Klesyk graduated from the Faculty of Economy of the Catholic University of Lublin. He was one of the first Poles to complete a two-year MBA course at Harvard Business School, the USA.

He is a member of The Geneva Association – a nonprofit organization associating 80 Board Chairmen from top world insurance companies. He represents PZU at annual meetings of the World Economic Forum in Davos and the meetings of the Institute of International Finance in Washington.



**Dariusz Krzewina – Chairman of the Management Board of PZU Życie, Member of the Management Board in PZU**

Dariusz Krzewina graduated from the Economy and Sociology Department of the University of Łódź and post-graduate studies in insurance at Warsaw School of Economics. He has worked in the insurance industry for many years. From September 1993 to August 1998 he was employed in PZU Życie as a Sales Department Head, Deputy Director and Director of the Insurance Office. From September 1997 to September 1998 he was a Member of the Management Board of PZU Życie. In the period from September 1998 to March 2000 he was the General Sales Director and from April 2000 to August 2001 a Member of the Management Board of STUnŻycie ERGO HESTIA SA. From April 2002 he was a Sales Director and from October 2002 to June 2004 he was the Chairman of the Management Board and the Sales Director at SAMPO Towarzystwo Ubezpieczeń na Życie SA. In August 2004 he was appointed the Director of the Group Insurance Office Director in PZU Życie and since January 2006 he was the Coordinating Director in charge of Corporate Clients. He has been in the Management Board of PZU Życie since March 2007 and since August 2007 he has held the position of the Chairman of the Management Board. From 1 February 2010 to 14 March 2013 Director in PZU Group. Since 15 March 2013, Management Board Member in PZU in charge of group and health insurance, administration.



#### **Barbara Smalska – Member of the Management Board of PZU / PZU Życie**

Barbara Smalska studied particle physics and holds a PhD of Warsaw University, the Physics Department and the Institute of Deutsches Elektronen Synchrotron (DESY) in Hamburg. In the years 2002-2008 she worked at the Warsaw office of the The Boston Consulting Group. As a strategic advisor to top Polish banks, insurance and telecommunication companies she specialized in business strategies, operational models, distribution strategy, organization and activation of the sales network – in particular in the consumer and SME sectors. She joined the PZU Group in 2008 and worked as a Director of the Product Management Office, Managing Director in charge of Mass Client Sector and Managing Director in charge of Marketing and Individual Products. She joined the Management Board of PZU Życie on 1 February 2013. On 5 February 2013 she was appointed a Director of the PZU Group and held the position until 14 March 2013. Since 15 March 2013, Management Board Member in PZU in charge of mass insurance, product management, CRM and marketing.



#### **Przemysław Dąbrowski, Member of the Board in PZU / PZU Życie**

Przemysław Dąbrowski graduated from Warsaw University, Information Technology Department and a Post-Graduate Management Course. He graduated from MBA studies at the University of Illinois and from the Warsaw-Illinois Executive MBA program. He has vast experience in financial management services for the insurance sector, in managing financial investments and large financial transactions. He has knowledge and experience in accounting, tax and actuarial issues.

He started his professional career in 1993. From 1993 to 1998 he worked at Whirlpool Polska Sp. z o.o. as an analyst and financial controller. In 1998-2000 he was the Treasurer at AIG Poland. In the years 2000-2001 he was the Financial Director and a Member of the Management Board of Creative Team SA (the Elektrim Group). From 2001 to 2006 he was the Planning and Controlling Director at PZU SA. In 2006-2008 he worked at AT Kearney and Accenture as a Manager and a Senior Manager. From October 2008 to March 2009 he held the function of the Director – Financial Division Deputy Head in the Head office of PZU and PZU Życie. From November 2008 to February 2009 he was the Planning and Controlling Director in the Head office of PZU and PZU Życie and in March 2009 he was appointed the Information Management Director in the Head office of PZU and PZU Życie. He has been a Member of the Management Board of PZU Życie since January 2010. He has held the position of a Member of the Management Board of PZU since December 2010. Przemysław Dąbrowski is in charge of the Financial Division.





**Rafał Grodzicki – Member of the Board of PZU Życie, Director in PZU Group**

Rafał Grodzicki graduated from Warsaw School of Economics. He has extensive management experience in the banking and insurance sector gained in numerous Polish and foreign institutions. He joined the PZU Group in February 2004 holding the following positions: Director of the SME Insurance Office, Coordinating Director in charge of Agency Network Development and Managing Director in charge of Insurance Products – Head of the Mass Client Function. He has been in the Management Board of PZU Życie since 2008. He became a Director of the PZU Group in February 2010. He manages the Operational Function (Contact Centers and Operation Centers).



**Przemysław Henschke – Member of the Board of PZU Życie, Director in PZU Group**

He graduated from Warsaw University of Technology. He has more than 20 years of experience in financial services for the IT industry. He worked as a technology provider (as a Project Manager and an advisor) and also represented clients (IT Architect, CIO). His first important engagement was the implementation project for Handlobank, which he managed as a Project Manager of the provider. He was one of the co-founders and creators of Inteligo, where he was the IT Architect and Project Manager of the implementation and then the CIO. He also acted as the CIO in Lucas Bank, where he managed the replacement of the banking system and IT reorganization in the Credit Agricole Group in Poland. The next stage in his career was the launch of Polbank EFG, where he acted as a CIO responsible for the IT structure implementation in the Polish branch and he co-designed universal IT infrastructure for the CEE as a part of the EFG Group. After the launch of Polbank in 2007 he supported Management Boards and CIOs of top banks and insurance companies from Europe and the Middle East as a strategic advisor at McKinsey. He focused on optimization of operations and IT costs, supported reorganization projects, developing IT strategies and architecture and streamlining communication and mutual understanding between the Business and the IT functions. Later, as the Group CIO in Banque Audi, one of the top banking groups operating in the Middle East and headquartered in Beirut, he developed an IT strategy and architecture for the group and started the implementation. Przemysław Henschke joined the Management Board of PZU Życie on 3 February 2012. On 7 February 2012 he was appointed a Director of the PZU Group in charge of the IT function.





**Sławomir Niemierka – Member of the Management Board of PZU Życie, Director of the PZU Group**

Sławomir Niemierka graduated from Warsaw University, Law and Administration Department and a Post-Graduate Course - Law and Economy in the European Union . He is a qualified legal counsel. He participated in Polish and international training courses in financial supervision and risk management in financial institutions. He authored and co-authored a number of publications on financial law and bank supervision. He was an academic teacher at post-graduate courses at Polish Academy of Sciences, Warsaw University and the Academy of Insurance and Finance. For many years he worked in the National Bank of Poland - the General Inspectorate of Banking Supervision, where he headed the Inspection Office responsible for inspections carried out in banks, branches of foreign banks and credit institutions in Poland, in particular inspections of internal controls and risk management systems. Member of a Steering Committee of the General Inspectorate of Banking Supervision in charge of the implementation of the second Basel Accord, supervision over risk models, operational risk and accounting standards. He was in a Team in charge of the development of the risk management system in the National Bank of Poland. As a Member of the Management Board of the Bank Guarantee Fund he supervised the operational risk management system, inspections and monitoring of banks financially supported by the Fund. He joined the PZU Group in 2008 as a Managing Director in charge of Audit. On 19 March 2012 he was appointed a Member of the Management Board of PZU Życie. On 19 March 2012 appointed a Director of the PZU Group in charge of internal control, security and risk management.



**Bogusław Skuza, Member of the Management Board of PZU until 31 December 2013**

Bogusław Skuza graduated from the University of Gdańsk, the Economy of Transport Department, International Trade Faculty. He has vast experience in the financial sector, in particular in insurance. In the years 1979-1985 he worked in the Loss Adjustment Department of TUIR Warta SA. From 1985 to 1991 he was the General Representative of TUIR WARTA SA for the USA and Canada. In 1991-1992 he was a Manager of the Insurance and Claim Department at Gdynia America Line Inc., while in the years 1992-1999 he worked as a Country Manager and the Deputy Chairman of the Management Board of Marsh & McLennan Polska Sp. z o.o. In the years 1998-2000 he held the position of the Deputy Chairman of the Management Board of Towarzystwo Ubezpieczeń Życiowych i Emerytalnych Petrus SA and the Chairman of the Management Board of Fiat Ubezpieczenia SA. From 2000 to 2008 he was the Chairman of the Management Board of Skandia Życie Towarzystwo Ubezpieczeń SA. From 2008 to 2010 Bogusław Skuza was a Member of the Management Board of the Group and a CEE Regional Managing Director in Intrum Justitia AB. Also, he held the position of the Chairman of the Supervisory Board of Intrum Justitia entities in Poland, the Czech Republic, Slovakia and Hungary. In the years 1992-1998 he held the position of the Founder Member and the Secretary General of the Association of Polish Insurance and Reinsurance Brokers and in the years 2002-2008 he held the position of a Member of the Management Board of the Polish Insurance Chamber. Since 2009 he has been a Member of Good Practices Council at the Polish Insurance Chamber. From July to 31 December 2013 he was a Member of the Management Board in PZU in charge of the Corporate Client Division, reinsurance and bancassurance.



#### **Tomasz Tarkowski, Member of the Board in PZU / PZU Życie**

Tomasz Tarkowski graduated from the Faculty of Automotive and Construction Machinery Engineering at the Warsaw University of Technology and from the Academy of Finance (formerly Academy of Insurance and Banking). He also completed an Advanced Management Program at IESE Business School University of Navarra and post-graduate studies in road traffic safety and business insurance. He has been collaborating with the PZU Group since 1996. Initially, he worked in internal control and insurance fraud departments. In the years 2002-2005 he worked in the loss adjustment function as the Head of the Technical Department in the Loss Adjustment Office. From 2006 to 2007 he was a Director of the Loss Adjustment Centre and a Loss Adjustment Director in a Regional Branch of PZU in Warsaw. In 2007-2011 he was a Member of the Management Board of PZU Ukraine, where he supervised the loss adjustment, product management and risk assessment departments. He was a Member of the Supervisory Board of SOS Service Ukraine, a subsidiary of PZU Ukraine, responsible for *assistance* services. Since February 2011 he has been a Director of the PZU Group in the Head office of PZU SA and the Proxy of the Management Board of PZU Życie in charge of Loss Adjustment. He has held the position of a Member of the Management Board of PZU since April 2011 and the position of a Member of the Management Board of PZU Życie - since July 2011. He is in charge of loss adjustment and assistance functions.



#### **Ryszard Trepczyński, Member of the Board in PZU / PZU Życie**

Ryszard Trepczyński graduated from Warsaw School of Economics, the Management and Marketing Department. Since the beginning of his professional career he was focused on the capital market. He has vast experience in developing and implementing investment strategies, drawing up investment policies and managing large and diverse asset portfolios. He participated in building management structures for strategic allocation of assets, liquidity and investment risk. In 1994-2006 he worked as a broker in the Capital Transactions Centre of Bank Handlowy w Warszawie SA. In the years 1996 – 2002 he was employed in the Financial Investment Office of PZU Życie – initially as an Asset Manager and subsequently as the Head of the Debt Instruments Portfolio Management Department. From December 2002 to June 2011 he worked at Pioneer Pekao Investment Management S.A., first as a Director of Debt Securities Department, Director of the Asset Management Department, and since March 2009 he held the position of the Deputy Chairman of the Management Board in charge of investments. He has held the position of a Member of the Management Board of PZU and PZU Życie since July 2011. Ryszard Trepczyński is in charge of the Investment Division.



---

**Tobiasz Bury – Member of the Board of PZU Życie, Director of the PZU Group**

Tobiasz Bury graduated from Warsaw School of Economics, Kellogg School of Management w USA and Harvard Business School Advanced Management Program. He joined the PZU Group in 2009. He held the position of Director Managing the Agency Network and Director in Charge of Mass Sales in PZU Życie S.A. Since May 2010, he acted as Director Managing the Network in PZU Group and Head of the Network Division in the Group. On this position, he was in charge of the network of branches in PZU SA and PZU Życie SA and of client service in the network and in the Client Center of the PZU Group. On 16 January 2014 he was appointed a Member of the Management Board of PZU Życie. Since 16 January 2014 he has been PZU Group Director in charge of the Network Division.

The Management Board exercises all management rights which have not been reserved by the provisions of law or provisions of the By-laws for the General Shareholders' Meeting or the Supervisory Board.

The Company may be represented by two members of the Management Board acting jointly or one member of the Management Board acting with a commercial proxy.

The Management Board adopts its regulations which are approved by the Supervisory Board. The regulations of the Management Board were adopted by the Management Board on 2 October 2012 and amended with a Resolution of the Board of 2 April 2013 and approved by a resolution of the Supervisory Board of 16 April 2013.

The regulations of the Management Board determine:

- the scope of Management Board's competencies and activities that require approval or confirmation by the Supervisory Board;
- competencies of the Chairman and Members of the Management Board;
- principles and organization of Board's activities, including its meetings and decision making procedures;
- rights and obligations of Board members upon dismissal.

In accordance with the regulations of the Management Board, resolutions of the Management Board are especially required for:

- adoption of a long-term plan for development and operations of the Company;
- adoption of an action and development plan for the PZU Group;
- adoption of an annual financial plan and a report on its implementation;
- approval of the financial statements for the previous financial year and the management report on the activities of the Company;
- approval of a motion concerning profit distribution or loss coverage;

- determination of premiums in the compulsory and voluntary insurance and general voluntary insurance terms and conditions;
- determination of the scope and size of outward reinsurance and the tasks for inward reinsurance;
- adoption of an annual audit and control plan and a report on its implementation with conclusions;
- determination of the terms and conditions of investments, prevention and sponsoring;
- giving sureties and guarantees (excluding insurance operations) and taking out and giving credit facilities or loans by the Company (excluding credit facilities and loans given from the Company's Social Benefits Fund);
- appointment of a commercial representation.

In accordance with the regulations, meetings of the Management Board are held at least once a fortnight.

The work of the Management Board is administered by the Chairman of the Management Board whose powers include in particular:

- defining the scope of responsibility of each member of the Management Board;
- calling meetings of the Management Board;
- setting the agenda of the meeting of the Management Board;
- applying to the Supervisory Board for appointing and dismissing members of the Management Board;
- designating a person to administer the work of the Management Board during the absence of the Chairman.

The work of the Management Board is administered by the Chairman of the Management Board who defines the scope of responsibility of each member of the Management Board.

---

Resolutions of the Management Board are adopted only in the presence of the Chairman of the Management Board or a person designated to administer the work of the Management Board during their absence and if the meeting is attended by at least half of the members of the Management Board.

Resolutions of the Management Board are adopted by an absolute majority of votes and in the event of a voting tie, the Chairman of the Management Board has the casting vote. The Management Board, upon consent of the Chairman, may adopt resolutions in writing, on paper or in an e-form (i.e. using means of distant communication and a qualified electronic signature). The by-laws also provide that the meetings of the Management Board may be held using means of direct distant communication.

The Chairman of the Management Board takes decisions in the form of orders and official instructions. Other members of the Management Board administer the operations of the Company within the scope specified by the Chairman of the Management Board.

The By-laws of PZU do not provide for any special rights of the Management Board concerning decisions to issue or redeem shares.

## 8 Remuneration of the members of Group's bodies

Employment contracts concluded with the Chairman and Members of the Management Board, approved by resolution of the Supervisory Board, do not include compensation for resignation or dismissal from their positions without a valid reason, or if the dismissal results from business combination through acquisition of the issuer.

Separate non-competition agreements regulate among others refraining from post-employment competition with PZU in exchange for damages.

In 2012-2013, PZU Group companies included in consolidation did not grant any loans or similar benefits to members of their management boards, higher level managers or members of their supervisory boards.

Salaries and other short-term employee benefits paid by PZU	1 January - 31 December 2013		1 January - 31 December 2012	
		Including bonuses and special awards		Including bonuses
<b>Management Board including:</b>	<b>9 503</b>	<b>3 024</b>	<b>7 012</b>	<b>1 600</b>
Andrzej Klesyk	2 780	980	1 691	480
Przemysław Dąbrowski	1 135	336	1 092	252
Dariusz Krzewina	642	-	-	-
Barbara Smalska	593	-	-	-
Tomasz Tarkowski	1 102	336	1 100	259
Ryszard Trepczyński	1 535	736	945	105
Witold Jaworski	-	-	1 176	336
Bogusław Skuza <sup>1)</sup>	1 716	636	1 008	168
<b>Contracts concluded with high level managers (PZU Group Directors), out of which:</b>	<b>3 263</b>	<b>1 122</b>	<b>2 283</b>	<b>337</b>
Rafał Grodzicki	874	250	709	179
Przemysław Henschke	804	180	435	-
Dariusz Krzewina <sup>2)</sup>	291	180	616	86
Sławomir Niemierka	863	200	523	72
Barbara Smalska <sup>2)</sup>	431	312	-	-
<b>Supervisory Board including:</b>	<b>1 224</b>	<b>-</b>	<b>1 126</b>	<b>-</b>
Waldemar Maj	192	-	162	-
Zbigniew Ćwiąkalski	168	-	168	-
Tomasz Zganiacz	144	-	85	-
Dariusz Daniluk	120	-	120	-
Zbigniew Derdziuk	120	-	120	-
Dariusz Filar	120	-	120	-
Włodzimierz Kiciński	120	-	71	-
Alojzy Nowak	120	-	71	-
Maciej Piotrowski	120	-	71	-
Marzena Piszczek	-	-	79	-
Krzysztof Dresler	-	-	59	-



---

## Group Directors

---

Positions of PZU Group Directors were established in relation to the implementation of the management model, according to which members of the Management Board of PZU Życie SA as Group Directors are in charge of the same business areas and functions in both Companies. The positions of Group Directors are established based on Organizational Regulations of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (Article 20.3).

As at 1 January 2012 Group Directors of the PZU Capital Group were the following:

- Dariusz Krzewina
- Rafał Grodzicki
- Przemysław Henschke
- Sławomir Niemierka.

On 5 February 2013 the Management Board of PZU appointed Barbara Smalska Director in the PZU Group.

Effective 14 March 2013, Dariusz Krzewina and Barbara Smalska were dismissed from the positions of Group Directors.

Directors in the PZU Group as at 31 December 2013:

- Rafał Grodzicki
- Przemysław Henschke
- Sławomir Niemierka.

On 16 February 2014 the Management Board of PZU appointed Tobiasz Bury Director in the PZU Group.

Effective 16 January 2014 Tobiasz Bury was appointed a Member of the Management Board in PZU Życie.