



Sustainable investment policy

PZU SA and PZU Życie

Warsaw, December 2021



Preamble

The greater power, the greater responsibility. Therefore, as the PZU Group, the largest financial group in Central and Eastern Europe, we think of generations and from the perspective of generations. We count on sustainable development, therefore on such development that make it possible to meet the needs of the present generations without compromising the ability of future generations to meet their own needs.

We focus on providing maximum benefits to clients and shareholders, guided by the principles of sustainable development. We want our investment activity to be conducted in a sustainable manner. We are convinced that sustainable investment may increase rates of return from investments and we believe that companies applying sustainable business practices and high management standards will be successful in the future.

We take actions to limit our adverse environmental impact. Thus, we support our business partners and other stakeholders. We are involved in energy transition of the Polish economy.

This is shown by the PZU Group Strategy in 2021-2024, whose integral part is the ESG Strategy “Balanced Growth”:

E – ENVIRONMENTAL

- natural environment

S - SOCIAL RESPONSIBILITY

- society

G - GOVERNANCE

- corporate governance

1. What are the grounds for our operations

The key documents which set the framework for the operation of PZU SA and PZU Życie SA (“Companies”) in the area of sustainable investment are as follows:

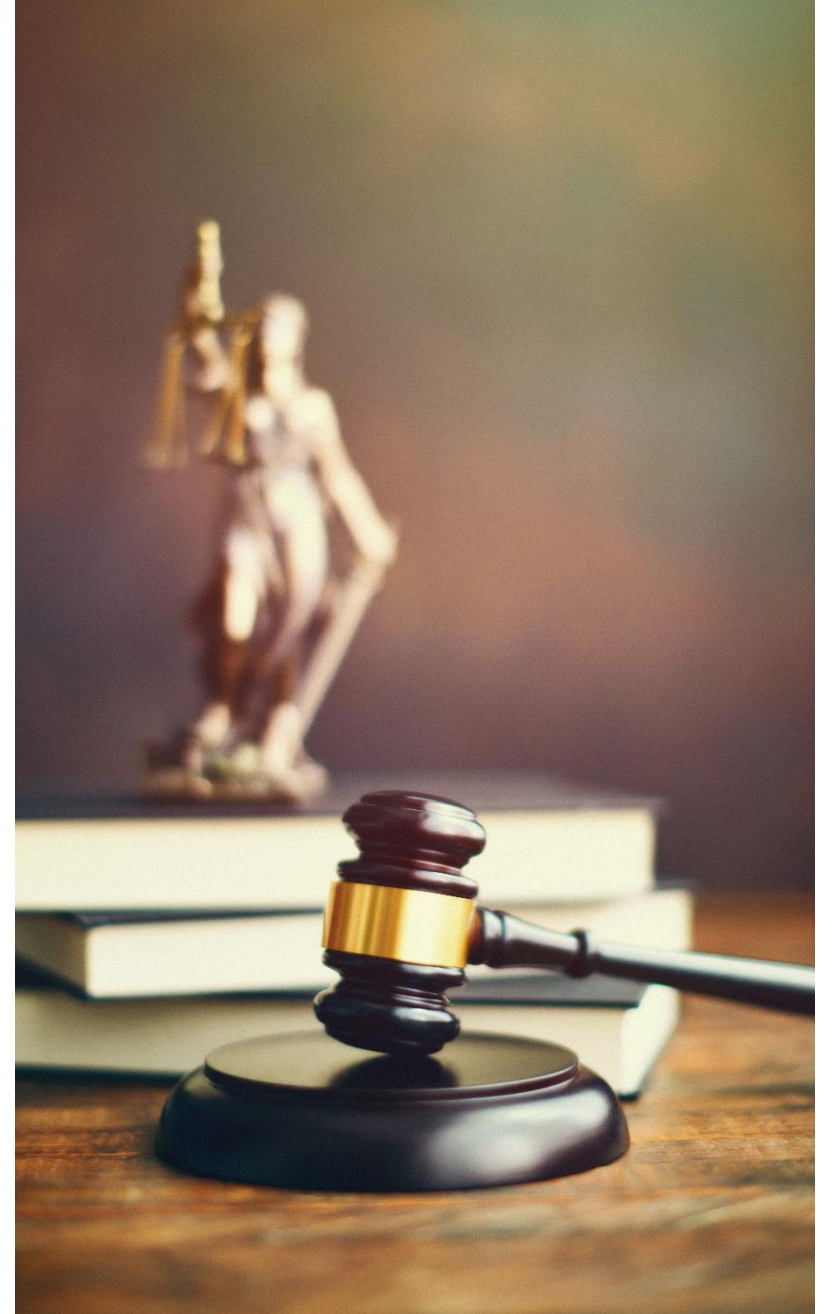
- 1 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SDFR”);
- 2 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088, which provides companies and investors with a common language to identify those kinds of business activity which are classified as environmentally sustainable (“Taxonomy”).
- 3 PZU Group Strategy in 2021-2024 (“PZU Group Strategy”) – defines **four key objectives**:

a) achievement of high growth in each key markets,

b) record results with high solvency and profitability and regular dividend,

c) development of a new offer of comprehensive services,

d) building the position of leader of green transition in the financial market in Poland.



1. What are the grounds for our operations



4

The ESG Strategy for 2021-2024 “Balanced Growth” (“ESG Strategy”) – defines responsible investing activity supporting sustainable transition to be the ambition of the Companies;

5

Environmental policy of the PZU Group – defines the framework for management of the environmental footprint of the Companies’ activity in accordance with the sustainable development principles;

6

Human Rights Policy of the PZU Group – in accordance with it, the PZU Group ensures respecting human rights in business activity, in particular in relations with clients, employees, suppliers and business partners as well as other stakeholders;

7

Policy of PZU Życie SA’s exposure to companies quoted on a regulated market, adopted based on Article 222b of the Insurance and Reinsurance Activity Act.

The documents listed in items 3-7 are published on the PZU Group’s website (pzu.pl).

Generally prevailing regulations on ESG
(SFDR, Taxonomy)

PZU Group Strategy in 2021-2024

Summary of the ESG strategy “Balanced Growth”

Environmental Policy

Sustainable Investment Policy

Human Rights Policy

Policy of Involvement
PZU Życie SA

Disclosures based on SFDR
and Taxonomy

2. Scope and coverage of the Policy



2.1

The sustainable investment policy of PZU SA and PZU Życie SA (“Policy”) defines general principles of investing funds, ESG factors taken into consideration while doing that and the way of attaining sustainable investment objectives specified in the ESG Strategy and the PZU Group Strategy.

2.2

PZU SA and PZU Życie SA apply the Policy when investing own funds and funds covering insurance liabilities.



3. Investing funds by the Companies

3.1 The Companies invest own funds and funds covering insurance liabilities in compliance with generally prevailing laws applicable to insurance companies.

3.2 PZU Życie SA offers its clients financial products with investment components (“investment products”) within the meaning of the SFDR Regulation.

3.3 The Companies invest in various kinds of assets, depending on their adopted investment strategies, risk appetite and legal possibilities, especially in government bonds, corporate debt instruments, shares admitted and not admitted to public trading and real estate, both directly and through special-purpose vehicles and mutual funds.

3.4 The Companies make investment decisions, taking into consideration the (financial, regulatory and legal) position of issuers of financial instruments and their environment with regard to factors affecting the value of financial instruments, including risks to sustainable development.

3.5 PZU Życie SA, managing investment products within the meaning of the SFDR Regulation, directly or through specialized entities, takes into account major adverse impacts of investment decisions for sustainable development factors and publishes representations on these impacts on its website, in accordance with Article 4 sec. 1 a) of the SFDR Regulation.

4. ESG factors taken into consideration in the Companies' investment activity

4.1. Making investment decisions, the Companies take into account ESG criteria, such as, for example:

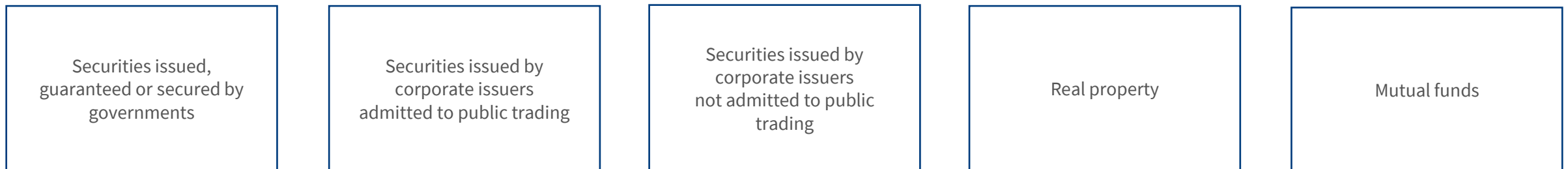
ESG factors	Corporate issuers	States	Real property
Environment	<ul style="list-style-type: none"> greenhouse gas emissions waste generation energy efficiency water consumption 	<ul style="list-style-type: none"> state of the natural environment greenhouse gas emissions counteracting climate change 	<ul style="list-style-type: none"> real estate certification
Social responsibility	<ul style="list-style-type: none"> accidents at work respecting employees' rights policy of equal opportunities 	<ul style="list-style-type: none"> social development indicators (e.g. longevity, income per capita, etc.) income inequality equality between men and women 	
Corporate governance	<ul style="list-style-type: none"> percentage of women in management percentage of independent members in supervisory boards anti-corruption policy 	<ul style="list-style-type: none"> political stability ease of doing business election of government and freedom of speech prevalence of corruption 	

4. ESG factors taken into consideration in the Companies' investment activity

4.2. ESG criteria are taken into consideration also while making investment decisions not covered by the SFDR Regulation.



Methodologies for each class of assets





5. Meeting the objectives

5.1 The Companies invest in industries of renewable energy sources.

5.2 The Companies assess investments with regard to ESG factors.

5.3 To assess ESG factors, scoring methodologies have been adopted for the following asset classes:

- 1) securities issued, guaranteed or secured by governments,
- 2) debt instruments issued by corporate issuers,
- 3) shares,
- 4) real estate.

5.4 Assessing ESG factors in unit-linked life insurance where funds are invested in units or shares of mutual funds, PZU Życie SA takes into account whether the given mutual fund aims at sustainable investments or promotes aspects related to ESG. Furthermore, PZU Życie SA considers whether a mutual fund management company which manages a fund takes into account adverse effects of investment decisions for sustainable development factors.

5. Update

The Companies update the Policy at least once a year, to adjust it to ESG requirements and guidelines.

