



7. Corporate governance (G)

Statement on the application of corporate governance rules

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7.1. Financial conglomerate

7.1.1. Approach to management

Due to its structure, extent and line of business, the PZU Group was identified by the Polish Financial Supervision Authority (KNF) as a financial conglomerate, in which PZU is the leading entity. Since February 2019 the PZU Group has also been subject to supplementary supervision exercised by KNF.

In addition to internal and sector regulations, pertaining to the business profile of individual Group companies, the main legal act regulating conglomerates is the Act of 15 April 2005 on supplementary oversight over credit institutions and insurance undertakings, reinsurance undertakings and investment firms comprising a financial conglomerate.

For a conglomerate to operate efficiently, the PZU Group adopted the allocation of responsibilities and the methods for discharging the duties (the relevant PZU units are responsible for coordinating the implementation of these duties within the PZU Group). The procedures of cooperation and information exchange between PZU Group companies are regulated by Agreements signed with respective PZU Group entities.

Of particular importance for the insurance segment is the cooperation between PZU and PZU Życie. These companies have corresponding management models, within which they work closely together, especially in the areas of strategic and risk management, as well as operational support.

The management and supervision processes over other PZU Group companies exercised from the parent company level are supported by internal formal solutions that are complementary to regulatory requirements and, at times, are designed to fill in legislative loopholes. For instance, they take the form of cooperation agreements and area-specific policies and procedures issued on their basis. Within the framework of this cooperation, organizational structures also exist, and their task is to develop and implement uniform solutions across the PZU Group.

7.1.2. Corporate governance over subsidiaries

Since 2010, the PZU Group's practice in terms of its corporate governance model and collaboration among its various entities has been for representatives of PZU and PZU Życie to sit on the supervisory boards of the Group's

companies. This solution ensures a uniform approach to governance standards in the key areas of the PZU Group's functioning.

Members of PZU's and PZU Życie's Management Boards serving in the boards of subsidiaries at the end of 2023:

- President of the PZU Management Board Beata Kozłowska-Chyła, Ph.D. Hab., was also Chair of the Supervisory Board of the PZU Życie and Chair of the Bank Pekao Supervisory Board;
- Małgorzata Sadurska, PZU Management Board Member, was Deputy Chair of Bank Pekao Supervisory Board, Chair of the TUW PZUW Supervisory Board and Member of the LINK4 Supervisory Board;
- Bartłomiej Litwińczuk, Member of the PZU Życie Management Board and PZU Group Director at PZU, was Chair of the LINK4 Supervisory Board;
- Piotr Nowak, PZU Management Board Member, was Chair of the TFI PZU Supervisory Board and Chair of the Tower Inwestycje sp. z o.o. Supervisory Board;
- Maciej Rapkiewicz, PZU Management Board Member and PZU Życie Management Board Member, was Chair of the PTE PZU Supervisory Board;
- Krzysztof Kozłowski, PZU Management Board Member, was Chair of PZU Zdrowie Supervisory Board;
- Andrzej Jaworski, PZU Życie Management Board Member, was Member of the PTE PZU Supervisory Board and Chair of the PZU Zdrowie Management Board, and Member of the PrJSC IC PZU Ukraine Supervisory Board and of the PrJSC IC PZU Ukraine Life Insurance Supervisory Board;
- Ernest Bejda, PZU Management Board Member and PZU Życie Management Board Member, was the Chair of the

PTE Centrum Operacji Supervisory Board and Deputy Chair of the Alior Bank Supervisory Board;

- Dominik Witek, PZU Management Board Member, was Member of the Alior Bank Supervisory Board.

Agreement on Cooperation

Purpose

A cooperation agreement has been in place (since 21 March 2017) for the purposes of efficient cooperation between units of the PZU parent company and PZU Group subsidiaries.

Included units – 27 entities of the PZU Group:

PZU, PZU Życie, TFI PZU, PZU Zdrowie, PZU Centrum Operacji, PZU Pomoc, TUW PZUW, PTE PZU, LINK4, Ogródowa – Inwestycje, PZU LAB, Tower Inwestycje, PZU Cash, PZU Finanse, Armatura Kraków, PZU Projekt 01, Tulare Investments, Omicron BIS, Ipsilon, PrJSC IC PZU Ukraine with its registered office in Kiev, PrJSC IC PZU Ukraine Life Insurance with its registered office in Kiev, LLC SOS Services Ukraine with its registered office in Kiev, UAB PZU Lietuva Gyvybes Draudimas with its registered office in Vilnius, Lietuvos Draudimas AB with its registered office in Vilnius, PZU Finance AB in liquidation (publ) with its registered office in Stockholm, AAS BALTA with its registered office in Riga, PZU Corporate Member Ltd. with its registered office in London. Polski Gaz TUW and Polski Gaz TUW na Życie joined the agreement on 2 February 2024, so as of that date, 29 entities are parties to it.

Scope

Cooperation based on adopted policies in the areas of: procurement, risk management, IT management,



internal audit, PZU Group’s strategy, projects, marketing and PZU brand management, consulting and legal assistance, security management, human resources management, corporate communication, tax policy, corporate governance at PZU Group, actuarial services, accounting, planning and controlling, compliance, reinsurance, supervision over foreign companies, customer experience management, claims and benefits handling, sustainable business development (ESG), tariff-related actuarial services, analysis of insurance evolution and tariffs, development of sales technology, sales tools and non-motor underwriting of business insurance products. Under a resolution of the PZU Management Board of 7 November 2023, the Group cooperation was expanded to include M&A, data management, products and real estate. In addition, the following policies were adopted in the PZU Group in 2023: Corporate Governance Policy, Human Rights Policy and Environmental Policy as updates to existing policies.

Corporate governance – banks (Bank Pekao, Alior Bank)

Agreements with banks

For the purpose of cooperating with banks, separate agreements were adopted to lay down the rules of cooperation and exchange of information, among others, on reporting duties and accounting, taxation and transfer pricing, planning and controlling, compliance and internal control, internal audit, risk, strategy, corporate governance, security and sustainable business development (ESG):

- Agreement on Cooperation and Exchange of Information of 28 September 2017 (amended: on 2 April

2020, 3 July 2020 and 30 March 2023) between PZU and Bank Pekao;

- Agreement on Cooperation and Exchange of Information of 19 June 2019 (amended: on 25 September 2020 and 3 April 2023) between PZU and Alior Bank.

Protection of secrets

Within the PZU organizational structure, in units responsible for business processes, the rules of the so-called Chinese walls apply. This serves to keep legally protected secrets of both banks and limit the possibility of exchanging sensitive information on business activity between banks in the PZU Group. What is also important, this ensures the separation of the flow of information obtained from PZU as the entity heading up the PZU Group, to procure compliance with the legal regulations pertaining to information subject to banking secrecy and other legally protected secrets.

Risk management

Having regard for the different business nature of the banking entities and the insurance entities, and their sectoral regulations, the direct application in the banks of the risk management system functioning in the insurance companies was impossible. The challenge was to align the process so that the attainment of the PZU Group’s objectives in risk management would transpire while respecting the banking sector’s regulations, the independence of the entities within the understanding of the Commercial Company Code and equal access to information among all the shareholders of the banks. This alignment was crafted in full cooperation with both banks. Risk appetite and Recovery Plans in Bank Pekao and Alior Bank are consulted with the PZU Group’s parent

company and the subject matter of opinions issued by the PZU Group Risk Committee. The aim is to ensure consistency between the activities carried out by the banks and the strategic plans and business objectives of the PZU Group as a whole and maintain an acceptable level of risk at the entire Group level. Thus agreed Risk Appetite and recovery plans are also approved by Supervisory Boards of banks.





7.2. PZU's collection of corporate governance rules

PZU's corporate governance is a set of fundamental principles, practices and processes on the management of and control over the Company. It lays out the rules for the operation of and co-operation between statutory bodies, and shapes their relationship with shareholders, clients and other stakeholders.

Corporate governance rules applied at PZU arise from the provisions of the law (in particular the Code of Commercial Companies and Partnerships, the Insurance and Reinsurance Activity Act, and the regulations governing the capital market), as well as the rules set forth especially in the documents specified below.

Best Practices of WSE-Listed Companies 2021

PZU complies with the rules laid out in "Best Practices of WSE-Listed Companies" since its shares were listed for trading on the regulated market. The document entitled "Best Practices of WSE-Listed Companies 2021" (WSE BP 2021) adopted by the Supervisory Board of the Warsaw Stock Exchange (WSE) on 29 March 2021 has been in effect since 1 July 2021. It is a collection of corporate governance rules and rules of conduct that affect how public companies interact with their market environment. The text is available on the website of:

- the Warsaw Stock Exchange: www.gpw.pl/best-practice;
- PZU: www.pzu.pl/en/investor-relations/about-the-group/corporate-governance.

Corporate Governance Rules for Regulated Institutions

Corporate Governance Rules for Regulated Institutions, issued on 22 July 2014 by the Polish Financial Supervision Authority (KNF), define the internal and external relations of regulated institutions, including their relations with shareholders and customers, their organization, the functioning of internal oversight and key internal systems and functions as well as the governing bodies and the rules for their cooperation. The document is available on the website of:

- The Polish Financial Supervision Authority: <https://www.knf.gov.pl/knf/pl/komponenty/>

img/knf_140904_Zasady_ladu_korporacyjnego_22072014_38575.pdf;

- PZU: www.pzu.pl/grupa-pzu/spolki/pzu-sa/zasady-ladu-korporacyjnego.

Best Practices of the PZU Group

PZU has also developed its own code defining the principal ethical standards governing the Company's behavior in relations with its stakeholders. The Best Practices of the PZU Group are a set of standards followed by all members of the PZU Group. The values and principles described in the document relate to such issues as conflict of interest, handling sensitive information, corruption and gift policy, reporting ethical problems, rules of cooperation with business partners, and disclosures. The obligation of abiding by the enacted standards pertains to all PZU Group employees, regardless of seniority or position. The Best Practices of the PZU Group are available at PZU's website: <https://www.pzu.pl/grupa-pzu/o-nas/kultura-compliance-pzu/dobre-praktyki-pzu>.

Best Insurance Practices

The set of principles expressed in the Best Insurance Practices adopted on 8 June 2009 by the General Assembly of the Polish Chamber of Insurance (PIU) (as amended) also informs how PZU conducts its business operations and shapes relations with its stakeholders. This document defines the rules of corporate social responsibility in respect to relations between insurance and customers, insurance intermediaries, the regulatory authority and the Financial Ombudsman, the media and in public securities trading. By applying the Best Insurance Practices, PZU conducts regular efforts to develop insurance awareness in the public at

large. The consolidated text of the document is available on the website of:

- the Polish Insurance Association,; <https://piu.org.pl/zasady-dobrych-praktyk/>;
- PZU: https://www.pzu.pl/_files/1504268.

7.3. Application of corporate governance rules

In the view of European Commission Recommendation of 9 April 2014 on the quality of corporate governance reporting (2014/208/EU), here are details concerning the application of corporate governance relating to topics of most importance for shareholders.

7.3.1. Application of corporate governance rules contained in Best Practices of WSE-Listed Companies

On 30 June 2022, PZU published its Statement on PZU’s compliance with WSE BP 2021 (available on the Company’s website: <https://www.pzu.pl/fileserver/item/1531690>).

PZU applies all rules laid down in the Best Practices of WSE-Listed Companies 2021, apart from Practice 2.1, 2.2 & 4.1. The year 2024 saw an incidental violation of Practice 4.9.1.

PZU monitors the degree and manner of compliance with the rules laid down in WSE BP 2021 and, if necessary, takes steps on an as-needed basis to ensure compliance therewith to the fullest extent and in an unquestionable manner. In particular, PZU pays attention to the following matters and activities.

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
Chapter 1. PInformation policy and communications with investors	<ul style="list-style-type: none"> • PZU sees to it that there is due communications with stakeholders by having a clear and reliable information policy. The Rules of PZU’s Information Policy towards Capital Market Players are available on the Company’s website: https://www.pzu.pl/fileserver/item/1543244; • PZU maintains a corporate website at: www.pzu.pl, which features all disclosures required by the law and indicated in WSE BP 2021. Under Investor Relations www.pzu.pl/ri, which is available in Polish and English, the following is published, in particular: <ul style="list-style-type: none"> - business strategy with measurable financial and non-financial objectives, and the ESG strategy as its integral part that includes environmental issues, climate change risks and indicators, sustainable development, social and labor issues (available at: https://www.pzu.pl/fileserver/item/1529177); - presentations including a discussion of quarterly financial results, the market environment, and progress on business and ESG strategies; - recordings and transcriptions of result conferences, shareholder meetings and other key corporate events; - statements of selected financial data; - aggregate recommendations of analysts with an average target price of shares, as well as the consensus for quarterly and annual projected consolidated results; - calendars for financial report publication, performance meetings, chats and participation in investor conferences. • PZU presents a description of its ESG activities, including how climate is accounted for in its decision-making processes, an equal pay index, and a statement of expenses incurred by the PZU Group to support culture, sport, physical activity, social organizations and foundations, charities, media, and trade unions. This information can be found in the integrated online annual report, the Management Board’s report on the Company’s activity and the report on non-financial information. All documents are available on the PZU website, in Polish and English. • Every quarter, PZU organizes result conferences for investors and analysts involving representatives of the Management Board and chat sessions for retail investors held by the CFO. The meetings are to discuss financial results, the degree to which the strategy is implemented, and the most important events affecting the PZU Group’s operations. • PZU representatives regularly contact investors (both institutional and retail) and analysts, allowing them to ask questions and obtain clarifications pertaining to matters of their interest. Contact occurs both within electronic communication channels and through in-person meetings during investor conferences organized by Polish and foreign brokerage houses as well as on-site meetings. • PZU endeavors to respond to investors’ questions immediately, and with respect to e-mail questions - within three working days. <p>More in chapter 7.4. Statements</p>

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 2. Management Board and Supervisory Board</p>	<ul style="list-style-type: none"> • Supervisory Board Members and Management Board Members are subject to periodic suitability assessments. Supervisory Board Members are assessed by the Shareholder Meeting, and Management Board Members – by the Supervisory Board. The assessment includes verification process based on the criteria of competence, guarantee (of reputation and reliability), independent judgment (including no conflict of interest) and sufficient time dedication to the position of the Supervisory Board Member or the Management Board Member, as the case may be. All Members of the Management Board and of the Supervisory Board had the relevant competencies, skills and experience, as described later in the statement, and a positive suitability assessment. • Members of the PZU Management Board and of the PZU Supervisory Board strove to apply the rules relating to them to the fullest possible extent, which included: <ul style="list-style-type: none"> - in 2023, functions on the PZU Management Board were the main area of the professional activity of PZU Management Board Members; - a consent from the PZU Supervisory Board is required for PZU Management Board Members to hold positions in corporate bodies outside of the PZU Group; - the PZU Supervisory Board Members dedicated sufficient time to perform their duties, with the majority of Members attending all PZU Supervisory Board meetings in 2023; - the PZU Supervisory Board Chair did not combine this function with that of Chair of the Audit Committee operating within the PZU Supervisory Board; • As at the end of 2023, 8 out of 9 PZU Supervisory Board Members (including the Chair of the Audit Committee and all of its Members) met the independence criteria laid down in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision and had no actual and material relations with any shareholder holding at least 5% of the total vote in the Company; • As at the date of signing of the Activity Report, i.e. 20 March 2024, 9 out of 10 Supervisory Board Members (including 3 out of 4 Audit Committee Members, i.e. the Chair and two Members) met the independence criteria laid down in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision. All Supervisory Board Members have submitted declarations that they have actual and material relations with any shareholder holding at least 5% of the total vote in the Company. • PZU sets aside administrative and financial resources required to ensure the efficient operation of the Company's Supervisory Board.

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 2. Management Board and Supervisory Board</p>	<ul style="list-style-type: none"> • As regards Principles 2.1 WSE BP & 2.2 WSE BP, PZU employs a diversity policy towards members of PZU governing bodies, adopted by the PZU Supervisory Board and Shareholder Meeting, which specifies the diversity targets and criteria in such areas as gender, education, specialist knowledge, age, and professional experience, and lays out the timeline and method for monitoring the achievement of those targets. In line with the policy, the Shareholder Meeting and Supervisory Board, in selecting the members of the Supervisory Board and the Management Board, respectively, strive for gender parity in PZU governing bodies, with the minimum gender minority participation at 30%. At the end of 2023, the gender diversity condition for the minority share of no less than 30% was not satisfied in the PZU Supervisory Board. This condition, was fulfilled in the case of PZU's Management Board. As of the date of signing the management report, the the gender diversity condition for the minority share of no less than 30% was not fulfilled in the case of the PZU Management Board, however it was met in the case of the PZU Supervisory Board. PZU points to the following issues: <ul style="list-style-type: none"> - as regards qualifications and requirements for those occupying positions in management and supervisory bodies, PZU in particular takes into account the statutory criteria for education and professional experience adequate to the functions discharged on such positions in the entity conducting insurance activity; - in shaping the membership of the Company's corporate bodies, PZU applies the diversity policy while also maintaining an objective approach and being guided by substantive criteria; - the diversity targets and criteria in such areas as education, specialist knowledge and professional experience, as well as the timeline and method for monitoring the achievement of those targets are laid out in the Suitability Assessment Rules of the Supervisory Board and Audit Committee as well as of the PZU Management Board, adopted by the virtue of resolutions of the PZU Shareholder Meeting and Supervisory Board, respectively. • The Supervisory Board effectively supervises PZU's operations, verifies the work of the Management Board in implementing the strategic goals as established, and monitors the performance of PZU and the PZU Group. The Management Board provides the Supervisory Board with access to information on matters concerning PZU. Each year, the Supervisory Board prepares and provides the Shareholder Meeting with an annual report on its activities containing all elements specified under Principle 2.11 WSE BP, including an assessment of the company's position, an assessment of the internal control, risk management and compliance systems, an assessment of the compensation policy functioning, an assessment of how PZU complies with its disclosure obligations, an assessment of the reasonableness of expenses incurred by PZU and the PZU Group to support culture, sport, charities, media, social organizations and trade unions, an assessment of the implementation of key sustainable development commitments, and an assessment of the implementation level of the diversity policy with respect to the Management Board and the Supervisory Board. <p>More in chapter 7.5. Statements</p>

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 3. Internal systems and functions</p>	<ul style="list-style-type: none"> • PZU maintains effective internal control, risk management and compliance systems, as well as an effective internal audit function: <ul style="list-style-type: none"> - the PZU Group’s internal control system has been developed at the level of the leading entity (i.e., PZU) and is applicable to all members of the PZU Group, in consideration of their distinct nature, proportionality and adequacy; - in order to ensure the proper quality and continuous improvement of the internal audit function, internal (on an annual basis) and external (not less than once every five years) assessments of the PZU’s internal audit activities are conducted. A third-party assessment of the internal audit function at PZU conducted by PwC Advisory and an analysis of coordination of the Group’s internal audit run by the Internal Audit Department demonstrated general compliance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics developed by the IIA; - PZU exercises supervision over the entire PZU Group’s risk management system. This supervision is based on mutual cooperation agreements entered into with the subsidiaries and the information provided thereunder. PZU manages risk at the PZU Group level on an aggregate basis, especially with respect to capital requirements. In addition, PZU, as a leading entity, manages risk concentration on the level of the whole financial conglomerate. PZU makes efforts aimed at ensuring adequate and uniform standards of compliance solutions in all subsidiaries and monitors compliance risk throughout the entire Group. • Within the PZU structure, there are separate units responsible for performing the tasks of each system and function – the Internal Audit Department, the Compliance Department, the Risk Department and the Actuarial Department: <ul style="list-style-type: none"> - The Managing Director on Audit, who heads the Internal Audit Department, reports functionally to the Audit Committee of the PZU Supervisory Board and organizationally directly to the CEO of PZU. Appointment and dismissal of a person to head the Internal Audit Department requires the opinion of the Audit Committee of the PZU Supervisory Board. The person managing internal audit may directly contact the Supervisory Board and Audit Committee Chairperson, and in particular immediately provide the Audit Committee with material information with respect to material irregularities found;

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<p>Chapter 3. Internal systems and functions</p>	<ul style="list-style-type: none"> - The Managing Director on Regulations, who supervises the Compliance Department, organizationally reports directly to the CEO of PZU. Appointment and dismissal of a person to head the Compliance Department requires the opinion of the Audit Committee of the PZU Supervisory Board. The Managing Director on Regulations, as well as the Director of the Compliance Department, have direct access to the PZU Management Board Members and PZU Supervisory Board Members to whom the compliance function report; - The Director of the Risk Department organizationally directly reports to a PZU Management Board Member; - The actuarial function is supervised at PZU by the Company’s Chief Actuary, who is also the Director for Underwriting Risk in the Actuarial Department at PZU. The Company’s Chief Actuary reports to the PZU Board Member supervising the Actuarial Office and submits an annual Actuarial Function Activity Report to the PZU Management Board. • The annual activity report concerning the Internal Audit Department, featuring, among others, an assessment of the internal control, compliance and risk management systems, is adopted by the virtue of the resolution of the PZU Management Board. The report is presented to the Audit Committee of the PZU Supervisory Board. The assessment presented in the report is discussed by the PZU Audit Committee Chair at the meeting of the PZU Supervisory Board. • The PZU Supervisory Board monitors the efficiency of the internal control, risk management system and compliance function, along with the efficiency of the internal audit function based on, among others, the interim reports it receives; it also carries out an annual assessment concerning the efficiency of those systems and functions and includes relevant disclosures in its annual report. • The compensation of persons responsible for risk management and compliance and of the Head of the Internal Audit Department depends on the completion of the assigned tasks, regardless of PZU’s financial performance. <p>More in chapter 7.6. Statements</p>

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<p>Chapter 4. Shareholder Meeting and relations with shareholders</p>	<ul style="list-style-type: none"> On 29 June 2022, the PZU Shareholder Meeting adopted a resolution on the adoption of WSE BP 2021 in which it declared that, acting within its powers, it will be guided by WSE BP 2021 to the extent that it is addressed towards the Shareholder Meeting and shareholders, taking into account the generally applicable provisions of the law and PZU's Articles of Association. In determining the time and place for the Shareholder Meeting, PZU ensures that as many shareholders as possible may take part – Shareholder Meetings take place in Warsaw, at the PZU's registered office. Media representatives may be present at a PZU Shareholder Meeting; PZU does not allow shareholders to participate in the shareholder meeting using means of electronic communication (Principle 4.1). PZU believes that there are many technical and legal factors that may affect the proper course of the shareholder meeting if an e-Shareholder Meeting is introduced. The legal doubts pertain to the ability to identify shareholders and check the legitimacy of participants in the shareholder meeting. The risk of the occurrence of technical difficulties, e.g. with the internet connection or possible external interference in the IT systems may disrupt the work of the shareholder meeting and evince doubts concerning the efficacy of the resolutions adopted during its course. PZU live-streams Shareholder Meetings and information concerning the planned broadcast is published in advance on the Company's website. After the Shareholder Meeting concludes its session, the recording is published on the PZU's website under the Investor Relations section (https://www.pzu.pl/en/investor-relations/shares-and-bonds/shareholders-meetings); Members of the Management Board and of the Supervisory Board take part in the Shareholding Meeting, in a composition allowing them to give substantive answers to questions asked during the Meeting. The Management Board presents the participants of the Shareholder Meeting with the Company's financial results and other material information, including non-financial information, and answers shareholders' questions;

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<p>Chapter 4. Shareholder Meeting and relations with shareholders</p>	<ul style="list-style-type: none"> PZU endeavors to ensure that draft resolutions be submitted no later than three days before the shareholder meeting. The PZU Management Board appends justifications to its draft resolutions on matters and decisions which do not pertain to the business of the meeting, unless such justifications arise from the documentation presented to the Shareholder Meeting. Draft resolutions submitted by shareholders should also be submitted with justifications. PZU publishes draft resolutions with justifications on the PZU website under the Investor Relations section on the day of the Shareholding Meeting announcement (https://www.pzu.pl/en/investor-relations/shares-and-bonds/shareholders-meetings); In 2024, Principle 4.9.1 was incidentally violated. The principle states that where the shareholder meeting deliberates on the appointment of a person to the supervisory board or the appointment of a supervisory board for a new term, candidates for the board shall be put forward within a timeframe allowing the shareholders present at the shareholder meeting to make a decision with due consideration, but no later than three days prior to the shareholder meeting; candidate submissions, together with the complete documents concerning them, shall be immediately published at the Company's website. Seeing that some candidates for the PZU Supervisory Board were put forward by a Company's shareholder on 14 February 2024 (i.e., one day before the PZU Extraordinary Shareholder Meeting), there has been an incidental violation of Principle 4.9.1. PZU published a current report on the submission of candidates for the PZU Supervisory Board by a shareholder and posted complete materials on the submitted candidates on its website as soon as they were received. PZU pays out the dividend to its shareholders regularly in line with PZU's dividend policy and KNF's position. The amount of the dividend proposed by the PZU Management Board is no less than 50% of the PZU Group's consolidated financial result. Since 2010, i.e. Since its first listing at WSE, PZU has been paying out the dividend every year, except for 2020, when KNF and EIOPA recommended that insurers temporarily suspend the payment of dividend. <p>More in chapter 7.7. Statements</p>

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 5. Konflikt interesów i transakcje z podmiotami powiązanymi</p>	<ul style="list-style-type: none"> • PZU has internal regulations (in particular, rules for managing conflicts of interest, principles of ethics applicable to members of corporate bodies, PZU Group Best Practices) on the management of a conflict of interest and conclusion of transactions with related parties in the event that a conflict of interest may arise, which guarantee compliance with the principles found in Chapter 5 WSE BP 2021. These regulations also apply to all PZU Group companies, appropriately to the profile and scale of their operations. • No PZU shareholder is treated preferentially in relation to other shareholders with respect to transactions with related parties. PZU has regulations concerning transfer pricing. As a general rule, for each transaction between related parties, an analysis is prepared to confirm that the transaction was concluded at arm's length. • According to PZU's Articles of Association, if the value of a transaction with a related party exceeds 5% of total assets, the PZU Supervisory Board is obliged to decide whether to approve the transaction. • In order to reduce the risk of conflict of interest, in accordance with the principles of ethics applicable to members of corporate bodies, Members of the PZU Management Board and of the PZU Supervisory Board are obliged to: <ul style="list-style-type: none"> - avoid activities that may give rise to conflicts of interest, - take necessary measures to identify conflicts of interest, - obtain approval (from the Management Board or the Supervisory Board or the Shareholder Meeting, as appropriate) for membership on the supervisory or management boards of public companies other than PZU Group companies, and entities whose operations may potentially be deemed as competitive, - strive to eliminate or reduce the negative impact of conflicts of interest on the operation of the PZU Group company and its relations with the remaining PZU Group companies, clients and other external entities, - inform (the Management Board or the Supervisory Board or the Shareholder Meeting, as appropriate) of a conflict of interest or the possibility of a conflict of interest, and to refrain from taking part in discussions and voting on a matter in which a conflict of interest has arisen; - to inform the compliance unit of the possibility of a conflict of interest and the measures taken; • Potential conflicts of interest involving Management Board or Supervisory Board Members are analyzed within the framework of suitability assessment before these persons are appointed to those bodies, and within cyclical suitability reassessments. An annual analysis of additional actions taken by members of corporate bodies is also carried out. <p>More in chapter 7.8. Statements</p>

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 6. Remunerations</p>	<ul style="list-style-type: none"> • PZU has a remuneration policy for PZU Management Board Members and PZU Supervisory Board Members, adopted by the PZU Shareholder Meeting. The objectives of the compensation policy are as follows: <ul style="list-style-type: none"> - supporting the implementation of the PZU Group's strategy, - matching the level and structure of compensation to the PZU's risk profile, - ensuring proper financial management and its long-term stability, - pursuing a bonus policy that is flexible and adapted to the PZU's business position, by linking the variable compensation system of the company's managers to the achievement of the management targets as determined and ensuring that this variable compensation is in proper proportion with fixed compensation, - prevent conflicts of interest. • The compensation of Management Board Members is composed of a fixed and a variable portion. Variable compensation for a given financial year depends on the achievement of management targets selected by the Supervisory Board from a list, including the improvement of economic and financial indicators, and actions of social interest, including those which make the Company contribute to environmental protection. • Compensation of Supervisory Board Members does not depend on PZU's performance. They receive a fixed monthly compensation (regardless of the number of meetings), which is the product of the average monthly compensation in the corporate sector without distributions of bonuses from profit in Q4 of the previous year and the following multiplier of 2.75. The chairpersons of committees operating within the Supervisory Board receive compensation increased by 9%. • Compensation rules do not provide for remuneration in the form of management options. <p>More in chapter 7.9. Statements</p>

7.3.2. Application of Corporate Governance Rules for Regulated Institutions

The PZU Management Board and Supervisory Board adopted resolutions (respectively, UZ/375/2014 of 17 December 2014 and URN/49/2014 of 19 December 2014), whereby they adopted standards arising from the Corporate Governance Rules for Regulated Institutions (CGR) to the broadest possible extent while giving consideration to the rule of proportionality and the rule “comply or explain.”

In its resolution no. 36/2015 of 30 June 2015, the PZU Ordinary Shareholder Meeting declared that, acting within its powers, it will be guided by CGR in the wording adopted by KNF on 22 July 2014, subject to rules from which it derogated, i.e., rules under § 10(2), § 12(1), and § 28(4).

The statement on compliance with the Corporate Governance Rules for Regulated Institutions, taking into account the rules partially complied with and those which do not apply to PZU due to the nature of its operations is available on the PZU’s website: <https://www.pzu.pl/grupa-pzu/spolki/pzu-sa/zasady-ladu-korporacyjnego>.

PZU monitors the degree and manner of compliance with CGR and, if necessary, takes steps on an as-needed basis to ensure compliance therewith to the fullest extent. In particular, PZU pays attention to the following matters and activities.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
<p>Chapter 1. Organization and organizational structure</p>	<ul style="list-style-type: none"> • PZU has relevant internal rules and regulations concerning its organization and organizational structure. PZU’s organization enables the achievement of long-term strategic objectives and independent monitoring of operational and strategic risks. The strategic objectives are laid down in the PZU Group Strategy adopted by the Management Board and approved by the PZU Supervisory Board. • The PZU organizational structure is commensurate with the scale of operations, the extent of realized functions and the scale and complexity of risks, and it effectively supports the achievement of the Company’s strategic objectives as well as immediate business and operating goals. For the organizational structure, please consult Investor Relations in PZU’s website (https://www.pzu.pl/en/investor-relations/about-the-group/group-structure). Within the PZU organizational structure, key functions are separated, there is an established scope of competence for each PZU Board Member and PZU Group Director, and there is a clear division of tasks and responsibilities among the various units. PZU headquarters is a support center for the PZU Management Board in managing the Company’s operations and coordinating activities within the PZU Group (headquarters provides, among other things, corporate governance function and supervision, strategy, internal audit, risk, compliance, legal services, security, AML, client experience management and communication, sustainable development, administration, procurement, real estate, actuarial services, reinsurance); specialized units carry out operational activities in the following areas: claims and benefits, assistance, customer service, insurance operations, insurance accounting and collection, analysis and reporting of employee operations, while organizational units in the field structure, including PZU Branches, are responsible for insurance sales and customer service; • PZU has detailed emergency and crisis management methods, including the PZU Group’s Corrective Measures Plan (a document applicable to the PZU Group’s significant companies, particularly the banks operating within the Group) and the Business Continuity Plan. Also, the Crisis Management Team has been functioning at PZU since 2022; the team oversees the operation of the business continuity management system and is responsible for managing a crisis situation. • The Compliance Department and the Legal Department at PZU monitor the law and the recommendations of the supervisory authorities, ensuring that PZU’s activities comply with the law and supervisors’ requirements. Irregularities at PZU may be reported anonymously. The Whistleblowing Procedure ensures confidentiality, discretion and personal data protection for whistleblowers. An employee who reports a potential irregularity in good faith is not at risk of any sanctions; nor does he or she incur any consequences pertaining to his or her employment relationship due to that report. The Management Board provides the Supervisory Board with quarterly risk reports, which include information on compliance risk management and serious fraud, as well as with quarterly internal audit reports.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
<p>Chapter 2. Relations with shareholders of a regulated institution</p>	<ul style="list-style-type: none"> • PZU operates with the interests of all stakeholders in mind. No shareholder is privileged in access to information. To this end, PZU adheres to the provisions included in (among others) the Rules of PZU’s Information Policy towards Capital Market Players and Correspondence Procedure in the Area of Investor Relations, Best Practices of the PZU Group, Rules for Managing Conflicts of Interest, and Principles of Ethics Applicable to Members of Corporate Bodies. • PZU ensures that shareholders have equal access to information, including such featured on shareholder meetings. All disclosures are published, among other places, under Polish and English-language Investor Relations in PZU’s website. The Investors Relations has a separate tab dedicated only to Shareholding Meetings, where draft resolutions with justifications are posted each time a Shareholder Meeting is announced. • Shareholders have an impact on the PZU’s operations by passing resolutions at the PZU Shareholder Meeting. One share of PZU gives the right to one vote at the Shareholder Meeting. However, PZU’s Articles of Association limit the voting rights of shareholders in such a way that no shareholder other than the State Treasury may exercise more than 10% of the total number of votes existing in PZU at the Shareholder Meeting; • PZU’s Articles of Association clearly define the competencies of the Management Board, Supervisory Board and Shareholder Meeting, ensuring the separation of ownership and management functions. As at the end of 2023, 8 out of 9 Supervisory Board Members met the criterion of independence; and as at the date of signing the Activity Report (i.e. 20 March 2024) – 9 out of 10. • PZU does not allow active electronic participation in Shareholder Meetings due to reasons presented with respect to the application of Principle 4.1 WSE BP 2021. PZU shareholders may watch online livestreams of the Shareholder Meeting. • In the view of certain capital and personal links, PZU pays particular attention to the relationships and transactions within the PZU Tax Group and with related parties. For this purpose, it applies relevant policies and procedures. All transactions are performed in compliance with legal and tax requirements, in a transparent manner, meeting market standards and with documentation of transfer pricing to confirm that the prices used in transactions with related parties reflect the arm’s length principle. • Decisions concerning the payout of dividend are taken in line with the Capital and Dividend Policy of the PZU Group and the recommendations of KNF. In line with the policy, PZU endeavors to maximize the rate of return on equity for the parent company’s shareholders, in particular by maintaining the level of security and retaining capital resources for strategic growth objectives through organic growth and acquisitions.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
<p>Chapter 3. Management</p>	<ul style="list-style-type: none"> • The Management Board is a managing body at PZU and is collegial in nature. At the end of 2023, it was composed of 8 persons. Management Board Members meet legal criteria (including those in the Insurance and Reinsurance Activity Act and Act on the Management of State Property), regulatory requirements, WSE BP 2021, and CGR. Management Board Members have the adequate level of knowledge, experience and skills to head the PZU business and their competencies complement each other allowing for a collegial level of management. The Supervisory Board assesses and reassesses the suitability of candidates for and members of PZU Management Board - individually and jointly. Verification is based on the criteria of competence, guarantee (of reputation and reliability), independent judgment (including no conflict of interest) and sufficient time dedication to the position of the Management Board Member. The individual suitability assessments of PZU Management Board Members conducted in 2023 confirmed that all Members of the Management Board had adequate knowledge and skills and meet all the suitability criteria necessary to hold their positions. • The Management Board is the sole body authorized to manage PZU’s operations and the sole to be responsible for it. The Management Board acts in the interest of PZU, in accordance with the Management Board’s Rules and Regulations, guided by law, recommendations of supervisory authorities, and internal regulations, having the safety of the Company in its mind. • The President of the Management Board directs the work of the Management Board. The Management Board Members are jointly responsible for the decisions which are reserved for their remit, regardless of the internal division of responsibility for the respective areas of operations. The PZU Management Board Members exercise oversight with respect to processes within their areas. The scopes of the areas supervised by individual Management Board Members are clearly and unambiguously defined in the Order of the President of the PZU Management Board on organizational oversight performed in the Company by PZU Management Board Members. • Management Board Members are not involved in social or profit-making activity which could lead to a conflict of interest with respect to PZU’s operations, or adversely affect their reputation as a Management Board Member. The rules for identifying, managing and preventing conflicts of interest and the rules for excluding a member of the managing body in the event of a conflict of interest or the possibility of a conflict of interest are laid down in the Management Board’s Rules and Regulations and the Code of Ethics for Members of Management Boards of PZU Group Companies.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
Chapter 4. Supervising body	<ul style="list-style-type: none"> The Supervisory Board is a supervising body at PZU. Members of the Supervisory Board meet legal criteria (including those in the Insurance and Reinsurance Activity Act and Act on the Management of State Property), regulatory requirements, WSE BP 2021, and CGR. Supervisory Board Members have the adequate level of knowledge, experience and skills to supervise the PZU business and their competencies complement each other allowing for a collegial level of oversight. The Shareholder Meeting assesses and reassesses the suitability of candidates for and members of the Supervisory Board - individually and jointly. Verification is based on the criteria of competence, guarantee (of reputation and reliability), independent judgment (including no conflict of interest) and sufficient time dedication to the position of the Supervisory Board Member. In 2023 and as at the date of signing the Activity Report, i.e. 20 March 2024, all Members of the Supervisory Board and the Supervisory Board as a body had a positive suitability assessment. The Supervisory Board permanently and continually supervises PZU's operations in all areas and may undertake necessary supervisory action in an ongoing manner. The competences of the Supervisory Board are regulated by the Articles of Association and the Rules and Regulations of the Supervisory Board. The Supervisory Board and respective Members thereof are guided by objective assessment and judgment, and among others may avail themselves of the services of experts and advisory companies. The Chair of the Supervisory Board directs the work of the Supervisory Board. At the end of 2023, it was composed of 9 persons. 8 Members of the Supervisory Board met the independence criteria laid out in the Statutory Auditor Act (including all Members of the Audit Committee). As at the date of signing the Activity Report, i.e. 20 March 2024, the Supervisory Board consisted of 10 persons. 9 Members of the Supervisory Board met the independence criteria laid out in the Statutory Auditor Act (including 3 out of 4 Members of the Audit Committee, i.e. the Chair and two Members). The Audit Committee of the Supervisory Board, in accordance with its Rules and Regulations, monitors the performance of auditing activities at PZU based on the principles and schedule agreed upon in advance with the auditor, in particular the performance of the audit by the audit firm, taking into account any conclusions and findings of the Polish Audit Supervision Agency. A statutory auditor provides the Supervisory Board with their opinion on the conduct of the audit of the statements. In 2023, the Audit Committee assessed the PZU's financial statements and the PZU Group's consolidated financial statements for the year ended 31 December 2022, and the Management Board report on the activity of the PZU Group and PZU in 2022, with the report on non-financial information; Supervisory Board Members exercise their functions actively, as testified to by the number of and high attendance rate at sessions of the Supervisory Board and separately held sessions of the Supervisory Board Committees in 2023. The competences, qualifications, and professional experience of the Management Board Members and their guarantee of due oversight ensure the due performance of the Supervisory Board's duties. Supervisory Board Members are not involved in social or profit-making activity which could lead to a conflict of interest with respect to PZU's operations, or adversely affect their reputation as a Supervisory Board Member. The rules for identifying, managing and preventing conflicts of interest concerning PZU Supervisory Board Members have been set out in the Code of Ethics for PZU Supervisory Board Members. The PZU Supervisory Board assesses compliance with CGR, and the statement in this regard is included in the PZU Supervisory Board's annual report, made available at (https://www.pzu.pl/grupa-pzu/spolki/pzu-sa/zasady-ladu-korporacyjnego).

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
Chapter 5. Compensation policy	<ul style="list-style-type: none"> The rules governing the compensation for Management Board and Supervisory Board Members are laid out in the Compensation Policy for PZU Management Board and Supervisory Board Members, adopted by the Shareholder Meeting in the Resolution 36/2020 of 26 May 2020. On 7 June 2023, by the Resolution 65/2023, the Ordinary Shareholder Meeting of PZU introduced a provision in the Policy stating that the Policy also aims to ensure that sustainability requirements are properly integrated into the risk management process at the PZU Group level. The compensation rules for PZU employees are regulated by the PZU Compensation Policy adopted by the PZU Management Board in 2016. The Policy was updated in 2022, in particular, to clarify how the Policy incorporates ESG risks included in the risk management system. The Supervisory Board prepared the Report on the Compensation Policy at PZU, which is a part of the Supervisory Board's Report for 2022, and presented it to the Ordinary Shareholder Meeting on 7 June 2023. The Supervisory Board assessed that the Company had properly carried out the adopted Policy with all compensation rules dedicated to the various groups of people forming the Company. The Shareholder Meeting reviewed and then approved the PZU Supervisory Board's Report for 2022. The compensation of the Supervisory Board Members is determined by the Shareholder Meeting, and the compensation of the Management Board Members – by the Supervisory Board. The PZU Management Board establishes the Compensation Policy for PZU Group Directors at PZU who are also Members of the PZU Management Board at PZU Życie, and the Compensation Policy for senior management and Authorized Persons (as referred to in the Solvency II Delegated Regulation). The Compensation Policy is not an incentive to take excessive risk within PZU's operations. The rules governing variable compensation aim to support proper and efficient risk management, discourage excessive risk-taking, and assist in the implementation of the PZU Group's Strategy. The variable compensation of the Management Board Members and Group Directors for a given financial year depends on the level of achievement of the management objectives set by the Supervisory Board. In 2023, these included the improvement of economic and financial indicators (financial result, ROE); level of implementation of key measures of the PZU Group Strategy; and taking actions of social interests, including those which make the Company contribute to environmental protection. 40% of the variable compensation is deferred for three consecutive years. A Management Board Member may acquire the right to 1/3 of the deferred compensation provided that during this period no circumstances arise that prove that the conditions for payment of a given portion of variable compensation have not been satisfied. In 2023, the Supervisory Board set the Management Board's objectives for 2023, settled the objectives for 2022, and decided to pay the Non-Deferred Variable Compensation for 2022 and the Deferred Variable Compensation for 2019-2021. The compensation of the Management Board Members and persons exercising key positions is financed and paid out from PZU funds.



Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
<p>Chapter 6. Information policy</p>	<ul style="list-style-type: none"> PZU has a transparent information policy that takes into account the needs of investors and clients. The PZU website has a dedicated Investor Relations section aimed at capital market players. Communication with investors is carried out on the basis of the Rules of PZU's Information Policy towards Capital Market Players. The document, which is published on the PZU's website, includes the scope, manner and timing of information dissemination, the principles and tools used in communication with capital market players, and incorporates regulations applicable to the status of a public company. The product section of the website presents, in a simple and accessible way, information on the main features of the products, as well as the General Terms and Conditions of Insurance and information supporting clients in their contact with PZU, including contact details and complaint handling rules. Since 2014, PZU has published integrated interactive Annual Reports. They describe the most important events, achievements and plans of the PZU Group, and include tools for a multifaceted analysis of financial results, corporate events and macroeconomic data. The reports include interactive infographics, animations and video clips, which offer a succinct presentation of the PZU Group's activities. PZU provides investors with equal access to information, among other things: it ensures proper execution of information obligations obligatory for listed companies, all materials after being sent to the WSE via the ESPI system are published immediately in Polish and English on the website in the Investor Relations section. In addition to periodic reports required by law, PZU prepares quarterly performance presentations, which are published on the Investor Relations section of the website, along with financial data in Excel format and recordings of result conferences. PZU also posts recordings of shareholder meetings and other important corporate events. PZU's information policy with respect to capital market players specifies deadlines for responding to questions submitted by e-mail and telephone – PZU makes efforts to respond promptly, in the case of questions submitted by e-mail within a maximum of 3 working days.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
<p>Chapter 7. Promotional activities and client relations</p>	<ul style="list-style-type: none"> PZU has internal regulations which cover, among other things, issues related to ensuring compliance of marketing activities with the law, in particular with the laws on competition and consumer protection and on combating unfair competition. PZU also applies the internal PZU Code of Ethics in Advertising, which is a collection of additional standards, independent of the law and the guidelines of the Financial Supervision Commission. The Marketing Department uses the practice of verification of planned marketing messages prior to their publication in terms of their transparency, authenticity and accuracy of information contained therein with other PZU entities. The marketing activities are particularly consulted with the Legal Department and the Compliance Department (for compliance risk, including compliance with the law – risk of misleading the consumer, use of messages infringing the addressees' interests) and pertinent departments responsible for a given product (consistency of the message with the facts – risk of misleading consumers). PZU and PZU Życie apply the “Principles regarding the product management system” defining the key requirements and activities to be performed at each stage of the product life cycle to ensure that the developed and distributed products meet the needs and requirements of the target client groups. Before they are offered to clients, all of the Group's services and products are carefully reviewed by experts, including relevant legal and compliance departments, for compliance with regulations and requirements to protect clients' interests and current case law on consumer rights. Before a product is sold, a client is given a so-called Product Information Document, a short document about the product that allows the client to quickly learn about the terms of the product. The information on the PZU's website is similarly structured, with the main features of the product presented in a simple way. PZU endeavors to make communication with clients simple and understandable. The Plain Language Department designs content, changes documents and communications for clients (including marketing materials, insurance terms and conditions, and responses to complaints). It makes sure that the content is linguistically correct, well-designed and understandable; that is useful and does not raise any doubts. The process and rules for handling complaints, including issues of timeliness and quality of processing of client requests, are defined in PZU's internal regulations. The rules for handling complaints are available on the PZU website (https://www.pzu.pl/kontakt-i-pomoc/skargi-reklamacje/jak-rozpatrujemy-skargi-reklamacje); Since 2017, PZU has had a Client Ombudsman, who, among other things, participates in mediations before the Financial Ombudsman and the KNF, and conducts individual meetings and negotiations with customers on disputes. In addition, a Health Ombudsman position was established in 2020; the Health Ombudsman, among other things, conducts individual meetings and negotiations with clients on health insurance disputes.



Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
Chapter 8. Key internal systems and functions	<ul style="list-style-type: none"> PZU has an internal control system in place, adjusted to the scale of its operations and its organizational structure. Its purpose is to ensure the effectiveness and efficiency of operations, reliability of reporting, in particular financial reporting, compliance of the Company's operations with the applicable laws, internal regulations and standards of conduct, and adherence to risk management rules. A Compliance Department has been separated at PZU in terms of organization and competence, which performs tasks in ensuring compliance of the insurance company's activities with the law and internal regulations. An effective internal audit function operates at PZU, which involves a regular and orderly assessment of the adequacy and effectiveness of the internal control system and other components of the management system. PZU ensures the objectivity and independence of the internal audit and compliance functions. The Managing Director on Audit, who heads the Internal Audit Department, reports functionally to the Audit Committee of the PZU Supervisory Board and organizationally directly to the CEO of PZU. Appointment and dismissal of a person to head the Internal Audit Department requires the opinion of the Audit Committee of the PZU Supervisory Board. The Managing Director on Regulations, who supervises the Compliance Department, organizationally reports directly to the CEO of PZU. Appointment and dismissal of a person to head the Compliance Department requires the opinion of the Audit Committee of the PZU Supervisory Board. Managing Director on Audit, Managing Director on Regulations and Director of the Compliance Department attend all meetings of the Audit Committee of the PZU Supervisory Board and the PZU Management Board, and have the opportunity to report and communicate directly with Members of the Management Board and the Supervisory Board of PZU. PZU has an adequate and effective risk management system. The Management Board is responsible for organizing and ensuring the operation of this system. The risk management process also involves committees operating at PZU, which make decisions on limiting the level of individual risks to the framework set by the risk appetite. The Audit Committee of the PZU Supervisory Board supervises and monitors the effectiveness of the internal control, internal audit and risk management systems at PZU within the framework of the decisions set forth in the PZU's Articles of Association and the Rules and Regulations of the PZU Supervisory Board.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
Chapter 9. Exercise of rights from assets acquired at the client's risk	<ul style="list-style-type: none"> PZU does not offer products that involve asset management at the client's risk.

The rules that PZU meets in part

Rule	Justification for partial application
Chapter 2. The rule laid down in § 8 section 4 of the Corporate Governance Rules reading as follows: "The supervised institution, when justified by the number of shareholders, should strive to facilitate the participation of all shareholders in the meeting of the constituent body of the supervised institution, including by providing opportunities for electronic active participation in meetings of the constituent body."	PZU shareholders can watch (in real time online) the broadcast of the General Meeting. PZU, however, has not decided to introduce a so-called e-Shareholder Meeting. PZU believes that there are many technical and legal factors that may affect the proper course of the Shareholder Meeting. The legal doubts pertain to the ability to identify shareholders and check the legitimacy of participants in the shareholder meeting. The risk of the occurrence of technical difficulties, e.g. with the internet connection or possible external interference in the IT systems may disrupt the work of the Shareholder Meeting and evince doubts concerning the effectiveness of the resolutions adopted during its course. The appearance of these risks may affect the proper application of this rule to a full extent.
Chapter 4. The rule laid down in § 21 section 2 of the Corporate Governance Rules reading as follows: "In the composition of the supervising body, there should be a separate function of a chairperson who directs the work of the supervising body. The election of the chairperson of the supervising body should be based on experience and leadership skills, taking into account the criterion of independence."	In accordance with the Commercial Companies Code and the Articles of Association of PZU, the function of Chairperson was separated in the composition of the PZU Supervisory Board. The composition of the PZU Supervisory Board, including the function of Chairperson, is shaped in accordance with the independence criteria indicated in the Act of 11 May 2017 on auditors, audit firms and public supervision. The election of the Chairperson of the Supervisory Board is made on the basis of the criterion of their knowledge, experience and skills, which confirm the competence necessary for the proper performance of supervisory duties. The application of the independence criterion in the case of the chairperson, according to the KNF Office's explanation of the rule in question, may raise questions about potential conflicts with the law on shareholder rights.

Rule	Justification for partial application
<p>Chapter 8.</p> <p>The rule laid down in § 49 section 3 of the Corporate Governance Rules reading as follows: “In a regulated institution, the appointment and removal of the head of the internal audit function and the head of the compliance function shall be made with the approval of the supervising body or the Audit Committee.”</p>	<p>PZU applies the rules set forth in § 14 of the Corporate Governance Rules in full, which means that PZU’s Management Board is the only body authorized and responsible for managing the company’s operations. In addition, according to labor law, labor law activities are performed by the managing body. In view of the above, a solution has been adopted in PZU, which stipulates that the appointment and dismissal of the Head of the Internal Audit Department requires the opinion of the Audit Committee of the Supervisory Board. The Head of the Compliance Department is appointed and dismissed in the same way. The PZU Management Board consults with the Audit Committee of the PZU Supervisory Board on these decisions.</p>

Rules waived by PZU AGM

Rule	Justification for waiving the rule
<p>Chapter 2.</p> <p>The rule laid down in § 10 section 2 of the Corporate Governance Rules reading as follows: “The implementation of personal rights or other special rights for shareholders of the regulated institution should be justified and serve the accomplishment of the regulated institution’s material operating goals. The possession of such rights by shareholders should be reflected in the wording of the primary governing document of the regulated institution.”</p>	<p>According to the substantiation presented by the shareholder (State Treasury) along with the draft resolution of the OSM, the waiving of this rule is due to the unfinished process of the company’s privatization by the State Treasury. In practice, in accordance with the generally applicable law, including the Commercial Companies Code, all shareholder rights are reflected in the Articles of Association and are always justified – an example is § 20 section 7 of the Articles of Association, which grants the State Treasury the right to appoint and remove one member of the Supervisory Board. Leaving such a power to the State Treasury was justified during the period of the company’s privatization, with the Articles of Association stating that this power will expire when the Treasury ceases to be a shareholder of the company.</p>
<p>Chapter 2.</p> <p>The rule laid down in § 12 section 1 of the Corporate Governance Rules reading as follows: “Shareholders are responsible for recapitalizing without delay a regulated institution in a situation in which it is necessary to maintain the regulated institution’s equity at the level required by the legal regulations or oversight regulations as well as when the security of the regulated institution so requires.”</p>	<p>According to the substantiation presented by the shareholder along with the draft resolution of the OSM, the waiving of this rule is due to the unfinished process of the company’s privatization by the State Treasury; The decision to apply this rule should be made by the company’s shareholders, taking into account the provisions of generally applicable law, in particular Article 301 §§ 4 and 5 of the Commercial Companies Code, according to which shareholders are only obliged to provide the services specified in the Articles of Association and are not liable for the company’s obligations.</p>

Rule	Justification for waiving the rule
<p>Chapter 5.</p> <p>The rule laid down in § 28 section 4 of the Corporate Governance Rules reading as follows: “The decision-making body assesses whether the implemented compensation policy fosters the regulated institution’s development and operating security.”</p>	<p>According to the justification provided by a shareholder with the draft resolution, the waiver of the rule is dictated by the overly broad subjective scope of the remuneration policy subject to review by the constituent body. The remuneration policy for persons in key positions who are not members of the supervising and management bodies is subject to the evaluation of their employer or principal, which is the company represented by the Management Board and controlled by the Supervisory Board. Notwithstanding the above, in accordance with Article 90g of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies, the Supervisory Board is required to prepare an annual report on the remuneration of members of the Management Board and the Supervisory Board, and the General Meeting shall adopt a resolution to give its opinion on the report. The Compensation Policy for members of the PZU Management and Supervisory Boards, adopted by the General Meeting Resolution No. 36/2020 of 26 May 2020, is reviewed by the Management Board once a year, and a report determining the status of the Policy’s implementation and recommendations for changes to the Policy, if necessary, is presented to the Supervisory Board. In addition, a commitment to adopt a General Meeting resolution on the Policy at least every four years was introduced.</p>

Rules whose fulfillment does not apply to PZU

Rule	Justification
<p>Chapter 2.</p> <p>The rule laid down in § 11 section 3 of the Corporate Governance Rules reading as follows: “In the event that the decision-making body makes a decision concerning a transaction with a related party, all shareholders should have access to all information required to assess the conditions on which it is implemented and its impact on a regulated institution’s standing.”</p>	<p>At PZU, the Shareholder Meeting does not make decisions on transactions with related parties;</p>
<p>Chapter 8.</p> <p>The rule laid down in § 49 section 4 of the Corporate Governance Rules reading as follows: “In a regulated institution in which there is no audit or compliance cell, the rights ensuing from sections 1-3 are vested in the persons responsible for performing these functions.”</p>	<p>There are departments in PZU that are competent for: internal audit, compliance.</p>
<p>Chapter 8.</p> <p>The rule laid down in § 52 section 2 of the Corporate Governance Rules reading as follows: “In a regulated institution in which there is no audit or compliance cell or no cell responsible for this area has been designated, the information referred to in section 1 shall be conveyed by the persons responsible for performing these functions.”</p>	<p>There are departments in PZU that are competent for: internal audit, compliance.</p>
<p>Chapter 9.</p> <p>Exercise of rights from assets acquired at the client’s risk</p>	<p>PZU does not offer products that involve asset management at the client’s risk.</p>

7.3.3. Best Practices of the PZU Group

[GRI 2-23]

Ethical values

The PZU Group’s fundamental ethical standards are set out in the **“Best Practices of the PZU Group”**. Their aim is to develop the company’s consistent organizational culture in all key aspects of its operation. They define behaviors and conduct towards all stakeholders based on respect and trust. At the same time, this document serves as the common denominator of corporate culture in all of the Group’s entities. Thanks to the consistent compliance of our fundamental principles, all our activities and processes are carried out based on coherent assumptions, thus ensuring a high operating standard throughout the Group. The “Best Practices of the PZU Group” have been adopted as a uniform model of the standards observed by all PZU Group entities, except for the Alior Group and the Pekao Group, which have adopted the “Code of Conduct in Alior Bank” and the “Code of Conduct in the Pekao Group”, respectively.

The Best Practices of the PZU Group sets out norms and standards of conduct in relations with employees, clients, contractors and local communities. They are based on the following principles:

- contacts with clients are based on trust,
- we inform clients about the PZU Group offering honestly and reliably,

- we protect everyone’s personal data, in particular the data of our clients, employees, business partners and users of our websites,
- we care about security and protect electronic devices provided to us by the PZU Group,
- we protect all resources, including information, that are the intellectual property of the PZU Group,
- we base decisions to cooperate with suppliers only on objective criteria of price, quality, technical parameters and suitability,
- we comply with the law when entering into contracts, in particular with the principles of fair competition and consumer protection,
- we act in such a way that our brand is not accused of trademark infringement,
- it is the duty of each of us to act responsibly and avoid situations that would result in a conflict of interest understood as a conflict of self-interest with the interest of the PZU Group,
- we do not tolerate corruption. We act ethically and in accordance with the law when performing our business tasks and cooperating with our business partners. We do not give or accept impermissible presents or benefits in relations with business partners, their employees and agents or other third parties,
- prevention and sponsorship activities may only be carried out in accordance with applicable laws and the rules set forth in the PZU Group’s internal regulations,
- employees may not use the name of the PZU Group in any projects or initiatives of a political nature. It is

forbidden to support candidates and political parties with funds that are owned by the PZU Group.

Ethical culture

PZU Group’s ethical culture is developed in observance of the highest standards and in line with the needs of the Group’s entities, consequently taking account of the scale, character and type of their operation and local laws. The PZU Group furthers its ethical culture by creating systemic solutions at the level of PZU. As the parent company, PZU sets and develops standards of conduct, and then recommends their proliferation to other Group companies (save for the banks that have their own codes of conduct in place). These solutions are implemented in the various companies in keeping with the principle of relevance and suitability. Companies report compliance risk to PZU, taking into account respect to legally protected secrets.

PZU Group companies follow principles of ethics applicable to members of corporate bodies, i.e. “Principles of Ethics for Members of Management Boards of PZU Group Companies”, “Principles of Ethics for Members of the Supervisory Board of PZU SA”, “Principles of ethics of supervisory board members in PZU Group companies who are not employees of a PZU Group company and who are not bound to a PZU Group company by some other contract of a similar nature”, and “Principles of ethics of supervisory board members in PZU Group companies who are employees of a PZU Group company or who are bound to a PZU Group company by some other contract of a similar nature”. These principles serve to:

- ensure that the members of the corporate bodies discharge their functions properly in compliance with the highest standards of conduct;
- prevent the occurrence of a conflict of interest, in particular by counteracting the use of the position held to reap private gains;
- specify the ethical standards, values and attitudes by which members should be guided.

Ethical culture is of the utmost importance also in terms of investment practices. TFI PZU abides by the Code of Best Practices of Institutional Investors prepared and approved by the Chamber of Fund and Asset Management. For TFI PZU, the Code provides a great deal of support in defining the rules, moral and ethical standards and due diligence levels in the company’s relationships with other institutional investors, clients and issuers of financial instruments. The adoption of this code also confirms the application of best investment practices in TFI PZU.

In 2014, the Management Boards of TFI PZU and PTE PZU adopted a resolution to apply the “Corporate Governance Rules for Regulated Institutions” issued by the Polish Financial Supervision Authority (KNF), whereby the Boards declared its readiness and wish to follow these rules to the objectively broadest possible extent, taking into account the principle of proportionality resulting from the scale, nature of business and specific characteristics of TFI PZU and PTE PZU, respectively. TFI PZU and PTE PZU make available on their websites information on the application or waiver of certain rules.

Alior Bank follows the “Compliance Policy”, which sets out fundamental principles for ensuring compliance of operations of Alior Bank and all bank employees and entities cooperating with the bank, internal regulations



and market standards, and whenever it stems from the law and relevant regulations of other bodies, by way of managing compliance risk and the control function. The actions of Alior Bank as a public trust institution are based on the principles described in the “Code of Conduct in Alior Bank”.

In Bank Pekao, there is the “Code of Conduct in the Pekao Group” that contains the most significant rules of conduct applicable to all individuals bound with Bank Pekao or any other member of the Bank Pekao Group by an employment relationship or another legal relationship of a similar nature, including members of the statutory bodies of the Bank or other Pekao Group companies. The rules apply to contacts with stakeholders: clients, business partners, representatives of local communities, the business environment and colleagues.

Ethics in the compliance risk management system

Ethics are also a part of compliance risk management on the following bases:

- **on a systemic basis** – practiced by the Management Board which is responsible, among other things, for setting the strategy and adopting policies related to compliance risk management and promulgating the adherence to standards of conduct in PZU, and by the Compliance Department which coordinates the compliance risk management process;
- **on an ongoing basis** – by the managers of various cells and organizational units in PZU in the area subject to their oversight.

The compliance risk management system in the PZU Group is based on the best market standards and proprietary solutions, while using a number of agreements between PZU entities and group policies. It is an integrated set of values, standards, tools, including procedures and regulations, supported by adequate communication with, and education of, employees. Individual companies in the PZU Group have a range of separate policies, procedures and practices in this area.

The following elements constitute the overall system:

- values and rules of conduct, including the “Best Practices of the PZU Group”, “Code of Conduct in Alior Bank” and the “Code of Conduct in the Pekao Group”;
- procedures, policies and organizational arrangements;
- a system of reporting irregularities and potential malpractice (whistleblowing system);
- educational and communication activities addressed to employees and suppliers.



7.4. Information policy and communications with investors

7.4.1. Shareholders and the issuer's securities

PZU's shares

PZU's share capital is divided into 863,523,000 ordinary shares with a nominal value of PLN 0.10 each giving the right to 863,523,000 votes at the Shareholder Meeting¹.

Significant equity stakes in PZU

As at 31 December 2023, PZU shareholders holding significant equity stakes (at least 5%) were the following:

- the State Treasury of the Republic of Poland that holds 295,217,300 shares constituting 34.19% of PZU's share

1) On 30 June 2015, PZU's Ordinary Shareholder Meeting adopted a resolution to split all PZU shares by decreasing the nominal value of each PZU share from PLN 1 to PLN 0.10 and increasing the number of PZU shares making up the share capital from 86,352,300 to 863,523,000 shares. The split was effected by exchanging all the shares at a ratio of 1:10 and did not affect the amount of PZU's share capital. On 3 November 2015, the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register registered the pertinent amendment to PZU's Articles of Association. On 24 November 2015, the Management Board of the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych, "KDPW") adopted Resolution No. 789/15 on setting 30 November 2015 as the date for splitting 86,348,289 PZU shares with a nominal value of PLN 1 each into 863,482,890 PZU shares with a nominal value of PLN 0.10 each.

capital and giving it the right to 295,217,300 votes at the Shareholder Meeting;

- BlackRock, Inc. that held 43,228,203 shares constituting 5.00% of PZU's share capital and giving it the right to 43,228,203 votes at the Shareholder Meeting;

As at 1 January 2023, PZU shareholders holding significant equity stakes (at least 5%) were the following:

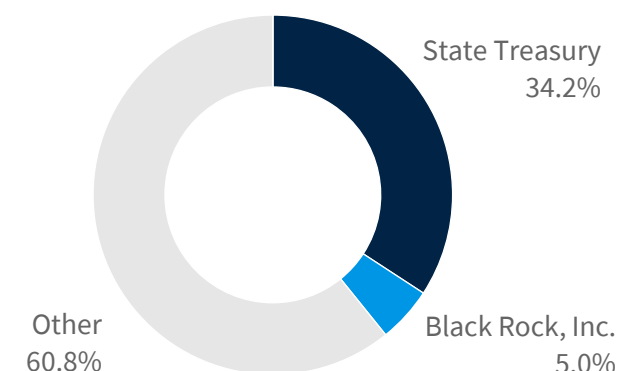
- the State Treasury of the Republic of Poland that holds 295,217,300 shares constituting 34.19% of PZU's share capital and giving it the right to 295,217,300 votes at the Shareholder Meeting;
- Nationale-Nederlanden Otwarty Fundusz Emerytalny (Open-Ended Pension Fund) that held 49,223,000 shares at PZU's Extraordinary Shareholder Meeting held on 1 September 2022, constituting 5.70% of PZU's share capital and giving it 49,223,000 votes at the Shareholder Meeting.

2023 changes in the structure of shareholders holding significant equity stakes in PZU (at least 5%):

- 5 January 2023, PZU received a notification from Powszechnie Towarzystwo Emerytalne Allianz Polska S.A. regarding an increase in the holding of PZU's share

	Number of shares and votes at the Shareholder Meeting		Shares in the share capital and in the total number of votes at the Shareholder Meeting	
	1 January 2023	31 December 2023	1 January 2023	31 December 2023
Shareholders holding significant equity stakes				
State Treasury	295,217,300	295,217,300	34.19%	34.19%
BlackRock, Inc.		43,228,203		5.00%
Nationale-Nederlanden OFE	49,223,000		5.70%	
Others	519,082,700	525,077,497	60.11%	60.81%
Total	863,523,000	863,523,000	100.00%	100.00%

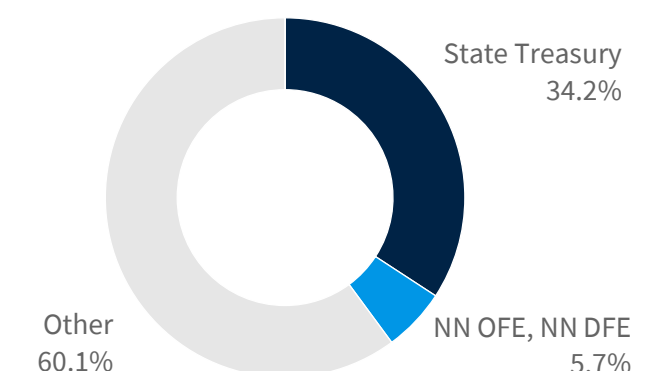
PZU shareholding structure as at December 31, 2023



Source: Current report 27/2023

capital and total number of votes above 5% by funds managed by PTE Allianz Polska S.A., i.e. Allianz Polska Otwarty Fundusz Emerytalny (Open-Ended Pension Fund; Allianz OFE), Allianz Polska Dobrowolny Fundusz Emerytalny (Voluntary Pension Fund) and Drugi Allianz Polska Otwarty Fundusz Emerytalny (Second Allianz

PZU shareholding structure as at December 31, 2022



Source: Current report 25/2022

OFE). According to the notification, Allianz OFE, Allianz DFE and Second Allianz OFE, managed by PTE Allianz Polska S.A., held a total of 48,183,212 PZU's shares, representing 5.58% of the Company's share capital, which gave the right to exercise 48,183,212 votes



attached to PZU's shares representing 5.58% of the total number of votes at PZU's Shareholder Meeting;

- On 16 May 2023, PZU received a notification from Powszechne Towarzystwo Emerytalne Allianz Polska S.A., informing that on 12 May 2023, as a result of the liquidation of the Second Allianz OFE and of transfer of its assets to Allianz OFE, the share in the total number of PZU votes in Allianz OFE's accounts was above 5%. According to this notification, prior to the liquidation of the Second Allianz OFE, the total balance in the accounts of Allianz OFE and Second Allianz OFE amounted to 45,736,958 PZU shares, which together accounted for 5.30% of the share capital of PZU and gave the right to exercise 45,736,958 votes representing 5.30% of the total number of votes at the Shareholder Meeting. After the Second Allianz OFE had been liquidated, the account of Allianz OFE held 45,736,958 shares, which accounted for 5.30% of the share capital of PZU and gave the right to exercise 45,736,958 votes from shares representing 5.30% of the total number of votes at the Shareholder Meeting;
- On 22 November 2023, PZU received a notification from Powszechne Towarzystwo Emerytalne Allianz Polska S.A. regarding the reduction of its holding in the PZU's share capital and its total number of PZU votes to the level below 5% by a fund managed by PTE Allianz Polska S.A., i.e. Allianz OFE. According to the notification, Allianz OFE holds 42,530,871 PZU's shares, representing 4.93% of the Company's share capital, which gives the right to exercise 42,530,871 votes attached to PZU's shares representing 4.93% of the total number of votes at PZU's Shareholder Meeting;
- On 27 November 2023, PZU received a notification from Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. regarding the reduction of its holding in the share capital and its total number of

PZU votes to the level below 5% by a fund managed by PTE Nationale-Nederlanden, i.e. Nationale-Nederlanden Otwarty Fundusz Emerytalny. According to the notification, Nationale-Nederlanden OFE held 43,064,118 PZU's shares, representing 4.99% of the Company's share capital, which gave the right to exercise 43,064,118 votes attached to PZU's shares representing 4.99% of the total number of votes at PZU's Shareholder Meeting;

- On 1 December 2023, PZU received a notification from Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. regarding the reduction of its holding in the share capital and its total number of PZU votes to the level below 5% by the funds managed by PTE Nationale-Nederlanden, i.e. Nationale-Nederlanden Otwarty Fundusz Emerytalny, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2025, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2030, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2035, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2040, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2045, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2050, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2055, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2060, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2065. According to the notification, the above funds hold 43,120,753 PZU's shares, representing 4.99% of the Company's share capital, which gives the right to exercise 43,120,753 votes attached to PZU's shares representing 4.99% of the total number of votes at PZU's Shareholder Meeting;

- On 13 December 2023, PZU received a notification from BlackRock, Inc. regarding the achievement of a 5% holding in the PZU's share capital and total voting rights. According to the notification, BlackRock, Inc. holds 43,228,203 PZU's shares, representing 5.00% of the Company's share capital, which gives the right to exercise 43,228,203 votes attached to PZU's shares representing 5.00% of the total number of votes at PZU's Shareholder Meeting.

The changes that occurred in 2023 in the structure of shareholders holding significant equity stakes were related to the growing interest in the Polish stock market by foreign investors and the statutory concentration limits on capital groups², which must be observed by open-ended pension fund management companies, due to the very good behavior of PZU's share price at the end of 2023.

Entitlements and restrictions on PZU shares

All PZU shares are ordinary shares with no preferential rights attached to them, in particular no special control rights. Each share carries the right to one vote at the Shareholder Meeting and the same right to dividends.

However, PZU's Articles of Association limit voting rights on PZU shares in certain cases. The shareholders' voting rights is limited in such a manner that no shareholder may exercise more than 10% of the total number of votes in existence in PZU at its Shareholder Meeting on the date of holding a Shareholder Meeting subject to the reservation that for the purposes of determining

²⁾ The total value of investments of the fund's (OFE's) assets in all securities of a single issuer or two or more issuers that are related parties may not exceed 10% of the value of these assets.

the obligations of the buyers of significant equity stakes contemplated by the Act on Public Offerings and the Insurance and Reinsurance Activity Act, such limitation of voting rights shall be deemed not to exist. The restriction on voting rights does not apply to the following:

- shareholders who on the date of adopting the Shareholder Meeting resolution implementing this limitation were entitled to shares representing more than 10% of the total number of votes (i.e. the State Treasury);
- shareholders acting with the shareholders specified in the item above pursuant to executed agreements pertaining to jointly exercising the voting rights attached to shares.

For the purpose of limiting voting rights, the votes of shareholders among whom there is a parent or subsidiary relationship are totaled in accordance with the rules described in the Articles of Association. The aforementioned restrictions on shareholders' voting rights will expire as soon as the State Treasury's stake in PZU's share capital falls below 5%.

The PZU Management Board does not have information about executed agreements as a result of which changes may transpire in the future in the equity stakes held by its shareholders and bondholders to date.

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

In 2013–2023, PZU did not have any employee stock programs in place.

Limitations on transferring the title to the issuer's securities

The PZU Articles of Association contain no provisions restricting the transfer of the title to the issuer's securities (either shares or bonds). Nor are there any other known limitations arising from documents other than the Articles of Association that would be applicable in this context, except for limitations resulting from generally applicable laws in precisely defined situations, in particular:

- limitations resulting from the provisions of the Act of 29 July 2005 on Public Offerings and the Conditions for Offering Financial Instruments in an Organized Trading System and on Public Companies (Journal of Laws of 2022, item 2554, as amended), namely:
 - a) from Article 75(4) – shares encumbered with a pledge, until the date of its expiration, may not be traded, except in a situation where the acquisition of such shares takes place in the performance of an agreement on the establishment of financial security within the meaning of the Act of 2 April 2004 on Certain Forms of Financial Security,
 - b) from Article 88a – temporary limitations on the direct or indirect acquisition of or subscription for shares in a public company by an entity required to perform the obligations specified in Article 73(1) of the Act or Article 74(2) and (5) of the Act, which in the company in question exceeded the threshold of the total number of votes specified in these regulations – until the date of fulfillment of such obligations;
- limitations arising from Article 362 of the Commercial Company Code, regarding the prohibition of the

acquisition of treasury shares by the issuer, except for the cases specified therein and limitations on the acquisition of the parent company's treasury shares by a subsidiary company or a subsidiary cooperative and persons acting on their behalf;

- limitations pertaining to the closed period referred to in Article 19 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (MAR) and insider dealing within the meaning of the provisions of MAR;
- possible objection by the regulatory authority, in the form of a decision, to the acquisition of or subscription for shares or rights attaching to shares in a domestic insurance undertaking in a quantity ensuring the achievement or exceeding of, as the case may be, one-tenth, one-fifth, one-third, one-second of the total number of votes at the Shareholder Meeting or of a stake in share capital – in accordance with Article 90(1) of the Act of 11 September 2015 on Insurance and Reinsurance Activity (Journal of Laws of 2023, items 656, 614, 825, 1723, 1843, 1941), if:
 - a) the entity submitting the notification referred to in Article 82(1) failed to remove the deficiencies in its notification or in the documents or information attached to the notification within the prescribed time limit,
 - b) the entity submitting the notification referred to in Article 82(1) failed to provide additional information or documents required by the regulatory authority within the prescribed time limit,
 - c) it is justified by the need of prudent and stable management of the domestic insurance

undertaking due to a possible impact of the entity submitting the notification referred to in Article 82(1) on the domestic insurance undertaking or due to the assessment of the financial standing of the entity submitting the notification;

- possible setting of a time limit for the acquisition of or subscription for shares or rights attaching to shares, by the regulatory authority, in accordance with Article 90(4) and (5) of the Act referred to in item 4, in a decision declaring the absence of grounds for filing an objection;
- possible issuance by the regulatory authority, in accordance with Article 98(5) of the Act referred to in item 4, of a decision requiring the disposal of shares within the prescribed time limit in the event that the authority issues a decision prohibiting the exercise of voting rights attaching to shares in a domestic insurance company for the reasons specified in Article 98(1) of this Act;
- prohibition to sell shares or rights attaching to shares held by the State Treasury under Article 13(1)(27) of the Act of 16 December 2016 on Rules for Managing State Property (Journal of Laws of 2023, item 973, 1859); with the exclusion referred to in Article 13(2)(1) of this Act.

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

As at the date of submission of this Management Board's report on the Company's activity for 2023, PZU shares were held by Tomasz Kulik and Adam Uszpolewicz. Since the date of conveying the 2022 report (i.e. 30 March 2023), there have been changes with respect to Members of the Management Board and Supervisory Board or PZU Group Directors holding PZU shares or rights to

shares. The table below provides the summary of PZU shares held by persons managing or supervising PZU (together with an indication of changes in such holding) as at the date of submission of the consolidated financial statements for 2022 and as at the date of submission of this report for 2023 (i.e. 21 March 2024).

	30 March 2023	21 March 2024
Tomasz Kulik - Management Board Member	2,847	2,847
Adam Uszpolewicz - Supervisory Board Member	n/a	5,150

PZU's bonds

As at 31 December 2023, PZU held subordinated bonds (ISIN PLPZU0000037) worth PLN 2.25 billion, bearing interest at WIBOR6M + 180 bps., issued on 30 June 2017. The maturity date for these bonds is 29 July 2027, or 10 years after issue with an early redemption option 5 years after the issue date. The bonds are listed on the Catalyst ASO WSE/Bondspot.

In 1H 2022, the PZU Management Board analyzed options of new issued of subordinated bonds of up to PLN 3 billion and early redemption of this bond series of PLN 2.25 billion. Due to unfavorable market conditions, on 31 May 2022, the PZU Management Board announced its decision to quit any such further works (current report no. 11/2022). Thus, the bonds will remain to be redeemed on 29 July 2027.

7.4.2. Investor Relations

Striving to achieve the greatest possible transparency of the PZU Group’s business, the Management Board of PZU has regularly undertaken various investor relations activities aimed at ensuring equal access to information in accordance with the internally-adopted ”Principles for

PZU to Conduct its Information Policy for Capital Market Participants”.

Composition of PZU’s shareholders by geography

According to a survey carried out in 2023, PZU’s shareholder structure was stable in terms of the breakdown of stakes and geographies. The largest stakes,

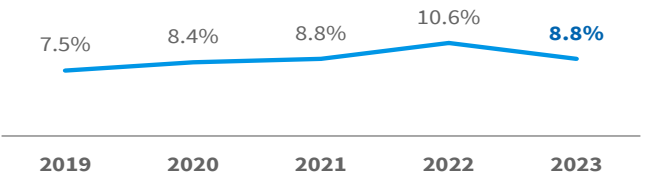
as in previous years, were held by investors from Europe, with Polish investors dominating.

PZU institutional investors

The stake of open-end pension funds (OFE) and mutual fund management companies (TFI) in PZU’s shareholder structure was 15.9% (down 0.9 p.p. y/y) and 3.5% (down 0.1 p.p. y/y), respectively.

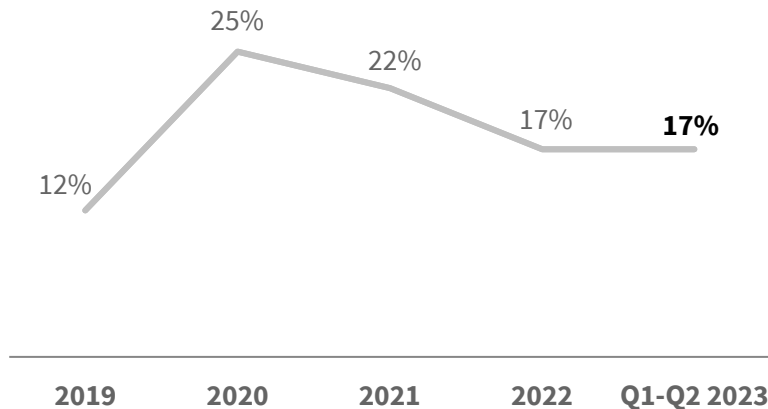
means a Total Shareholder Return (TSR) of more than 40% (year over year).

Participation of individual investors in the PZU shareholding structure



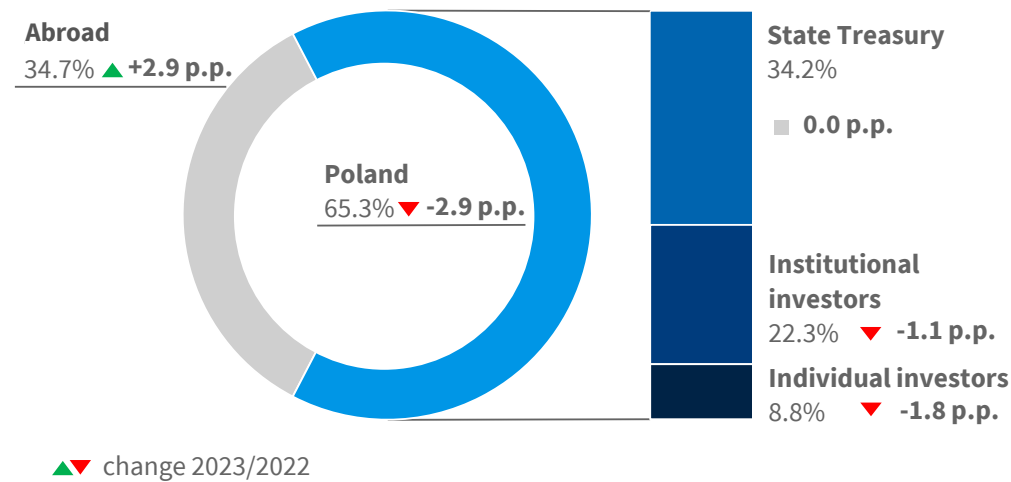
Source: PZU

Participation of individual investors in trading on the main market of the Warsaw Stock Exchange



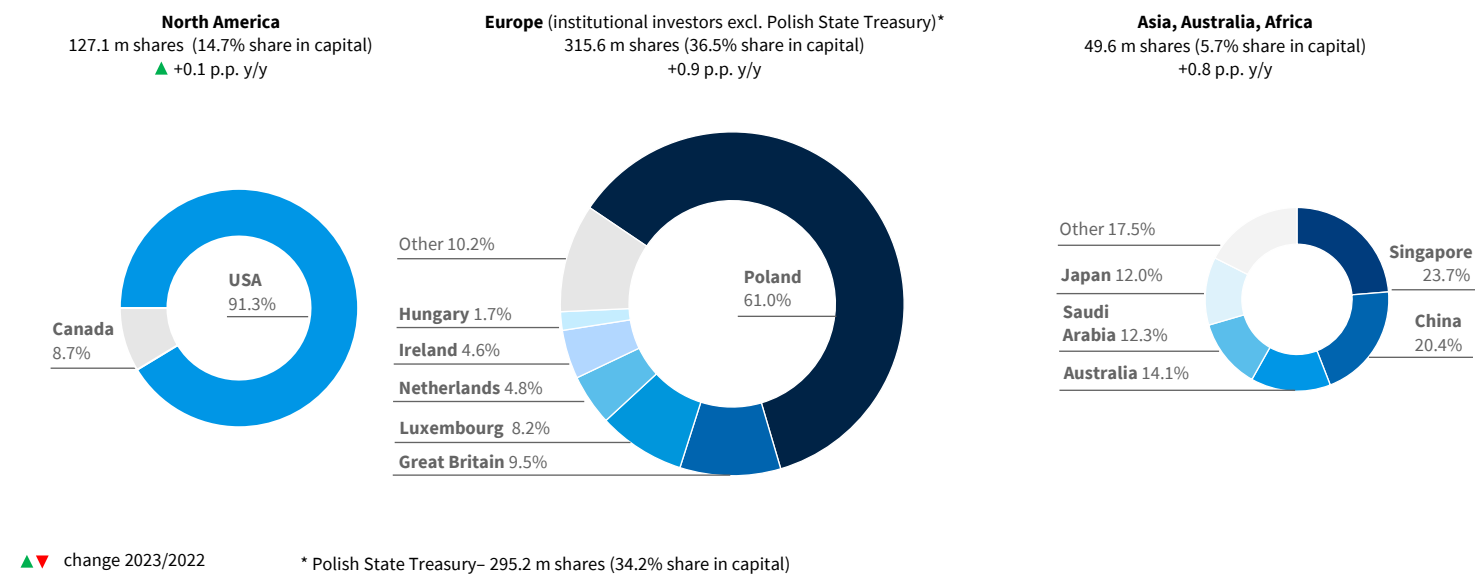
Source: PZU

PZU shareholding structure – main investor groups

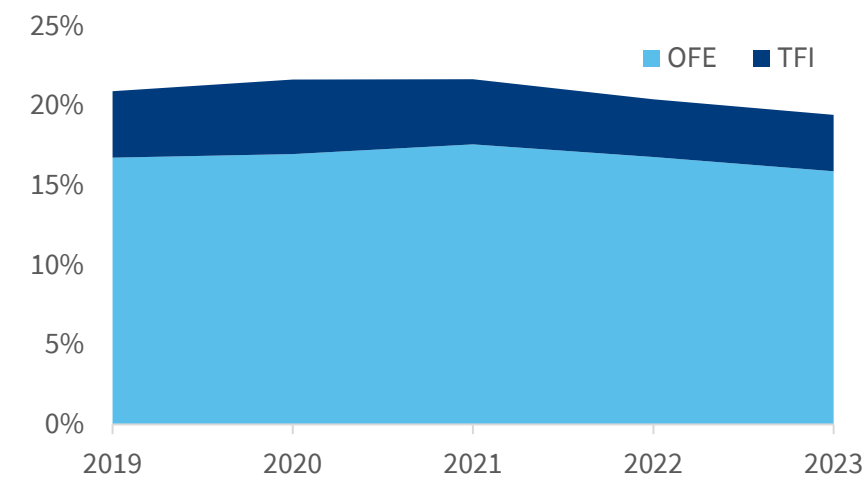


Source: PZU

PZU institutional investors



The share of OFE and TFI in the shareholding structure



Source: PZU

PZU retail investors

The percentage of retail investors in PZU’s shareholder structure was 8.8% (down by 1.8 p.p. y/y) at the end of 2023. Considering the overall shareholder structure, the decline in the percentage of retail investors was mainly due to the greater activity of foreign institutional investors, whose stake increased by 2.9 p.p. y/y to 34.7%. This change in structure occurred with capitalization growing strongly. In 2023, PZU’s share price rose 33.5%, which, when dividends paid are taken into account,

Financial performance and recalibration of strategy metrics

In 2023, all corporate events held with capital market participants in mind were implemented and transmitted live in the form of a webcast (with simultaneous translation into English). Quarterly financial performance was presented and discussed by the PZU Group’s Management Board representatives at online conferences, during which their participants had the opportunity to ask questions. Recordings of these meetings are available on PZU’s website in the “Investor relations” section: <https://www.pzu.pl/relacje-inwestorskie/do-pobrania>

<p>30 March 2023 Presentation of the 2022 performance</p> <p>http://n-22-5.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20230330_pzu_en.mp4</p>	
<p>27 April 2023 Presentation “The impact of the implementation of IFRS 17 and changes in the macroeconomic environment on the indicators of the PZU Group for 2021–2024”</p> <p>http://n-22-18.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20230428_pzu_en.mp4</p>	
<p>25 May 2023 Presentation of results for Q1 2023</p> <p>https://n-22-18.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20230525_pzu_en.mp4</p>	

<p>7 June 2023 Ordinary Shareholder Meeting</p> <p>http://n-22-7.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20230607_pzu_wza_en.mp4</p>	
<p>31 August 2023 Presentation of results for Q2 2023</p> <p>https://n-22-17.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20230831_pzu_a_en.mp4</p>	
<p>13 September 2023 Extraordinary General Meeting (EGM)</p> <p>http://n-16-10.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20230913_pzu_en.mp4</p>	
<p>23 November 2023 Presentation of results for Q3 2023</p> <p>http://n-16-13.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20231123_pzu_en.mp4</p>	

Implementation of IFRS17 standard

In 2023, insurance companies began reporting under the IFRS17 standard, the implementation of IFRS 17 in insurance accounting has very significantly changed both the way of the contract valuation measurement and the

approach to presenting data. Among other things, written premium, which for most analysts was the primary determinant of sales and market share, disappeared from the reports. In its place came insurance revenues, however, due to large differences in calculation methodology, these values are not comparable. Therefore, in a fairly short period of time, investors and shareholders found themselves in a new reporting reality, requiring a new approach to the analysis of PZU’s financial position. Accordingly, PZU organized an online workshop, the transcript of which (in Polish and English) is available at [investor relations](#). In addition, PZU’s Member of the Management Board responsible for the Finance Division took part in the webinar “IFRS 17 – a new dimension of reporting in the insurance market” organized by the SGH Warsaw School of Economics, the recording of which is available on the official channel [YouTube SGH](#).



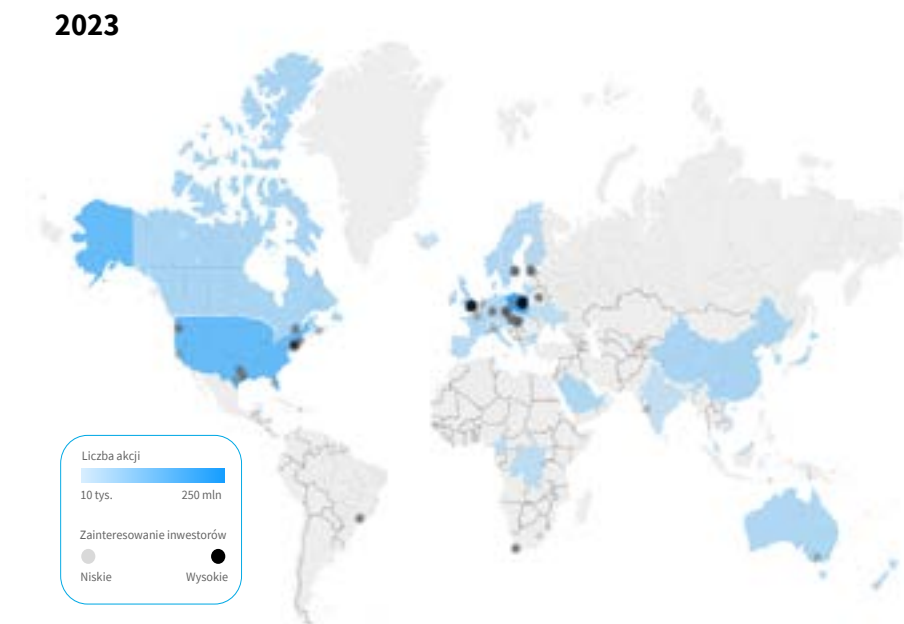
Integrated online report

The most important events, achievements and plans were presented once again in the form of an integrated online Annual Report <https://raportroczny2022.pzu.pl/en/>. Users have been provided with a comprehensive tool enabling a multi-directional analysis of corporate and macroeconomic events as well as financial results. The report included interactive infographics, animations and video clips, which offered a succinct presentation of the PZU Group’s activity.

Selected activities targeting institutional investors

In 2023, PZU’s representatives participated in 10 conferences (18 in 2022) held by global investment banks and brokerage houses in Poland. In total, more than 61 individual and group meetings were held (64 in 2022), which gathered a total of 138 managers and analysts (169 in 2022) representing mutual funds, pension funds and other asset management firms. The decrease in the number of conferences was due to the selective approach of foreign investment banks to the Polish market in 2023. Investor interest remained strong, however, with a noticeable increase in direct investor contact with PZU and a return to physical meetings. The largest interest in PZU’s activity was shown by investors from financial centers in Warsaw, London and Stockholm.

Registered offices of participating institutional investors in meetings with PZU representatives (marked as „investor interest” on the map)



Source: PZU



Source: PZU

Program Moje Akcje PZU

Sprawdź, jak wiele możliwości da Ci uczestnictwo w programie Moje Akcje PZU. W naszym programie lojalnościowym czekają na Ciebie specjalne benefity. Zarejestruj się, aby z nich skorzystać.

Partnerzy programu:



Selected activities addressed to retail investors

In 2023, communication with retail investors was carried out through online reports, newsletters, factsheets and other materials sent out by e-mail. Those interested in PZU also had the opportunity to contact PZU representatives directly during WallStreet conferences and chats:

- 27th WallStreet conference (the 13th in which PZU participated) organized by the Polish Association of Individual Investors as an online event. The participants of the event had the opportunity to talk with the PZU Management Board Member in charge of the Finance Division and the Director for Investor Relations in the Planning and Controlling Department;
- chats dedicated to retail investors, organized after each publication of quarterly financial results and after the recalibration of the existing strategy measures, attended by the PZU Management Board Member in charge of the Finance Division.

Shareholder loyalty program

PZU has a loyalty program for retail investors – mojeakcje.pzu.pl, thanks to which they may obtain:

- 10%, and after one year of participation – 20% discount for the insurance of: a vehicle (TPL, MOD, ADD Max), home, travel, crop, accident;
- a one-time 100% discount for annual basic membership or 50% discount for annual extended membership in the Polish Association of Individual Investors;

- access to specially prepared materials about PZU’s fundamental analysis.

In April 2023, PZU began working with the brokerage house **Dom Maklerski BOŚ**. This is the third broker participating in the program after BM Pekao and BM Alior Bank, with the first from outside the PZU Group. As of November 2023, a mechanism has been implemented to automatically count seniority in the program for participants who wish to change participating brokerage offices.

Investor relations targets for 2024

Further actions:

- strengthen good relations between the PZU Management Board and the community of investors, both in the local market and in the global market;
- secure a deep and broad market for PZU’s shares by continuing to build a diversified base (in terms of geography, numbers and profile) of an appropriate number of well-informed investors familiar with the company;
- ensure sell-side research coverage;
- develop digital tools to address investor needs better, including by implementing new solutions in the online annual report and enhancing the functionality of the investor relations portal;
- extend the scope of non-financial reporting with additional elements related to climate change;
- improve the usability of online reporting;
- develop a loyalty program for retail investors to reach the widest possible range of participants;

- increase the understanding of the IFRS17 standard;
- maintain a high position in the narrow group of the best reporting companies in the prestigious competition The Best Annual Report organized by the Institute of Accounting and Taxes.

New initiatives:

- implementation of a CSRD-compliant reporting process;
- increasing the degree of integration in annual reporting;
- expanding the disclosures associated in the Taxonomy area, in accordance with the new guidelines.

RI PZU CONTACT



Magdalena Komaracka, CFA
Director for Investor Relations



IR website:

<https://www.pzu.pl/relacje-inwestorskie/raporty>

Contact:

<https://www.pzu.pl/relacje-inwestorskie/kontakt-dla-inwestorow>



irpzu@pzu.pl

Calendar of PZU's reports published in 2024

Report	PZU	Bank Pekao	Alior Bank
annual for 2023	21 March	22 February	28 February
quarterly for Q1 2024	23 May	30 April	25 April
half-yearly for H1 2024	29 August	8 August	2 August
quarterly for Q3 2024	21 November	7 November	24 October

IR website:

<https://www.aliorbank.pl/dodatkowe-informacje/relacje-inwestorskie/relacje-inwestorskie.html>

Contact:

<https://www.aliorbank.pl/dodatkowe-informacje/relacje-inwestorskie/kontakt-dla-inwestorow.html>



IR website:

<https://www.pekao.com.pl/relacje-inwestorskie/>

Contact:

<https://www.pekao.com.pl/relacje-inwestorskie/kontakt/kontakt.html>



7.5. Management Board and Supervisory Board

[ESRS GOV-1]

7.5.1. Management Board

[GRI 2-9] [GRI 2-10] [GRI 2-11] [GRI 2-12] [GRI 2-13]

Rules for the appointment and dismissal of the Members

The Management Board functions on the basis of the provisions of the Commercial Companies Code and the Regulations of the PZU Management Board (which are approved by the Supervisory Board) and the PZU Articles of Association. The PZU Management Board is composed of three to eight Members appointed for a joint term of office spanning three consecutive full financial years.

Management Board Members, including its President, are appointed and dismissed by the Supervisory Board after the recruitment procedure has been completed to verify and assess qualifications of the candidates and choose the best candidate. The assessment of the candidates primarily relies on verifying whether they meet the criteria provided for in the PZU Articles of Association and the prevailing provisions of law. Consideration is also given to the diversity policy adopted by the Shareholder Meeting for Members of PZU bodies.

The consent to appointment of two Management Board Members, President and Member responsible for risk management is issued on PZU's motion by the Polish Financial Supervision Authority, unless the appointment

applies to a person who obtained such consent in the previous term of office. If the motion pertains to a Management Board Member discharging a mandate, he/she may discharge the mandate in its existing scope until the regulatory authority issues its decision.

The mandate of the Management Board Member will expire no later than on the date of the Shareholder Meeting approving the financial statements for the most recent full financial year of the discharge of the function of Management Board Member. The mandate of the Management Board Member will also expire as a result of death, resignation or removal from the Management Board. In the case of a Management Board Member appointed before the expiration of a given term of

office, his/her mandate expires simultaneously with the expiration of the mandates of the other Management Board Members.

[GRI 2-10]

Suitability assessment

All Management Board Members are subject to individual suitability assessment (primary and secondary). The Management Board as a whole is also subject to suitability assessment (collective suitability assessment). The rules for assessing the suitability of the PZU Management Board were adopted by Resolution No. URN/129/2020 of the PZU Supervisory Board on 18 November 2020 (as amended). The rules are modeled on the Methodology of assessment of suitability of Members of corporate bodies of regulated entities issued by the Polish Financial Supervision Authority.

Individual suitability assessments are carried out at least once a year and, among other things, when a candidate for a Member of the Management Board is put forward (primary individual suitability assessment – before the appointment of a person to serve) and before any changes are made to the composition of the Management Board (collective suitability assessment).

The verification process is based on the following criteria:

- competence;
- guarantee, including reputation and reliability;
- independent judgment, including no conflict of interest, and sufficient time dedication to the position of the Management Board Member.

A candidate for a Member of the Management Board should have a university degree, particularly in insurance,

banking or finance, economics, law, accounting, auditing, management, mathematics, physics, computer science, administration, financial regulation, information technology and quantitative methods. It is important that the person being assessed has specific professional credentials, in particular the credentials of an actuary, auditor, investment advisor, legal counsel or attorney. The assessment of suitability also takes into account the diversity policy adopted by the Shareholder Meeting for Members of PZU bodies.

Assessment of the suitability is carried out on the basis of documents provided by the person being assessed, statements and information submitted, as well as completed forms and attachments. Based on the collected documentation, the Nomination and Compensation Committee of the Supervisory Board proposes an individual suitability assessment of the person assessed or a collective suitability assessment of the Management Board and submits these proposals to the Supervisory Board, which, by way of resolution, makes a final decision on the individual or collective suitability assessment.

Furthermore, a Management Board Member must fulfill all of the following conditions:

- holds a graduate degree received in Poland or a graduate degree received abroad and recognized in the Republic of Poland pursuant to separate regulations;
- has at least 5-year employment period based on an employment agreement, appointment, selection, nomination, cooperative employment agreement or provision of services on the basis of another contract or conducting business activity on one's own account;
- has at least 3 years of experience on managerial or independent positions or arising from conducting business activity on one's own account,

- in addition to the abovementioned requirements, meets other requirements arising from separate regulations, in particular is not in breach of any restrictions or prohibitions for holding an executive position in commercial companies.

A Management Board Member may not be a person who fulfills at least one of the following conditions:

- acts as a social associate or is an employee of an MP's office, senator's office, MP-senator's office or office of a member of European Parliament pursuant to an employment agreement or provides work on the basis of a mandate agreement or other similar agreement;
- is a member of a political party's governing body externally representing a political party and authorized to take down obligations;
- is employed by a political party pursuant to an employment agreement or provides work on the basis of a mandate agreement or other similar agreement,
- is an elected official of a company trade union or a company trade union in a group company,
- his/her public or business activity raises conflict of interest with the PZU's business.

Composition

Composition of the Management Board as of 31.12.2023

On 1 January 2023, the term of office of the PZU Management Board started, encompassing three full financial years 2023-2025. During the period 1 January 2023 – 31 December 2023, PZU's Management Board consisted of 8 people, and its composition remained

unchanged and as of 1 January 2023 and 31 December 2023 was as follows:

1. Beata Kozłowska-Chyła – President of the Management Board
2. Ernest Bejda – Management Board Member
3. Małgorzata Kot – Management Board Member
4. Krzysztof Kozłowski – Management Board Member
5. Tomasz Kulik – Management Board Member
6. Piotr Nowak – Management Board Member
7. Maciej Rapkiewicz – Management Board Member
8. Małgorzata Sadurska – Management Board Member

The individual suitability assessments of PZU's Management Board Members conducted in 2023 confirmed that all members of the Management Board have adequate knowledge and skills and meet all the suitability criteria necessary to hold their positions.

Changes in the composition of the PZU Management Board in the period 1 January 2024 – 20 March 2024

- On 1 January 2023, the composition of the Management Board was as follows: Beata Kozłowska-Chyła, Ernest Bejda, Małgorzata Kot, Krzysztof Kozłowski, Tomasz Kulik, Piotr Nowak, Maciej Rapkiewicz, Małgorzata Sadurska;
- On 23 February 2024, the Supervisory Board removed the following individuals from the Management Board: Beata Kozłowska-Chyła, Ernest Bejda, Małgorzata Kot, Krzysztof Kozłowski, Piotr Nowak, Małgorzata Sadurska. At the same time, the Supervisory Board delegated (for a period of up to 3 months) two of its members, Anita Elżanowska and Michał Bernaczyk, to temporarily perform the functions of the President and the Member of the Management Board, respectively.

Composition of PZU Management Board as of 20.03.2024

From 24 February 2024 to the date of signing the activity report, i.e. 20.03.2024, the Management Board consisted of 4 people, and its composition was as follows::

1. Anita Elżanowska – Member of the Supervisory Board delegated to temporarily perform the function of the President of the Management Board
2. Michał Bernaczyk – Member of the Supervisory Board delegated to temporarily perform the function of the Member of the Management Board
3. Tomasz Kulik – Management Board Member
4. Maciej Rapkiewicz – Management Board Member

PZU Group Directors

PZU and PZU Życie have a common management model, under which there are, among others, positions of PZU Group Directors. The rules for the creation and liquidation of these positions as well as appointment and dismissal from these positions are set forth in the organizational regulations of PZU and PZU Życie.

Until 2022, the positions of PZU Group Directors at PZU were entrusted to individuals who were simultaneously serving as Board Members at PZU Życie. In 2023, a second type of PZU Group Director position was introduced, i.e., a position given to persons who are also of the PZU Group Directors at PZU Życie. PZU Group Directors at PZU generally oversee areas similar to those they oversee at PZU Życie as either Board Members or PZU Group Directors.

PZU Group Directors at PZU and PZU Życie, as well as senior management at PZU and PZU Życie reporting directly to PZU Management Board Members and PZU Życie Management Board Members, in accordance with their respective areas of expertise, actively support the PZU and PZU Życie Management Boards in the preparation of strategy, strategic objectives, including ESG objectives, and any internal regulations of the Company.

In 2023 and as of 20 March 2024, the following persons served as PZU Group Directors in PZU:

- Aleksandra Agatowska
- Andrzej Jaworski
- Bartłomiej Litwińczuk
- Dorota Macieja
- Sylwia Matusiak (as of 1 January 2023)
- Małgorzata Skibińska (as of 1 February 2023)
- Dominik Witek (as of 6 June 2023)

The following persons served as PZU Group Directors in PZU Życie in 2023:

- Ernest Bejda (until 6 June 2023)
- Krzysztof Kozłowski
- Piotr Nowak
- Małgorzata Sadurska
- Małgorzata Skibińska (as of 1 February 2023)

Due to changes in the composition of the PZU Management Board on 23 February 2024, the functions of PZU Group Director at PZU Życie as of 20 March 2024 were only performed by:

- Małgorzata Skibińska
- INSURANCE | HEALTH | INVESTMENTS | BANKING

CVs of PZU Management Board Members and PZU Group Directors at PZU



Anita Elżanowska

PZU Supervisory Board member delegated on 23 February 2024 to temporarily perform the duties of the President of the PZU

Management Board.

She is a lawyer, and has completed a program in law at the Faculty of Law and Administration, Maria Curie-Skłodowska University in Lublin.

She has 23 years of professional experience in legal advisory services and public administration.

Within her own law firm, she provides legal advisory services relating to purchase procedures, corporate affairs and contracts. She has provided services for entrepreneurs, including the largest companies with State Treasury shareholding, international corporations, as well as SMEs, higher education institutions, local government and administrative authorities.

She supports business in preparing and verifying as well as implementing transparent and competitive procedures. She combines legal aspects of procedural application with the pursuit of business objectives involved in the purchase process.

She prepares and verifies draft contracts, as well as advises business at the stage of contract implementation.

She manages court and out-of-court disputes. She manages projects co-funded by the European Union, and provides services during their audits.

She has managed projects as expert of the European Bank for Reconstruction and Development.

She has served as the Vice-President of the Public Procurement Office and in that role was responsible for review and international cooperation.

She is former Director of Public Procurement Office at Operator Logistyczny Paliw Płynnych sp. z o.o., where she has prepared and implemented internal purchase procedures and was responsible for purchase and investment processes.

In years 2000–2007, she worked at the Public Procurement Office, first in the Legal Department and then,

in years 2004–2007, as Director of the Audit Department, including as a civil servant since 2003.

She used to be an academic scholar at the SGH Warsaw School of Economics (postgraduate program in EU fund management) and at the Faculty of Law of the SWPS University.

She spoke at many conferences, including international events.

She has written numerous publications concerning public procurement.



Michał Bernaczyk

Member of the PZU Supervisory Board delegated on 23 February 2024 to temporarily perform the function of the Member of the PZU

Management Board.

He is an attorney-at-law and professor at the Department of Constitutional Law, Faculty of Law, Administration and Economics at the University of Wrocław.

He completed a master's program in law; in 2007, obtained the degree of Doctor of Philosophy in Law, while in 2015, the degree of Doctor of Sciences. His research interests include the issues of comparative constitutional law, and especially the impact of technological progress on the institution of constitutional law (so-called digital constitutionalism), protection of information in public and private law, freedom of obtaining and publishing information, the influence of the state on the social and economic system as well as public law forms of business.

He completed his apprenticeship to become attorney-at-law at the Regional Chamber of Attorneys-at-Law in Wrocław (2007-2011, entry no. WR-2139), and practices at Kancelaria Szostek, Bar i Partnerzy based in Wrocław; he provides legal services for public administration authorities and entrepreneurs. He specializes in issues concerning access to and re-use of data, provision of digital services, and personal data protection. He represents plaintiffs and applicants in court and administrative court proceedings, before the Constitutional Court and the European Court of Human Rights.

He is an external expert of the Bureau of Research at Chancellery of the Sejm of the Republic of Poland. From 2013 to 2015, he served as a permanent advisor to the Constitutional Responsibility Committee.

He has received numerous individual and group awards from the Rector of the University of Wrocław for academic scholars' original and creative scientific achievements.

He is a contractor in domestic and international research projects and has written numerous monographs, commentaries and scientific articles published in Poland and abroad.



Tomasz Kulik

Member of the PZU Management Board since 14 October 2016 / Member of the PZU Życie Management Board since 19 October 2016

Until his appointment to the PZU SA Management Board, he was Director of the Planning and Controlling Department. He prepared the PZU Group strategy for the years 2016–2020 and the capital and dividend policy.

He was a member of the Management Board of TFI PZU (in the past also PZU Asset Management) overseeing the areas of finance, risk, operations and IT. Leading the work of the Management Board of TFI PZU, he was also responsible for the corporate area.

He has many years of experience working in insurance and financial institutions. SGH Warsaw School of Economics graduate. He also received an MBA from the University of Illinois and completed the Warsaw-Illinois Executive MBA program. He is a member of the Association of Chartered Certified Accountants (ACCA).

For most of his career, he was associated with Aviva Group (former Commercial Union). Tomasz Kulik is also the Financial Director at PZU Group.



Maciej Rapkiewicz

Member of the PZU Management Board since 22 March 2016 / Member of the PZU Życie Management Board since 25 May 2016

Graduate of the Faculty of Law and Administration at the University of Łódź and post-graduate studies in business insurance, an MBA in Finance and Insurance and risk management. Associated with the PZU Group intermittently since 1998. From 2006 to 2009 Management Board Member and then Vice-President of the TFI PZU SA Management Board. Since 2015 he has worked for TFI BGK S.A., serving as a Management Board Member. He was also the President of the ŁSSE S.A. Management Board. He sat on the supervisory boards of domestic and foreign companies in the PZU Group. Currently, he serves as the President of the Supervisory Board of PTE PZU S.A.



Aleksandra Agatowska

President of the PZU Życie Management Board from 15 February 2021 (from 19 February 2020 to 14 February 2021 – acting President of the PZU Życie Management Board) / Member of the PZU Życie Management Board from 25 March 2016 / Member of the PZU Management Board from 24 October 2019 until 19 February 2020 and PZU Group Director (from 25 March 2016 to 23 October 2019, and again since 20 February 2020).

Graduate of the Jagiellonian University majoring in Economic Sociology and Market Research and Executive MBA at the Kozminski University in Warsaw. She has completed a number of management programs in strategy, management and finance at renowned universities such as Columbia University in New York, Northwestern Kellogg School of Management, London School of Economics and Political Science and Harvard Business School Online. She gained her professional experience working for ING Życie, ING Powszechne Towarzystwo Emerytalne and ING Spółka Dystrybucyjna. She also collaborated with the team of the Public Policy Evaluation and Analysis Center. For HDI (currently Warta S.A.), she managed the product marketing team, developing and executing sales support campaigns. Then she headed the Marketing Intelligence team at Sony Europe. At Philips S.A. she managed the Marketing and Business Intelligence team in 17 countries of the region. As an external consultant, she advised among others Aviva SA on the implementation of distribution channel projects. She served as Chair of the Supervisory Board of Alior Bank S.A. and PZU Zdrowie SA, and was a member

of the Supervisory Board of PZU Centrum Operacji SA, TUW PZUW SA and Enea SA.

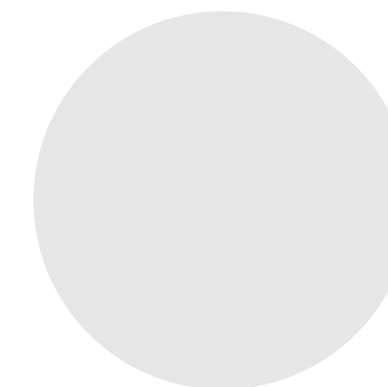


Andrzej Jaworski

Member of the PZU Życie Management Board / PZU Group Director at PZU since 15 April 2022

A graduate of doctoral studies in political science at Cardinal Stefan Wyszyński University in Warsaw. He completed a postgraduate program in economic policy, finance and banking at the College of Social and Media Culture in Toruń, in innovation and project management at the University of Commerce and Services (WSHiU) in Poznań, and postgraduate Executive MBA program at the University of Applied Sciences in Dresden and WSHiU in Poznań. He graduated in from the Adam Mickiewicz University in Poznań in Ethnology and Cultural Anthropology. He joined the PZU Group in 2016 as a Member of the PZU Management Board, and he has been a Member of the PZU Życie Management Board and a Member of the Supervisory Board of PTE PZU and member of the Supervisory Board of PZU Ukraina. He has held the position of the CEO of the Chamber of Commerce and Industry since 2019. Member of the Council of the “Identity Foundation” since 2019 and Secretary of the Council of the Museum of Memory and Identity since 2020. Member of the Legal and Economic Council of the Pomeranian University in Słupsk, Institute of Law and Administration since 2023. Previously, he had been President of the Management Board of Gdańsk

Shipyards S.A. (2006–2008), Chairman of the Public Finance Committee (2015–2016), Deputy Chairman of the State Treasury Committee (2015–2016), Member of the Management Board of Krajowa Spółka Cukrowa S.A. [National Sugar Company] (2017–2018), Member of the Supervisory Board of Pekao Investment Banking S.A. (2022-2023). In 2020-2021, he served as a CEO



Bartłomiej Litwińczuk

Member of the PZU Życie Management Board / PZU Group Director at PZU since 19 August 2016

Graduated from the Faculty of Law and Administration at the University of Warsaw. In 2009 he completed his advocate trainee program and passed the professional examination. Advocate in the Warsaw Bar Association. He specializes in civil law. He combines his business knowledge with extensive experience resulting from his provision of legal assistance services, in particular in cases related to commercial company law, copyright law, administrative law and criminal business law. In the past, he also served as an advisor to the Extraordinary Committee of the Sejm for changes in legal codes. He has experience in corporate governance. Moreover, he is a member of the regulatory authorities of commercial law companies.



Dorota Maciejka

Member of the PZU Życie Management Board / PZU Group Director at PZU since 15 March 2017

Associated with the PZU Group since 2016. She initially served as a director supervising prevention and sponsorship at PZU and PZU Życie. She was appointed as a Member of the PZU Życie Management Board in 2017. One of her projects was the establishment of the Plain Language Department, which introduced significant changes in the way PZU communicates with its clients. In 2021, she initiated the foundation of the Sustainable Development Department, which prepared the ESG Strategy for 2021-2024. This strategy became part of the Group's strategy. It is based on the commitment that the PZU Group not only will achieve very good financial results but also will do so in a sustainable manner and with respect for environmental, social and governance issues. In 2022, as person in charge of the Real Estate Department, she supervised the relocation of the PZU and PZU Życie to the greenest building in the capital city. Previously, in 2010–2016, Dorota Maciejka had coordinated and managed publishing and film production projects. For many years, she was a journalist for the most opinion-forming weeklies and radio stations, including Tygodnik Solidarność [“Solidarity Weekly”], Wprost [“Directly”] and Radio Wolna Europa [“Radio Free Europe/Radio Liberty”]. She published a book entitled Tygodnie Słonimskiego [“Słonimski's Weeks”] in 2000. During martial law in Poland, she was associated with the underground publishing house “Wola”.



Sylwia Matusiak

Member of the PZU Życie Management Board / PZU Group Director at PZU since 1 January 2023

She graduated from the University of Warsaw with a degree in political science. She also completed her MBA at the Warsaw School of Management. Until her appointment to PZU Życie's Management Board, she held the position of managing director for marketing, sponsorship and prevention. Prior to joining the PZU Group, she served as a member of the Management Board of the Central Port of Communications. She previously worked at the National Bank of Poland, the Warsaw Stock Exchange and the Government Information Center, among others.



Małgorzata Skibińska

PZU Group Director at PZU and PZU Życie since 1 February 2023.

Graduate of the Faculty of Management and Marketing at the Warsaw School of Management, majoring in State Administration, and postgraduate studies for managers in the financial services sector at the SGH Warsaw School of Economics. Associated with the PZU Group since 2019. Until her appointment as the PZU Group Director, she held the position of Managing Director of Product Development and Maintenance responsible for product offerings

for PZU SA and PZU Życie in the mass customer and SME segments. She has been involved in the insurance market for 26 years. She has many years of managerial experience, which she has built up working for various insurance companies, where she successfully managed many teams and carried out numerous projects related to the creation and management of product offerings along with technological implementations, risk assessment and valuation, and process optimization. She also has extensive experience working with banks and external partners. Prior to joining the PZU Group, she served for several years as Director of Property Product Development and Individual Underwriting at the Aviva Group.



Dominik Witek

Member of the PZU Życie Management Board / PZU Group Director at PZU since 6 June 2023

Graduated from the Faculty of Law and Administration at the University of Rzeszów. He holds professional titles as an attorney and legal counselor. He also completed studies in the area of management and business (MBA) at the School of Business – National Louis University in Nowy Sącz, earning the Master of Business Administration degree.

Since 2017, he has run his own law firm of attorneys and then legal counsel. In the years 2019–2020, he was employed as a legal advisor at ORLEN Południe SA, where, among other things, he participated in

comprehensive legal services for the Company and the ORLEN Południe Capital Group Companies. In addition, he served as Chair of the Supervisory Board at Sanockie Przedsiębiorstwo Gospodarki Mieszkaniowej sp. z o.o., as well as Chair of the Management Board, Managing Director of Sanockie Przedsiębiorstwo Gospodarki Komunalnej sp. z o.o. From January 2021 to 5 June 2023, he served as a Member of the Management Board of PZU Zdrowie SA. Member of the Supervisory Board of Alior Bank SA since June 2021.

Competences

Members of the Management Board are jointly responsible for all of PZU's activities. The Management Board exercises any and all rights related to managing PZU which are not otherwise reserved by law or the provisions of the Articles of Association to the Shareholder Meeting or the Supervisory Board. The Management Board manages and represents PZU. Two Management Board members acting jointly or one Management Board member acting with a commercial proxy, are authorized to make declarations of will and sign documents on behalf of PZU.

The board works collegially. The Members of the PZU Management Board exercise oversight with respect to processes within their areas, the scope of which is set out by the CEO in an order on organizational oversight performed in the Company by PZU Management Board Members and entrusting the functions of the Heads of Divisions. The document in detail regulates the responsibility of the respective Management Board Members for oversight with respect to individual PZU organizational structures.

The Management Board adopts its rules and regulations, which are approved by the Supervisory Board.

The Management Board informs the Supervisory Board about any significant matters regarding PZU's operations.

Management Board resolutions are especially required for:

- adopting a long-term plan for the PZU's development and operations;
- adopting an action and development plan for the PZU Group;
- adoption of an annual financial plan and a report on its implementation;
- accepting the Management Board's report on the PZU's activity and the Management Board's report on the activity of the PZU Group and the PZU's financial statements and consolidated financial statements of the PZU Group for the previous financial year;
- accepting the solvency and financial condition report of the PZU and the solvency and financial condition report of the PZU Group;
- accepting the PZU's own risk and solvency assessment report and the PZU Group's own risk and solvency assessment report;
- adoption of a report on representation expenditures and expenditures for legal, marketing, public relations and public communication services and management consulting services;
- adoption of a report on the application of best practices, as defined by the Prime Minister pursuant to the Act on Rules for Managing State Property of 16 December 2016, addressed to companies in which the State Treasury holds an equity stake;
- approval of a motion to distribute profit or cover loss;

- determining premiums in compulsory and voluntary insurance and the general terms and conditions of voluntary insurance;
- determination of the scope and size of outward reinsurance and the tasks for inward reinsurance;
- adopting or amending the Organizational Regulations of PZU;
- adoption of an annual audit and control plan and a report on its implementation with conclusions;
- determining the terms and conditions of investment, prevention and sponsoring activities;
- PZU granting sureties and guarantees, excluding guarantees and sureties which constitute insurance operations;
- PZU contracting credit facilities, PZU contracting or providing loans – excluding loans granted from the Company Social Benefits Fund and taking into account deviations specified in investment activity.

Responsibilities of PZU and PZU Życie Management Board Members and PZU Group Directors in PZU and PZU Życie (as of 31 December 2023 and until 23 February 2024)

First name and surname	Function performed at PZU and PZU Życie	Scope of responsibility
Beata Kozłowska-Chyła	President of the PZU from 2 October 2020 23 February 2023 / Acting President of the PZU Management Board from 12 March to 1 October 2020	PZU: internal audit, compliance, PZU Group strategy, strategic analysis, corporate communication, reinsurance*
Aleksandra Agatowska	Member of the Management Board from 24 October 2019 to 19 February 2020 / PZU Group Director at of the PZU from 25 March 2016 to 23 October 2019, reappointed as PZU Group Director at PZU since 20 February 2020 President of the PZU Życie Management Board since 15 February 2021 / Acting President of the PZU Życie Management Board from 19 February 2020 to 14 February 2021 / Member of the PZU Życie Management Board since 25 March 2016	PZU Życie: internal audit, compliance, PZU Group strategy, strategic analysis, corporate communication, reinsurance**
Ernest Bejda	Member of the PZU Management Board from 4 May 2020 to 23 February 2024 Member of the PZU Życie Management Board since 25 August 2021 to 5 June 2023 / PZU Group Director at PZU Życie from 4 May 2020 to 24 August 2021, reappointed since 6 June 2023	PZU and PZU Życie: security, purchasing, analysis and efficiency of processes, insurance operations, claims and benefits handling, assistance, remote customer service, digitization of processes, development of digital services and platforms, after-sales customer service PZU: AML in the PZU Group
Małgorzata Kot	Member of the PZU Management Board from 10 September 2020 to 23 February 2024 / Director of the PZU Group at PZU from 16 April to 9 September 2020 Member of the PZU Życie Management Board from 16 April 2020 to 23 February 2024	PZU and PZU Życie: PZU branch network management, retail sales (channels: exclusive, multi-agency, brokerage), remote sales, retail distribution strategy, retail sales support, sales analysis PZU: retail sales (dealer channel) PZU Życie: agency sales, corporate sales



First name and surname	Function performed at PZU and PZU Życie	Scope of responsibility
Krzysztof Kozłowski	Member of the PZU Management Board from 4 August 2021 to 23 February 2024 PZU Group Director at PZU Życie from 4 February 2021 to 23 February 2024	PZU and PZU Życie: corporate management, corporate governance in the PZU Group, administration, project management PZU: business development of the PZU Group
Tomasz Kulik	Member of the PZU Management Board since 14 October 2016 Member of the PZU Życie Management Board since 19 October 2016	PZU and PZU Życie: actuarial science, finance, CRM***
Piotr Nowak	Member of the PZU Management Board from 28 April 2022 to 23 February 2024 PZU Group Director at PZU Życie from 28 April 2022 to 23 February 2024	PZU and PZU Życie: investment, IT, innovation
Maciej Rapkiewicz	Member of the PZU Management Board since 22 March 2016 Member of the PZU Życie Management Board since 25 May 2016	PZU and PZU Życie: risk
Małgorzata Sadurska	Member of the PZU Management Board from 13 June 2017 to 23 February 2024 PZU Group Director at PZU Życie from 15 April 2022 to 23 February 2024 / Member of the PZU Życie Management Board from 19 June 2017 to 14 April 2022	PZU and PZU Życie: assurbanking, bancassurance and strategic partnership programs, corporate business development PZU: corporate sales, corporate product management, analysis, underwriting and risk assessment of corporate insurance, financial risk insurance, corporate business services PZU Życie: protection banking products, investment products, investment product sales

First name and surname	Function performed at PZU and PZU Życie	Scope of responsibility
Dominik Witek	Member of the PZU Życie Management Board since 6 June 2023 PZU Group Director at PZU since 6 June 2023	PZU and PZU Życie: client experience management PZU Życie: AML, support for service processes
Andrzej Jaworski	Member of the PZU Życie Management Board since 15 April 2022 PZU Group Director at PZU since 15 April 2022	PZU and PZU Życie: health insurance
Bartłomiej Litwińczuk	Member of the PZU Życie Management Board since 19 August 2016 PZU Group Director at PZU since 19 August 2016	PZU and PZU Życie: HR, consulting and legal services
Dorota Macieja	Member of the PZU Życie Management Board since 15 March 2017 PZU Group Director at PZU since 15 March 2017	PZU and PZU Życie: sustainability, customer communication, real estate
Sylwia Matusiak	Member of the PZU Życie Management Board since 1 January 2023 PZU Group Director at PZU since 1 January 2023	PZU i PZU Życie: marketing, sponsorship, prevention
Małgorzata Skibińska	PZU Group Director at PZU since 1 February 2023 PZU Group Director at PZU Życie since 1 February 2023	PZU and PZU Życie: health product management, strategic management of product offering, underwriting, actuarial tariff PZU: management of mass products and insurance programs PZU Życie: management of group and individual products

* additionally, supervises PZU Group Directors at PZU: Aleksandra Agatowska, Dorota Macieja, Sylwia Matusiak, Andrzej Jaworski, Bartłomiej Litwińczuk, Dominik Witek

** additionally, supervises PZU Group Directors in PZU Życie: Małgorzata Sadurska, Ernest Bejda, Krzysztof Kozłowski, Piotr Nowak

*** additionally, supervises Małgorzata Skibińska, PZU Group Director in PZU and PZU Życie



Responsibilities of PZU and PZU Życie Management Board Members and PZU Group Directors in PZU and PZU Życie (as of 23 February 2024 until the date of signing the management report, i.e. 20 March 2024)

First name and surname	Function performed at PZU and PZU Życie	Scope of responsibility
Anita Elżanowska	Member of the Supervisory Board delegated to temporarily perform the function of the President of the Management Board	corporate management, corporate governance in PZU Group, internal audit, compliance, PZU Group strategy, strategic analysis, corporate communication, reinsurance*
Michał Bernaczyk	Member of the Supervisory Board delegated to temporarily perform the function of the Member of the Management Board	**
Aleksandra Agatowska	Member of the Management Board from 24 October 2019 to 19 February 2020 / PZU Group Director at of the PZU from 25 March 2016 to 23 October 2019, reappointed as PZU Group Director at PZU since 20 February 2020 President of the PZU Życie Management Board since 15 February 2021 / Acting President of the PZU Życie Management Board from 19 February 2020 to 14 February 2021 / Member of the PZU Życie Management Board since 25 March 2016	PZU Życie: corporate management, corporate governance in PZU Group, internal audit, compliance, PZU Group strategy, strategic analysis, corporate communication, reinsurance***
Tomasz Kulik	Member of the PZU Management Board since 14 October 2016 Member of the PZU Życie Management Board since 19 October 2016	PZU and PZU Życie: actuarial science, finance, investment, CRM, project management **** PZU: business development of the PZU Group
Maciej Rapkiewicz	Member of the PZU Management Board since 22 March 2016 Member of the PZU Życie Management Board since 25 May 2016	PZU and PZU Życie: risk, insurance operations, claims and benefits handling, assistance, remote customer service, purchasing, administration

First name and surname	Function performed at PZU and PZU Życie	Scope of responsibility
Dominik Witek	Member of the PZU Życie Management Board since 6 June 2023 PZU Group Director at PZU since 6 June 2023	PZU and PZU Życie: security, analysis and process efficiency, client experience management, IT, innovation, digitization of processes, development of digital services and platforms, after-sales customer service PZU: AML in the PZU Group PZU Życie: AML, support for service processes
Dorota Macieja	Member of the PZU Życie Management Board since 15 March 2017 PZU Group Director at PZU since 15 March 2017	PZU and PZU Życie: sustainability, customer communication, real estate
Sylwia Matusiak	Member of the PZU Życie Management Board since 1 January 2023 PZU Group Director at PZU since 1 January 2023	PZU and PZU Życie: marketing, sponsorship, prevention, PZU branch network management, retail sales (channels: exclusive, multigen, brokerage), remote sales, retail distribution strategy, retail sales support, sales analysis, assurbanking, bancassurance and strategic partnership programs, corporate business development PZU: retail sales (dealer channel), corporate sales, corporate product management, analysis, underwriting and risk assessment of corporate insurance, financial risk insurance, corporate business services PZU Życie: agency sales, corporate sales, protection banking products, investment products, investment product sales

First name and surname	Function performed at PZU and PZU Życie	Scope of responsibility
Małgorzata Skibińska	PZU Group Director at PZU since 1 February 2023 PZU Group Director at PZU Życie since 1 February 2023	PZU Życie: health product management, strategic management of product offering, underwriting, actuarial tariff PZU: management of mass products and insurance programs PZU Życie: management of group and individual products

* additionally supervises PZU Group Directors at PZU: Aleksandra Agatowska, Dorota Macieja, Andrzej Jaworski, Bartłomiej Litwinczuk
 ** supervises PZU Group Directors at PZU: Sylwia Matusiak, Dominik Witek
 *** additionally, supervises PZU Group Directors in PZU Życie
 **** additionally, supervises Małgorzata Skibińska, PZU Group Director at PZU and PZU Życie

19 [\[GRI 3-3\]](#) [\[GRI 2-9\]](#) [\[GRI 2-14\]](#)[\[ESRS GOV-2\]](#)
[\[ESRS GOV-3\]](#)

Responsibility related to ESG

ESG goals have been included in the list of goals to be achieved by the Management Board, and the key ESG Strategy indicators became an integral part of the PZU Group’s business strategy. The Shareholder Meeting authorized the Supervisory Board to detail the management objectives assigned annually to the members of the Management Board, and to determine the weights for these goals, and objective and measurable indicators for their implementation and accountability (KPIs), which are the basis for determining the amount of variable compensation. In connection with the adoption of the ESG Strategy, the general management objectives related to improving economic and financial indicators were expanded to include activities that take into account social interests, including those which allow the Company to contribute to environmental protection. Variable compensation

of the Management Board Members depends on the attainment of management objectives determined by the Supervisory Board and may not exceed 100% of the annual fixed compensation of the Management Board Members from the previous financial year when the calculations of the due variable compensation are made.

[\[GRI 2-12\]](#) [\[GRI 2-13\]](#) [\[GRI 2-14\]](#) [\[GRI 2-17\]](#)

To achieve efficient ESG management, the Sustainable Development Department was set up at PZU and PZU Życie at the end of 2020, with the function of coordinating actions in the area of the ESG Strategy implementation. Director of the Sustainable Development Department reports directly to the PZU Życie Management Board Member and the PZU Group Director in PZU.

In 2021, the PZU Management Board established the PZU Group ESG Committee, whose tasks include:

- supervision over the consistency of ESG activities with the PZU Group’s business objectives;

- setting out general ESG guidelines in the PZU Group;
- making recommendations as for applying ESG principles in the PZU Group business practice and integrating business processes with the ESG goals;
- participation in the development and updating of the ESG Strategy;
- giving opinions on actions, plans and projects connected with the ESG Strategy and implemented in the PZU Group, and presenting these opinions to the relevant bodies of the members of the PZU Group;
- giving opinions on the methods and directions of adapting the business activity principles followed by members of the PZU Group represented in the Committee to ESG regulatory and reporting requirements.

During the meetings of the PZU Group ESG Committee, Committee members are informed about sustainable development. It particularly pertains to new laws, level of implementation of ESG indicators, and identification of gaps and recommended corrective measures.

In 2023, the ESG Committee held 5 meetings. Topics covered during the meetings included CO2 offsetting, defining ESG strategic goals, preparing the PZU Group to meet the requirements of the EU Taxonomy, modeling climate risks, human rights due diligence process and changes in environmental and human rights policies, and preparing the PZU Group to implement the CSRD Directive.

Another means of communicating relevant ESG-related issues are internal regulations of the Sustainable Development Department Director. Key internal regulations issued in 2023 concerned prevention of human rights violations in the PZU Group, methodology for ESG assessment of PZU SA key corporate clients as

ESG goals have been embedded in the goals of the Management Board, and the key performance indicators of the ESG Strategy have become an integral **part of the PZU Group’s business strategy.**

well as guidelines and a list of disclosure obligations under the EU Taxonomy.

In addition, information activities aimed at ESG leaders within the PZU Group are being conducted. A series of quarterly meetings was initiated in 2023. During the meetings, key issues regarding the ESG strategy, EU Taxonomy, minimum human rights safeguards, and ESG assessment methodology for key clients were discussed. The most important aspects of the new regulations were also elaborated on. An external expert in the Climate Leadership program participated in one of those meetings and discussed the question of integrating ESG risks into the business practice of insurance institutions. In 2023, four meetings were held.

The ESG Committee in the PZU Group is composed of representatives of PZU SA and PZU Życie SA, including the PZU Group Management Boards’ Members and Directors, as well as Presidents of Management Boards: Members of the PZU Management Board, Members of the PZU Życie Management Board, President of the Management Board of TUW PZUW, President of the Management Board of TFI PZU, President of the Management Board of PTE PZU, and in PZU and PZU Życie: Corporate Managing Director, PZU Group Corporate Managing Director, PZU Group Director supervising the Product Section, Managing Director on Regulations, Managing Director for Marketing, Sponsorship and Prevention, Director of the Corporate Communication Office, Director of Management



Consolidation and Investor Relations, Director of the Sustainable Development Department.

Detailed rules for the implementation of the ESG strategy and cooperation between PZU Group members are set out in the Policy on Sustainable Development in the PZU Group and cooperation agreements between companies.

Mode of operation

Meetings of the Management Board are held at least once a fortnight. The Articles of Association provide that meetings may be held using means of direct remote communication.

The President of the Management Board directs the work of the Management Board. The President of the Management Board makes 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 President.

Management Board makes decisions in the form of resolutions. The Management Board adopts resolutions only in the presence of the President of the Management

Board or a person designated to head the work of the Management Board during the President’s absence.

Resolutions of the Management Board are adopted by an absolute majority of votes; in the event of a voting tie, the President has the casting vote. With the consent of the President of the Management Board, the Management Board may adopt resolutions by written procedure or using means of direct remote communication, if all the Management Board Members have received the draft resolution with justification and at least half of the Management Board Members took part in the adoption of the resolution.

Committees

Committees are collegial structures operating at PZU and PZU Życie. They are established and disbanded by the Management Boards of PZU and PZU Życie. Committees issue opinions and make decisions in matters within their area of operation defined in the rules and regulations of a given committee. In 2023, there were the following committees at PZU and PZU Życie, with the Management Board Members and PZU Group Directors participating in their work:

Name of the Committee	Purpose
PZU Pricing Committee (only at PZU)	To set out the pricing policy in line with the PZU strategy
Data Governance Committee	To coordinate data governance and data quality processes at PZU and PZU Życie
Innovations Committee	To coordinate and manage overall innovation at PZU and PZU Życie

Name of the Committee	Purpose
Investment Committee	<ul style="list-style-type: none"> To review and give opinions on investment decisions; To decide on concentration limits; To decide on risk acceptance for financial insurance; To decide on how to vote at a meeting of the investment fund participants or investors if the subject of such a meeting is the fund’s investment decision, issuance of new investment certificates, issuance of bonds, establishment of additional investment limits, liquidation of the fund, merger of funds, or acquisition of the investment fund management by another company; To give opinion on instructions for voting at meetings on other matters than those indicated above whose participants are shareholders, partners, bondholders, participants or investors in investment funds
Cost Committee	To coordinate efforts to reduce costs of PZU and PZU Życie, in particular fixed costs of insurance business, in line with the PZU Group strategy
Property Committee	To ensure proper course of the decision-making process regarding the intended use of properties held by PZU SA and PZU Życie SA, in particular their sale or investment by PZU Group members
Actuarial, Operational and Model Risk Committee	<p>To take action with regard to:</p> <ul style="list-style-type: none"> accepted level of actuarial, operational and model risk; actuarial, operational and model risk management principles and methodologies; management activities in the process of monitoring actuarial, operational and model risk; supporting the PZU and PZU Życie Management Boards in the process of regulatory risk management
PZU Group’s Risk Committee	To coordinate activities and supervise the management system and processes related to risks occurring in PZU, PZU Życie and the PZU Group, in particular at the level of the financial conglomerate of the PZU Group
Investment Risk Committee	<p>To take action in the area of market risk, credit risk and concentrations regarding:</p> <ul style="list-style-type: none"> acceptable sizes of risks, risk management principles and methodologies, taking management actions in the process of risk management at the level of individual exposures, investment portfolios and financial insurance where the credit risk is present.

Name of the Committee	Purpose
Sponsorship and Prevention Committee	To ensure that PZU and PZU Życie properly conduct sponsorship and prevention activities, as well as to monitor and ensure consistency of activities conducted in these areas
Procurement Committee	To facilitate the goods and services supplier selection procedure and monitor cooperation with suppliers following the strategy of PZU and PZU Życie
Asset and Liability Management Committee	<p>To issue opinions on decisions regarding the strategic structure of deposits in order to ensure that PZU and PZU Życie have an appropriate level of security, financial liquidity, profitability and investment portfolio quality, and to provide recommendations for Management Boards or organizational structures of PZU and PZU Życie on the size of technical interest rates and activities increasing the amount of own funds or liquidity buffers.</p> <p>To take decisions on:</p> <ul style="list-style-type: none"> rules for managing financial liquidity in PZU and PZU Życie; investment objectives and guidelines or investment limits and benchmarks for organizational units of PZU and PZU Życie and entities managing deposits within the PZU Group; matching assets to liabilities and the binding asset structure; regulations on sustainable development in terms of investment activities
Initiatives Management Committee	to supervise and determine directions of action in terms of managing initiatives within PZU and PZU Życie

In 2023, there was also a **Crisis Management Team** at PZU and PZU Życie, which is a collegial body having the rights of a committee. The Crisis Management Team supervised the operation of the business continuity management system, carried out the tasks specified in the business continuity plan and was responsible for managing crisis situations in PZU and PZU Życie.

Functions performed by PZU and PZU Życie Management Board Members as well as PZU Group Directors in committees as at the end of 2023 are presented below.

First name and surname	Participation in committee works (as of 31 December 2023)
Beata Kozłowska-Chyła President of the PZU Management Board	Head of the Crisis Management Team
Aleksandra Agatowska President of the PZU Życie Management Board / PZU Group Director in PZU	Deputy Head of the Crisis Management Team

First name and surname	Participation in committee works (as of 31 December 2023)
Ernest Bejda Member of the PZU Management Board / PZU Group Director in PZU Życie	<p>Member of the Crisis Management Team for Security</p> <p>Committee Chair: Procurement Committee</p> <p>Committee Deputy Chair: Actuarial, Operational and Model Risk Committee</p> <p>Committee Member: Data Governance Committee, Investment Committee, Property Committee, PZU Group's Risk Committee, Investment Risk Committee, Sponsorship and Prevention Committee, Asset and Liability Management Committee, Initiatives Management Committee</p>
Małgorzata Kot Member of the PZU Management Board / Member of the PZU Życie Management Board	<p>Committee Member: PZU Pricing Committee, Procurement Committee, Initiatives Management Committee</p>
Krzysztof Kozłowski Member of the PZU Management Board / PZU Group Director in PZU Życie	<p>Member of the Crisis Management Team for Corporate and Administration</p> <p>Committee Member: Innovations Committee, PZU Group's Risk Committee, Investment Risk Committee, Initiatives Management Committee</p>
Tomasz Kulik Member of the PZU Management Board / Member of the PZU Życie Management Board	<p>Member of the Crisis Management Team for Finance</p> <p>Committee Chair: Data Governance Committee, Cost Committee, Asset and Liability Management Committee</p> <p>Committee Deputy Chair: PZU Pricing Committee, Investment Committee, PZU Group's Risk Committee, Procurement Committee</p> <p>Committee Member: Actuarial, Operational and Model Risk Committee, Investment Risk Committee, Property Committee, Initiatives Management Committee</p>
Piotr Nowak Member of the PZU Management Board / PZU Group Director in PZU Życie	<p>Member of the Crisis Management Team for IT</p> <p>Committee Chair: Innovations Committee, Investment Committee, Initiatives Management Committee</p> <p>Committee Deputy Chair: Data Governance Committee, Investment Risk Committee, Asset and Liability Management Committee</p> <p>Committee Member: Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee, Property Committee, Procurement Committee</p>

First name and surname	Participation in committee works (as of 31 December 2023)
Maciej Rapkiewicz Member of the PZU Management Board / Member of the PZU Życie Management Board	Committee Chair: Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee, Investment Risk Committee Committee Member: Data Governance Committee, Investment Committee, Asset and Liability Management Committee
Małgorzata Sadurska Member of the PZU Management Board / PZU Group Director in PZU Życie	Member of the Crisis Management Team for Contacts with Strategic Partners Committee Member: PZU Pricing Committee, Data Governance Committee, Investment Committee, Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee, Investment Risk Committee, PZU Group's Risk Committee, Investment Risk Committee
Dominik Witek Member of the PZU Życie Management Board / PZU Group Director in PZU	Committee Member: Investment Committee, Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee, Investment Risk Committee, Procurement Committee, Asset and Liability Management Committee, Initiatives Management Committee
Andrzej Jaworski Member of the PZU Życie Management Board / PZU Group Director in PZU	-
Bartłomiej Litwińczuk Member of the PZU Życie Management Board / PZU Group Director in PZU	Member of the Crisis Management Team for Legal and HR Committee Member: Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee
Dorota Macieja Członek Zarządu PZU Życie / Dyrektor Grupy PZU w PZU	Crisis Management Team for Real Property Committee Chair: Property Committee
Sylwia Matusiak Członek Zarządu PZU Życie / Dyrektor Grupy PZU w PZU	Committee Member: Sponsorship and Prevention Committee
Małgorzata Skibińska PZU Group Director in PZU and PZU Życie	Committee Chair: PZU Pricing Committee Committee Member: Data Governance Committee, Innovations Committee, Actuarial, Operational and Model Risk Committee, Asset and Liability Management Committee, Initiatives Management Committee

Management Board's activity in 2023

In 2023, the Management Board held 61 meetings, at which it adopted 372 resolutions. These resolutions covered all areas of the PZU business.

The main areas of the Management Board's activity include:

Strategy

- The Management Board updated the indicators of the PZU Group Strategy for 2021–2024 in connection with the implementation of the IFRS 17 accounting standard at PZU and changes in the macroeconomic environment;
- The Management Board adopted a plan for operationalization of the Strategy for 2023 and continued strategic projects and initiatives which will ensure achievement of the goals set out in the Strategy. New initiatives were launched, e.g. in direct and dealer sales, TPL for corporate clients and agricultural insurance;
- The Management Board agreed to update the goals and budget for continued dynamic development of the #mojePZU strategic project.

Finance

- The Management Board adopted:
 - financial plan for PZU and PZU Group for the years 2023 and 2024,
 - report on the activities of PZU and PZU Group for 2022 and H1 2023, financial statements of PZU and PZU Group for 2022, H1 2023 and Q1 and Q3 2023, as

well as reports on solvency and financial condition of PZU and the PZU Group for 2022,

- the financial conglomerate's strategy with regard to capital adequacy;
- The Management Board determined:
 - operating segments for the purpose of preparing the PZU Group's consolidated financial statements in accordance with the International Financial Reporting Standards,
 - accounting principles (policy) for reporting in accordance with the International Financial Reporting Standards (IFRS) as applied in PZU,
 - disclosure process for the purposes of the EU Taxonomy;
- The Management Board agreed to amend PZU's reinsurance program for 2023 by adjusting the provisions regarding parameters of agreement on disproportionate excess of loss per event for catastrophic risks, and adopted the assumptions of the mandatory outward reinsurance program for 2024;
- The Management Board also agreed to enter into an agreement with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. regarding the audit and review of financial statements as well as the audit of reports on solvency and financial condition of PZU and the PZU Group for five financial years 2024–2028;
- The Management Board adopted the 2024–2026 Investment Strategy for own risk portfolio of PZU and PZU Życie and decided to submit it to the Supervisory Board.



Operating activities

- On an ongoing basis, the Management Board approved amendments to general insurance terms and conditions (GTI) and general insurance terms and conditions for new products, as well as insurance tariffs, for example for:
 - environmental damage liability insurance,
 - iSpot Care and “Display” insurance,
 - PZU Cortland Care and “Display” insurance,
 - insurance against cyber risks,
 - PZU DOM insurance,
 - PZU Farm insurance,
 - PZU Crop insurance,
 - PZU Auto insurance,
 - PZU Advisor comprehensive insurance,
 - liability insurance of medical entities operating a hospital and general terms and conditions of liability insurance of medical entities other than those operating a hospital,
 - medical liability insurance,
 - group travel insurance for Pekao Visa Infinite credit card holders and users,
 - property insurance against fire and other elements, property insurance against all risks, comprehensive insurance for housing communities, cooperatives and public building societies (TBS), including, among other things, rules regarding the grace period for the risk of flooding in this insurance..

- The Management Board agreed to:
 - placing an order for IT services with regard to development work in the SLS system (loss adjustment system) related to the framework agreement with PZU Centrum Operacji;
 - conducting advertising campaigns, for example for vehicle insurance, “PZU Comprehensive Offer”.
 - providing PZU communication services in social media,
 - implementation of prevention programs, including “Good PZU Team” 2nd Edition – 2023, “Healthy Life”, PZU.iFLOTA, the prevention campaign for women in the perinatal period entitled “Fearless about the future”,
 - sponsorship activities, including sponsorship of the “80th Tour de Pologne UCI World Tour”,
 - purchase of development services for the pzu.pl portal related to the contract for the provision of maintenance, authorization and development services for the pzu.pl portal.

System of governance

- The Management Board approved changes to the governance system (risk management system, internal control system and business continuity management) in PZU and PZU Życie, and recommended adoption of the system to PZU’s direct and indirect subsidiaries subject to the Insurance and Reinsurance Business Act, as well as to TUW Polski Zakład Ubezpieczeń Wzajemnych;;
- The Management Board adopted:

- annual report on the activities of the Internal Audit Department in 2022, including an assessment of the internal control system and risk management system,
- own risk and solvency assessment (ORSA) report of PZU Group, PZU and PZU Życie,
- updated PZU Group’s Corrective Action Plan – a document covering the PZU Group’s significant entities, in particular banks operating within it, which is an additional tool utilized at the financial conglomerate level that enables efficient organization and effective operation of risk management systems in the PZU Group. The Plan is updated annually based on the annual ORSA process and includes stress scenarios. The Plan includes stress scenarios at the end of the last reporting year and a baseline scenario developed as part of the annual ORSA process;
- The Management Board amended:
 - PZU Group’s risk management strategy, in terms of adjusting the risk management principles of PZU Group’s subsidiaries, including in terms of determining risk appetite,
 - Risk concentration management policy at the level of the PZU Financial Conglomerate,
 - Actuarial, market, credit and operational risk management policies,
 - Policy on conducting own risk and solvency assessment of the PZU Group, PZU and PZU Życie,
 - Model Risk Management Policy at PZU and PZU Życie,
 - Organizational regulations of PZU and PZU Życie;

- The Management Board adopted other resolutions to update various policies at PZU and PZU Życie, for example:
 - Security Policy,
 - Sanctions Policy,
 - Compliance Policy,
 - Anti-Corruption Policy,
 - Data Governance Policy,
 - Solvency II data quality management policy,
 - Environmental Policy of the PZU Group,
 - Human Rights Policy of the PZU Group,
 - Procedure to counteract failure to provide information on tax schemes,
 - Regulatory risk management principles,
 - Procedure in the Area of Preventing Money Laundering and Terrorism Financing in the PZU Group,
 - Corporate governance in the PZU Group.

Other

- The Management Board adopted resolutions on work organization (e.g. updating the PZU Work Regulations and the Remote Work Regulations), human resources (concerning PZU Group Directors), remuneration of PZU Group Directors and Senior Management, and rewards and systemic pay rises for employees;
- The Management Board agreed to offset CO2 emissions generated at PZU in 2022 by purchasing certified emission reduction units (CERs) through the United Nations trading platform;

- The Management Board established the PZU Tax Group for fiscal years 2024–2026 and authorized the conclusion of the PZU Tax Group agreement;
- The Management Board adopted a report on representation expenditures and expenditures for legal, marketing, public relations and public communication services and management consulting services for 2022;
- The Management Board gave its approval to:
 - acquisition by PZU of shares in Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych,
 - acquisition of shares in the increased share capital of PZU CASH, which manages a portal for employee financial benefits in the area of financial wellness,
 - compulsory buyout of a minority shareholder and requested the Supervisory Board to adopt a resolution to approve purchase of ordinary shares of UAB “PZU Lietuva gyvybes draudimas” – a strategic entity,
 - increasing the share capital of PZU Ukraine with its seat in Kiev as well as PZU Ukraine Life Insurance by increasing the par value of existing shares and covering the increase with the companies’ funds in order to comply with new capital requirements and amend their Articles of Association, and requested the Supervisory Board to give relevant approvals;
- The Management Board granted approvals for the conclusion or termination of agreements on leases, purchases and sales of real estate used by PZU.

7.5.2. Supervisory Board

[GRI 2-9, 2-10, 2-11, 2-12]

Rules for the appointment and dismissal of the Members

The Supervisory Board operates pursuant to the provisions of the Commercial Companies Code, the Regulations of the Supervisory Board of PZU and the Articles of Association of PZU. The Supervisory Board of PZU is composed of seven to eleven Members. The number of Supervisory Board Members is specified by the Shareholder Meeting. Members of the Board are appointed and dismissed by the Shareholder Meeting, subject to the following.

The Articles of Association of PZU give the State Treasury the right to appoint and dismiss one Supervisory Board Member by way of a written statement submitted to the Management Board – such appointment or dismissal is effective upon delivery of the pertinent statement to the PZU Management Board and does not require a resolution of the Shareholder Meeting. This right will expire if the State Treasury ceases to be a PZU shareholder.

Supervisory Board members are appointed for a joint term of office, which encompasses three consecutive full financial years.

In accordance with the Articles of Association of PZU, half of Supervisory Board Members appointed by the Shareholder Meeting are elected from among persons proposed by the State Treasury – this right continues until its stake in the PZU’s share capital drops below 20%. Then, this right is shifted to another shareholder holding the largest stake in the PZU’s share capital, provided that this shareholder holds at least 20% of the share capital.

The Supervisory Board elects the Supervisory Board Chairperson and Supervisory Board Deputy Chairperson from among its Members. The Supervisory Board may elect the Supervisory Board Secretary from among its members.

The mandate of a Supervisory Board Member expires at the end of his or her term of office or as a result of his or her demise, resignation or dismissal from the Supervisory Board. If the mandate of a Member of the Supervisory Board expires during the term of office of the Supervisory Board, a new Member shall be appointed for the period until the end of the term of office of the Supervisory Board.

[GRI 2-10]

Suitability assessment

Supervisory Board Members are subject to individual suitability assessment. The Supervisory Board as a whole is also subject to suitability assessment (collective suitability assessment). The rules for assessing the suitability of the PZU Supervisory Board and Audit Committee were adopted by Resolution No. 33/2021 of the PZU Regular Shareholder Meeting of 16 June 2021 (as amended). Suitability assessments are carried out at least once a year and, among other things, when a candidate for a Member of the Supervisory Board is

put forward (primary individual suitability assessment – before the Shareholder Meeting adopts a resolution to appoint a person to serve) and before any changes are made to the composition of the Supervisory Board (collective suitability assessment). The assessment of the original suitability of the member of the Supervisory Board appointed by written declaration on the basis of the Articles of Association of PZU is made directly by the shareholder – the State Treasury.

Assessment of the suitability of candidates for Members of the Supervisory Board is carried out on the basis of documents provided by the person being assessed, statements and information submitted, as well as completed forms and attachments. The candidate verification process is based on the following criteria:

- competence;
- guarantee, including reputation and reliability;
- independence of the Supervisory Board Member;
- independent judgment, including no conflict of interest, and sufficient time dedication to the position of the Supervisory Board Member.

A candidate for a Member of the Supervisory Board should have a relevant educational background, particularly in insurance, banking or finance, economics, law, accounting, auditing, management, mathematics, physics, computer science, administration, financial regulation, information technology and quantitative methods. It is important that the person being assessed has specific professional credentials, in particular the credentials of an actuary, auditor, investment advisor, legal counsel or attorney. The assessment of suitability also takes into account the diversity policy adopted by the Shareholder Meeting for Members of PZU bodies.

Based on the collected documentation, the Nomination and Compensation Committee of the Supervisory Board proposes an individual suitability assessment of the person assessed or a collective suitability assessment of the Supervisory Board and submits these proposals to the Supervisory Board, which approves the suitability assessment proposals in the form of a resolution. The Supervisory Board presents the assessment to the Shareholder Meeting in the form of a report, which makes the final decision on the individual or collective suitability assessment by resolution.

Composition

The term of office of the Supervisory Board began with the appointment of the Supervisory Board at the Regular Shareholder Meeting of PZU convened on 7 June 2023, and covers three consecutive full financial years 2024–2026.

Composition of the Supervisory Board as of 31 December 2023

At the end of 2023, PZU Supervisory Board consisted of nine members.

	Position	Audit Committee	Nomination and Compensation Committee	Strategy Committee
Robert Jastrzębski	Chairperson of the Supervisory Board, independent		X	
Paweł Górecki	Deputy Chairperson of the Supervisory Board, independent	X	X	
Agata Górnicka	Secretary of the Supervisory Board, independent		X	X
Marcin Chłudziński	Member of the Supervisory Board, independent	X		X
Marcin Kubicza	Member of the Supervisory Board, independent	X		X
Krzysztof Opolski	Member of the Supervisory Board, independent	X		
Radosław Sierpiński	Member of the Supervisory Board		X	
Józef Wierzbowski	Member of the Supervisory Board, independent			X
Maciej Zaborowski	Member of the Supervisory Board, independent			X

X – chairperson, X – member

In 2023, all members of the Supervisory Board and the Supervisory Board as a body had a positive suitability assessment.

Changes in the composition of the Supervisory Board in the period from 1 January 2023 to 31 December 2023

- On 1 January 2023, the composition of the Supervisory Board was as follows: Marcin Chłudziński, Paweł Górecki, Agata Górnicka, Robert Jastrzębski, Elżbieta Mączyńska-Ziemacka, Krzysztof Opolski, Radosław Sierpiński, Robert Śnitko, Piotr Wachowiak, Józef Wierzbowski, Maciej Zaborowski;
- On 7 June 2023, the Regular Shareholder Meeting of PZU appointed the following persons to the PZU Supervisory Board for the new term: Marcin Chłudziński, Agata Górnicka, Robert Jastrzębski, Marcin Kubicza, Elżbieta Mączyńska-Ziemacka, Krzysztof Opolski, Radosław Sierpiński, Józef Wierzbowski, Maciej Zaborowski. At the same time, as of the date of the Regular Shareholder Meeting of PZU, i.e. 7 June 2023, the mandates of two former members of the Supervisory Board of PZU (Piotr Wachowiak and Robert Śnitko) expired.
- On 5 June 2023, the Minister of State Assets – Deputy Chairman of the Council of Ministers, acting on behalf of the State Treasury of the Republic of Poland, appointed Paweł Górecki as a member of the PZU Supervisory Board, pursuant to § 20 (7) of the PZU Articles of Association;
- On 13 September 2023, the Extraordinary Shareholder Meeting of PZU SA (the “ESM”) dismissed Elżbieta Mączyńska-Ziemacka from the Supervisory Board.

The independence criteria set forth in the Best Practices of WSE Listed Companies were met by: Marcin

Chłudziński, Paweł Górecki, Agata Górnicka, Robert Jastrzębski, Marcin Kubicza, Elżbieta Mączyńska-Ziemacka, Krzysztof Opolski, Robert Śnitko, Piotr Wachowiak, Józef Wierzbowski, Maciej Zaborowski. The verification was carried out on the basis of the statements made by the Members of the Supervisory Board and their subsequent update, if any, in the event of a change in the circumstances forming the basis for the original submission. The content of the statements refers to the independence criteria enumerated in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision.

Persons serving on the Supervisory Board of PZU had diverse educational background, expertise, were highly qualified, had suitable competence and professional experience as outlined in [Chapter 7.5.3. Diversity policy](#). They ensured an appropriate collegial oversight of all areas of PZU’s operations and guaranteed that a broad and comprehensive spectrum of views and opinions will be taken into account while evaluating work of the Management Board and the operation of PZU.

Changes in the composition of the Supervisory Board in the period from 1 January 2024 to 20 March 2024

- On 1 January 2024, the composition of the Supervisory Board was as follows: Robert Jastrzębski, Paweł Górecki, Agata Górnicka, Marcin Chłudziński, Marcin Kubicza, Krzysztof Opolski, Radosław Sierpiński, Józef Wierzbowski, Maciej Zaborowski;
- On 14 February 2024, the State Treasury dismissed Paweł Górecki from the Supervisory Board with a written statement;
- On 15 February 2024, the Extraordinary Shareholder Meeting of PZU dismissed Robert Jastrzębski, Agata Górnicka, Marcin Chłudziński, Krzysztof Opolski, Radosław Sierpiński, Józef Wierzbowski, Maciej

Zaborowski from the Supervisory Board and appointed the following persons to the Supervisory Board: Michał Bernaczyk, Anita Elżanowska, Filip Gorczyca, Michał Jonczyński, Andrzej Kaleta, Małgorzata Kurzynoga,

Anna Machnikowska, Wojciech Olejniczak, Adam Uszpolewicz;

Composition of the Supervisory Board in the period from 15 February 2024 until the date of signing the activity report, i.e. 20 March 2024

As of 20 March 2024, PZU Supervisory Board consisted of ten members.

	Position	Audit Committee	Nomination and Compensation Committee	Strategy Committee
Marcin Kubicza	Chairperson of the Supervisory Board, independent			
Małgorzata Kurzynoga	Deputy Chairperson of the Supervisory Board, independent		X	
Anna Machnikowska	Secretary of the Supervisory Board, independent			X
Michał Bernaczyk	Member of the Supervisory Board, independent		X	
Anita Elżanowska	Member of the Supervisory Board, independent			X
Filip Gorczyca	Member of the Supervisory Board	X		X
Michał Jonczyński	Member of the Supervisory Board, independent	X		
Andrzej Kaleta	Member of the Supervisory Board, independent	X		X
Wojciech Olejniczak	Member of the Supervisory Board, independent		X	
Adam Uszpolewicz	Member of the Supervisory Board, independent	X	X	

X – chairperson, X - member

- On 23 February 2024, the Supervisory Board delegated:
 - Anita Elżanowska, to temporarily perform the functions of the President of the PZU Management Board, until the appointment of the President of the Management Board, but for a period not exceeding 3 months,
 - Michał Bernaczyk, to temporarily perform the functions of the Management Board Member for a period of 3 months

Resumés of Members of the Supervisory Board



Marcin Kubicza - has served on the Supervisory Board since 7 June 2023

He graduated from the Faculty of Law and Administration at the University of Warsaw (2004) and the Institute of International Relations (2002) of the same university. He participated in the Executive Doctor of Business Administration program at the Institute of Economic Sciences of the Polish Academy of Sciences (2012–2014). He completed his prosecutor’s training culminating in a successful prosecutor’s exam in 2008. Since 2008 he has been registered in the list of attorneys of the Bar Association in Kielce and since 2009 in the list of attorneys-at-law kept by the Council of the District Chamber of Legal Advisers in Warsaw.

He has many years of experience as a manager in large entities providing legal support and service as well as corporate governance, also in a capital group which included entities belonging to the banking, pension, property and life insurance sectors, as well as entities

from the public finance sector responsible for the management of the state budget funds.



Michał Bernaczyk - has served on the Supervisory Board since 15 February 2024

He is an attorney-at-law and professor at the Department of Constitutional Law, Faculty of Law, Administration and Economics at the University of Wrocław. He completed a master’s program in law; in 2007, obtained the degree of Doctor of Philosophy in Law, while in 2015, the degree of Doctor of Sciences. His research interests include the issues of comparative constitutional law, and especially the impact of technological progress on the institution of constitutional law (so-called digital constitutionalism), protection of information in public and private law, freedom of obtaining and publishing information, the influence of the state on the social and economic system as well as public law forms of business.

He completed his apprenticeship to become attorney-at-law at the Regional Chamber of Attorneys-at-Law in Wrocław (2007-2011, entry no. WR-2139), and practices at Kancelaria Szostek, Bar i Partnerzy based in Wrocław; he provides legal services for public administration authorities and entrepreneurs. He specializes in issues concerning access to and re-use of data, provision of digital services, and personal data protection. He represents plaintiffs and applicants in court and administrative court proceedings, before the Constitutional Court and the European Court of Human Rights.

He is an external expert of the Bureau of Research at Chancellery of the Sejm of the Republic of Poland. From

2013 to 2015, he served as a permanent advisor to the Constitutional Responsibility Committee.

He has received numerous individual and group awards from the Rector of the University of Wrocław for academic scholars' original and creative scientific achievements.

He is a contractor in domestic and international research projects and has written numerous monographs, commentaries and scientific articles published in Poland and abroad.



Anita Elżanowska - has served on the Supervisory Board since 15 February 2024

She is a lawyer, and has completed a program in law at the Faculty of Law and

Administration, Maria Curie-Skłodowska University in Lublin.

She has 23 years of professional experience in legal advisory services and public administration.

Within her own law firm, she provides legal advisory services relating to purchase procedures, corporate affairs and contracts. She has provided services for entrepreneurs, including the largest companies with State Treasury shareholding, international corporations, as well as SMEs, higher education institutions, local government and administrative authorities.

She supports business in preparing and verifying as well as implementing transparent and competitive

procedures. She combines legal aspects of procedural application with the pursuit of business objectives involved in the purchase process.

She prepares and verifies draft contracts, as well as advises business at the stage of contract implementation. She manages court and out-of-court disputes.

She manages projects co-funded by the European Union, and provides services during their audits.

She has managed projects as expert of the European Bank for Reconstruction and Development.

She has served as the Vice-President of the Public Procurement Office and in that role was responsible for review and international cooperation.

She is former Director of Public Procurement Office at Operator Logistyczny Paliw Płynnych sp. z o.o., where she has prepared and implemented internal purchase procedures and was responsible for purchase and investment processes.

From 2000 to 2007, she worked at the Public Procurement Office, first in the Legal Department, and then from 2004 to 2007, as Director of the Audit Department, including from 2003 as a civil service officer.

She used to be an academic scholar at the SGH Warsaw School of Economics (postgraduate program in EU fund management) and at the Faculty of Law of the SWPS University.

She spoke at many conferences, including international events.

She has written numerous publications concerning public procurement.



Filip Gorczyca - has served on the Supervisory Board since 15 February 2024

He is a Member of the Management Board at the Association of Independent

Non-Executive Directors. He represents it at ecoDa, an umbrella organization which brings together leading organizations of directors from across Europe. He is a Member of the Supervisory Boards at: CCC, Ferro, Develia, Artifex Mundi and VanKing Celkar Group. He presides over Audit Committees at CCC and Develia and sits in Audit Committees at Ferro and Artifex Mundi. From 2020 to 2021, he was a Member of the Supervisory Board at Protektor, while from 2017 to 2019, he served as the President of the Supervisory Board at Alior TFI.

From 2017 to 2019, he was the Vice-President of the Management Board and CFO at Alior Bank. Subsequently, from 2020 to 2021, he was a Member of the Management Board at the Luma Holding Ltd. Private equity fund. Earlier on, from 2016 to 2017, he was Senior Investment Director at Grupa Medicover, where he was responsible, among other things, for the initial public offering which ended with its first listing at Nasdaq Stockholm. From 2004 to 2016 he worked with the international advisory firm PwC, where from 2011, as Vice-President, he was responsible for capital market services in Central and Eastern Europe.

He completed business management programs at the Harvard Business School and the Singularity University, as well as graduated in Finance and Banking from the SGH Warsaw School of Economics. He is a certified auditors and holds an ACCA (FCCA) certificate.



Michał Jonczynski - has served on the Supervisory Board since 15 February 2024

He obtained his degree of Doctor of Philosophy in Economics at the University of Gdańsk. In turn, he completed

his postgraduate program in banking at the University of Economics and Business in Poznań. He also completed an MBA Executive Master of Business Administration program at the Kozminski University (Warsaw), a program at the Free University of Berlin as well as German Language and Literature studies at the Adam Mickiewicz University in Poland.

He began his professional career at Berliner Bank, and then served as Vice-President of Bankgesellschaft Berlin (Poland). He co-founded Interligo, an online bank.

He worked at the Polish Oil Concern Orlen served as Vice-President at Orlen Deutschland. From Orlen, he moved to the Deutsche Bank HQ in Frankfurt am Main. He returned to Warsaw to take the position as the Head of Personnel in the PZU Group.

From 2011 to 2016, he served as a Member of the Management Board of the Social Security Institution, and afterwards managed healthcare entities.



Andrzej Kaleta - has served on the Supervisory Board since 15 February 2024

Full Professor of Economics, Rector of the Wrocław

University of Economics and Business since 2016, head of its Department of Strategic Management.

In his research, he deals with issues of strategic management, competitive strategy, and entrepreneurship. He wrote over 200 scientific publications, largely on strategic management, e.g., “Realizacja strategii,” published by PWE in 2013. He provides advisory on strategic management process in corporations (e.g., ABB, ALSTOM, DIJO) and local government authorities (such as in: Bierutów Municipality, Bystrzyca Kłodzka, Wrocław and Sieradz District).

He is a Member of the Committee on Organisational and Management Sciences at the Polish Academy of Sciences. He presided over the Supervisory Board of Impel S.A. and the jury of the Lower Silesian GRIFFIN Economic Award, served as a member of the jury for the Young Talents competition organized by the Lower Silesian Capital Club.



Małgorzata Kurzynoga –has served on the Supervisory Board since 15 February 2024

She is a Doctor of Science in Law and professor of the

University of Łódź. She is an attorney-at-law.

Through over a dozen years of experience, she combined research and practice, being a Professor at the Department of European, International and Collective Labour Law at the University of Łódź, and an attorney-at-law. She specializes in individual and collective labor law, EU law, and new technologies.

She graduated from two long-cycle master’s programs: in law and in administration. From 2006 to 2010, she was on a full-time third-cycle at the Department of European Law, University of Łódź. In 2010, she became a Doctor of Philosophy in Law, and in 2019 - a Doctor of Science. Since 2020, she has been a professor at the University of Łódź. She is a partner at a law firm providing legal assistance for the largest economic operators and public institutions on Polish and EU labor law and social security.

In 2023, she was named one of the “25 most prominent women lawyers in business” by Forbes Women.

She wrote over 70 scientific publications and more than a dozen editorials. She has received numerous awards; among other things, from 2015 to 2018 she was the recipient of the Scholarship of the Minister for Outstanding Young Scientists.

From 2011, she has been part of an international team publishing scientific research at International Labour Law Reports, and belongs to the International Society for Labour and Social Security Law. She made study visits at the University of Amsterdam, the University of Vienna, the University of Santiago de Compostela and the University of Bergamo.

She provides advisory to employers and public institutions. She represents corporate clients in court proceedings in labor law and conducts negotiations with labor unions. She has experience in internal explanatory proceedings and legal audits. She provides analyses and expert legal opinions concerning selected provisions of the Polish and EU law on business compliance.



Anna Machnikowska - has served on the Supervisory Board since 15 February 2024

She graduated in Law from the University of Gdańsk, and obtained the degree of Doctor of Philosophy in Law

(2000), and then of Doctor of Science in Law (2011). She completed her apprenticeship to become a judge (passing the exam in 1994), and an attorney-at-law (passing the exam and being entered in the register of attorneys-at-law in 1996).

Since 2012, she has been the head of the Department of Civil Procedure at the University of Gdańsk, was its Vice-Rector for Education from 2012 to 2019, and the Member of the Board of the University of Gdańsk from 2021 to 2024.

She is also an attorney-at-law, and apart from that, since 2022, she has served as an arbiter at the Court of Arbitration at the General Counsel to the Republic of Poland. Since 2004, she has sat in supervisory boards of various companies, including those operating under a public-private partnership.

From 2020 to 2022, she served as the Member (and the President in 2022) of the Scientific Policy Committee.



Wojciech Olejniczak – has served on the Supervisory Board since 15 February 2024

He is a doctor of philosophy in economics (dissertation

defended in 2007 at the Faculty of Law and Finance) at the Warsaw University of Life Sciences.

Since 2015, he has been involved in the financial sector, first as an Advisor to the President of the National Bank of Poland, then from 2016 to 2019 as the Director of Agro Business Department at Alior Bank S.A.

Since 2019, he has been working with Grupa mBank S.A. (Investment Banking Department)

From 2015 to 2016 he served as an Advisor to the Government of Ukraine in supporting reforms of agri-food companies and institutional reforms of its Ministry of Agriculture and its agendas. From 2003 to 2005, he served as the Minister of Agriculture and Rural Development, responsible for introducing Poland to EU’s common agricultural policy system. He was a Member of the 7th European Parliament (2009-2014), and sat in

the Committee on Regional Development (REGI) and Committee on Agriculture and Rural Development (AGRI). From 2001 to 2009, he was a deputy to the Sejm.

He is an enthusiastic athlete (with 9 marathons and an Ironman under his belt). He was President of the Polish Triathlon Union and a Member of the Executive Board of the Polish Olympic Committee.



Adam Uszpolewicz - has served on the Supervisory Board since 15 February 2024

He has 30 years of experience in financial services, including over 20 years as president of Polish and foreign insurance companies.

From 2007 to 2022, he headed the British insurance and investment group Aviva in Poland. Prior to that, he was involved with the American Nationwide group, where his role was that of the president of insurance companies in Poland and Luxembourg. He has also worked as director of development at the London Branch of General Electric Capital, as well as certified auditor and consultant at Price Waterhouse in Warsaw and London.

He sat in supervisory boards of various insurance and investment companies, among other things, in Poland, Luxembourg, France, Turkey and Lithuania.

He currently serves as an advisor at the British Polish Chamber of Commerce and sits in the Supervisory Board of the WWF Poland Foundation.

He graduated from the University of Copenhagen. He holds an ACCA certificate. He is a Member of the Business Council at the British Chambers of Commerce.

When making changes to the composition of the Supervisory Board the Extraordinary Shareholder Meeting confirmed suitability of the newly appointed Supervisory Board members

The independence criteria set forth in the Best Practices of WSE Listed Companies were met by: Michał Bernaczyk, Anita Elżanowska, Michał Jonczynski, Andrzej Kaleta, Marcin Kubicza, Małgorzata Kurzynoga, Anna Machnikowska, Wojciech Olejniczak and Adam Uszpolewicz. Verification was conducted on the basis of statements submitted by the Supervisory Board members. The content of the statements refers to the independence criteria enumerated in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision.

Persons serving on the Supervisory Board of PZU had diverse educational background, expertise, were highly qualified, had suitable competence and professional experience as outlined in [Chapter 7.5.3. Diversity policy](#). They ensure an appropriate collegial oversight of all areas of PZU’s operations and guarantee that a broad and comprehensive spectrum of views and opinions will be taken into account while evaluating work of the Management Board and the operation of PZU.

Competences

The powers of the Supervisory Board include continuous supervision over the ongoing operations and development of PZU in all areas of its business, also in terms of identification and management of the impact that the organization has on the economy, environment and people.

The Supervisory Board’s powers include in particular:

evaluating the Management Board’s report on the activity and the PZU Management Board’s report on the activity of the PZU Group and the PZU’s financial statements and consolidated financial statements of the PZU Group for the previous financial year for compliance with the accounting ledgers and documents as well as the facts;

- evaluating the Management Board’s motions to distribute the profit;
- submitting to the Shareholder Meeting an annual written report of the Supervisory Board for the past financial year, taking into account in particular the results of the assessment referred to in the points above;
- approving the solvency and financial condition report of PZU and the solvency and financial condition report of the PZU group;
- selection of an audit firm to conduct mandatory audits of financial statements and the solvency and condition report, in addition, review of financial statements in line with obligations under applicable laws;
- approving the PZU’s long-term development plans (strategies) and annual financial plans prepared by the Management Board;
- examining and consulting matters submitted by the Management Board for deliberation at the Shareholder Meeting;
- preparing reports on compensation for Management Board and Supervisory Board Members on an annual basis;
- concluding, terminating and amending agreements with Management Board Members and setting the rules for their compensation;

- appointing, suspending and dismissing the President of the Management Board, Management Board Members or the entire Management Board and making decisions to discontinue such a suspension;
- approving the Rules and Regulations of the Management Board;
- granting permission for PZU to enter into a material transaction with an affiliated entity.

Mode of operation

The Supervisory Board adopts the organizational rules and regulations of the Supervisory Board which define its organization and manner of acting. The Supervisory Board is required to meet as necessary, at least once every quarter. The chairman of the Supervisory Board directs the work of the Supervisory Board. Supervisory Board Members may participate in the Supervisory Board meeting using means of direct remote communication. The Supervisory Board may delegate its Members to fulfill specific supervising activities on their own and to this effect appoint temporary committees. The scope of responsibility of a delegated Supervisory Board Member and the committee is specified in a resolution of the Supervisory Board.

The Supervisory Board adopts its resolutions by an absolute majority of votes. In the event of a voting tie, the Chairman of the Supervisory Board has the casting vote. Resolutions of the Supervisory Board may be adopted using means of direct remote communication and circular vote. Additionally, the Articles of Association stipulate that a vote may be cast in writing through another Supervisory Board Member.

The Supervisory Board adopts its resolutions in an open ballot. A secret ballot should be held at the request of even a single Supervisory Board Member.

Members of the Management Board, PZU's employees relevant to the issue under consideration selected by the Management Board and other invited persons may take part in the meetings of the Supervisory Board without the right to vote. In specific cases, the Supervisory Board may also invite Members of management boards or supervisory boards of other PZU Group Member companies. Moreover, Supervisory Board Members, with the consent of the Supervisory Board, may select no more than 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 a person adheres to the rules of confidentiality and signs a confidentiality undertaking.

To properly perform its supervisory function, the Supervisory Board may establish permanent and ad hoc committees whose competencies, composition and manner of operation will be laid down in the rules and regulations of the committee in question adopted by the Supervisory Board. The Supervisory Board and its committees may use the services of experts and consulting firms.

Currently, the following committees operate within the Supervisory Board:

- Audit Committee;
- Nomination and Compensation Committee,
- Strategy Committee.

In order to perform its obligations, the Supervisory Board may inspect all Company documentation, revise the Company's property and request that the Management Board, commercial proxy [prokurent] and persons hired by the Company under employment agreement or performing work for the Company on a regular basis under a specific-work agreement, service agreement or another, similar agreement, compile or provide any and all information, documents, statements or explanations regarding the Company, in particular its operations and property. Such request may also relate to information, statements or explanations regarding affiliates and subsidiaries that such a body or person is in possession of.

Audit Committee

The Audit Committee was appointed by a Supervisory Board resolution of 3 June 2008.

The Audit Committee includes at least three members. At least one Member of the Audit Committee should be qualified in accounting or auditing. Furthermore, the majority of the Audit Committee Members, including the chairperson, should meet the independence criteria set forth in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (independent Member) concerning, without limitation, professional or family ties, especially to managers or supervisors of PZU or PZU Group entities. The detailed tasks and terms and conditions of appointing Members of the Audit Committee and its operation are specified in a resolution of the Supervisory Board which takes into account the relevant competencies and experience of candidates for Members of the Committee.

The Audit Committee is appointed to improve the effectiveness of the Supervisory Board's oversight activities in respect of the correctness of financial reporting, the effectiveness of internal control system, including internal audit, and the risk management system. In addition, the Audit Committee may request the Supervisory Board to request specific control activities in PZU, whereby the requested activities may be performed by an internal unit or external entity.

PZU takes into consideration the Best practices for public interest entities pertaining to the appointment, composition and operation of the audit committee as published by the Office of the Polish Financial Supervision Authority on 24 December 2019.

The scope of the Audit Committee's activities comprises:

- monitoring the PZU's financial reporting process,
- monitoring the effectiveness of internal control, internal audit and risk management systems, including as regards financial reporting;
- monitoring the performance of financial audit activities in PZU, in particular conducting the audit by the audit firm, taking into account the findings and conclusions of the Polish Audit Supervision Agency following from an inspection carried out in the audit firm;
- assessing the independence of the statutory auditor and the audit firm;
- providing advice and issuing opinions within the scope of the Supervisory Board's powers relating to the activities specified in the four items above and to the extent permitted by the prevailing provisions of law and the PZU's internal regulations;

- resending a recommendation regarding the selection of an audit firm to perform the audit and review of the financial statements to the Supervisory Board;
- controlling and monitoring the independence of the statutory auditor and the audit firm, including giving consent to the audit firm conducting the audit, its related entities and by a Member of the audit firm's network to provide permitted services in PZU or entities from the PZU Group, upon assessing the threats and safeguards of the independence of the statutory auditor and the audit firm and verification of the compensation limit for the provided services;
- informing the Supervisory Board of the results of the audit and review and explaining how the audit has contributed to reliability of the financial reporting in PZU and the PZU Group, and the role of the Committee in the audit process;
- developing a policy for the selection of an audit firm to perform the audit;
- developing a policy for provision of permitted services by the audit firm conducting the audit, its related entities and by a member of the audit firm's network;
- defining a procedure for the selection of an audit firm;
- submitting recommendations aimed at ensuring the reliability of the financial reporting process in PZU;
- supervising the compliance function;
- monitoring introduction of changes in PZU in connection with the recommendations issued by the key statutory auditor, Internal Audit Department (with regard to preparation of financial statements), Supervisory Board or the Committee.

Composition and changes in the composition of the Audit Committee in the period from 1 January 2023 to 31 December 2023

	Composition of the Audit Committee		
	1 January 2023	15 June 2023	31 December 2023
Position			
Chairman	Krzysztof Opolski	Krzysztof Opolski	Krzysztof Opolski
Member	Marcin Chludziński	Marcin Chludziński	Marcin Chludziński
Member	Robert Śnitko	-	-
Member	-	Paweł Górecki	Paweł Górecki
Member	Piotr Wachowiak	-	-
Member	-	Marcin Kubicza	Marcin Kubicza
Member	Maciej Zaborowski	-	-

Knowledge, skills and experience of Audit Committee members including the way in which they were acquired

In the period from 1 January 2023 to 14 June 2023

All Members of the Audit Committee have made a declaration of independence within the meaning of Article 129(3) of the Act on Statutory Auditors, Audit Firms and Public Supervision, and of having knowledge and skills in the industry in which PZU operates.

Krzysztof Opolski, Marcin Chludziński, Robert Śnitko and Piotr Wachowiak were designated as Members holding qualifications in accounting or auditing financial statements. The Members of the Audit Committee collectively have knowledge and skills in the insurance industry, which derive, among other things, from their education, work experience and functions held.

Krzysztof Opolski, a Member of PZU Supervisory Board since 24 May 2019, is a Professor, doctor of economics. Former long-term head of the Department of Banking, Finance and Accounting the Faculty of Economics of the University of Warsaw. In 2009–2010 he was the head of strategic advisors to the President of the National Bank of Poland. He has many years of experience on managerial and supervisory positions in commercial law companies. He was a Supervisory Board member at Bank Handlowy w Warszawie SA, AXA Polska SA and Centrum Giełdowe SA.

Marcin Chludzinski, serving on the PZU Supervisory Board since 7 January 2016. Manager, President of the Management Board of Operator Gazociągów Przesyłowych Gaz-System SA. From 2018 to 2022 President of KGHM Polska Miedź SA, from 2016 to 2018 President of the Management Board of Agencja Rozwoju Przemysłu SA, previously served on the boards and

regulatory bodies of commercial companies. Graduate of the University of Warsaw. He specializes in strategic development and business transformation. He graduated from the Advanced Management Program (AMP) at IESE Business School in Barcelona.

Robert Śnitko was a PZU Supervisory Board Member from 12 April 2017 to 7 June 2023¹ (in the Audit Committee from 27 March 2019 to 7 June 2023), has the title of PhD in economics at the Warsaw School of Economics, is an university teacher and member of the International Institute for Strategic Studies. Graduate of the London School of Economics and Political Science, University of London, School of Oriental and African Studies, University of London and Faculty of Economics at the Radom Technical University.

Piotr Wachowiak was a member of the PZU Supervisory Board from 1 September 2022 to 7 June 2023² (in the Audit Committee from 23 November 2022 to 7 June 2023), has a PhD degree in economics. Graduate of the Main School of Planning and Statistics at the Faculty of Domestic Trade. Currently a Rector of the Warsaw School of Economics and Director of the Institute of Management. Also serves as: Vice-Chairman of the Committee on Organization and Management Sciences of the Polish Academy of Sciences, Vice-Chairman of the Conference of Rectors of Economic Universities and Chairman of the Conference of Rectors of Warsaw Universities.

Maciej Zaborowski, has served on the PZU Supervisory Board since 7 January 2016 (in the Audit Committee from 18 September 2017 to 14 June 2023). He is a graduate of the Faculty of Law and Administration at the University of Warsaw, concluded postgraduate studies in intellectual

1, 2) The terms of office of the members of the Supervisory Board expired on June 7, 2023, i.e., on the date of the General Meeting approving PZU's financial statements for 2022

property law and postgraduate studies in evidence law. He also graduated from the Harvard Law School (ALP), Center for American Law Studies and the Leadership Academy for Poland. Advocate, Ministry of Justice expert and standing mediator at the Court of Arbitration in the General Counsel to the Republic of Poland. He is a university lecturer. He is the Managing Partner in the law firm Kopeć Zaborowski Adwokaci i Radcowie Prawni sp.p. Member of the State Tribunal since February 2018. On numerous occasions he was awarded in Polish and international legal competitions and rankings. He has acquired experience in corporate governance as a member of supervisory boards in various companies.

In the period from 15 June 2023 to 31 December 2023

All Members of the Audit Committee have made a declaration of independence within the meaning of Article 129(3) of the Act on Statutory Auditors, Audit Firms and Public Supervision, and of having knowledge and skills in the industry in which PZU operates.

Krzysztof Opolski and Marcin Chludziński were designated as members holding qualifications in accounting or auditing financial statements.

Krzysztof Opolski, Marcin Chludzinski and Pawel Górecki were designated as members with knowledge and skills in the insurance industry, which stem from, among other things, their education, professional experience and positions held.

Krzysztof Opolski's and Marcin Chludzinski's knowledge, skills and experience including the way in which they were acquired, are described above.

Paweł Górecki, on the PZU Supervisory Board since 8 February 2017. Doctor of juridical science and attorney-

at-law. Graduated from the Faculty of Law, Administration and Economics of the University of Wrocław. He attended numerous training courses and workshops in law of evidence, civil and penal law and management of public entities. He has authored several dozen papers on the subject of law published by Polish and international journals. He specializes in corporate law, the capital market and the application of court and administrative procedures. Member of supervisory boards of several capital companies. Currently, Vice-President of the KDPW S.A. Management Board and Supervisory Board Deputy Chairman of ARP Leasing Sp. z.o.o.

Marcin Kubicza, on the PZU Supervisory Board since 7 June 2023. He graduated from the Faculty of Law and Administration at the University of Warsaw (2004) and the Institute of International Relations (2002) of the same university. He participated in the Executive Doctor of Business Administration program at the Institute of Economic Sciences of the Polish Academy of Sciences (2012–2014). He completed his prosecutor’s training culminating in a successful prosecutor’s exam in 2008. Since 2008 he has been registered in the list of attorneys of the Bar Association in Kielce and since 2009 in the list of attorneys-at-law kept by the Council of the District Chamber of Legal Advisers in Warsaw. He has many years of experience as a manager in large entities providing legal support and service as well as corporate governance, also in a capital group which included entities belonging to the banking, pension, property and life insurance sectors, as well as entities from the public finance sector responsible for the management of the state budget funds.

Composition and changes in the composition of the Audit Committee in the period from 1 January 2024 to 20 March 2024

Position	Composition of the Audit Committee		
	1 January 2024	23 February 2024	20 March 2024
Chairman	Krzysztof Opolski	Adam Uszpolewicz	Adam Uszpolewicz
Member	Marcin Chludziński	Filip Gorczyca	Filip Gorczyca
Member	Paweł Górecki	Michał Jonczynski	Michał Jonczynski
Member	Marcin Kubicza	Andrzej Kaleta	Andrzej Kaleta

Knowledge, skills and experience of Audit Committee members including the way in which they were acquired

Adam Uszpolewicz, Michał Jonczynski and Andrzej Kaleta made a declaration of independence within the meaning of Article 129(3) of the Act on Statutory Auditors, Audit Firms and Public Supervision Filip Gorczyca submitted a declaration of knowledge of the industry in which PZU operates, while Adam Uszpolewicz and Michał Jonczynski submitted declarations of knowledge and skills related to the industry in which PZU operates.

Adam Uszpolewicz, Filip Gorczyca and Michał Jonczynski were designated as members holding qualifications in accounting or auditing financial statements.

Adam Uszpolewicz has served on the Supervisory Board since 15 February 2024. He has 30 years of experience in financial services, including over 20 years as president of Polish and foreign insurance companies. From 2007 to 2022, he headed the British insurance and investment

group Aviva in Poland. Prior to that, he was involved with the American Nationwide group, where his role was that of the president of insurance companies in Poland and Luxembourg. He has also worked as director of development at the London Branch of General Electric Capital, as well as certified auditor and consultant at Pricewaterhouse in Warsaw and London. He sat in supervisory boards of various insurance and investment companies, among other things, in Poland, Luxembourg, France, Turkey and Lithuania. He currently serves as an advisor at the British Polish Chamber of Commerce and sits in the Supervisory Board of the WWF Poland Foundation. He graduated from the University of Copenhagen. He holds an ACCA certificate. He is a Member of the Business Council at the British Chambers of Commerce.

Filip Gorczyca has served on the PZU Supervisory Board since 15 February 2024. He is a member of the Management Board of the Association of Independent Supervisory Board Members. He represents it at ecoDa, an umbrella organization which brings together leading

organizations of directors from across Europe. He is a Member of the Supervisory Boards at: CCC, Ferro, Develia, Artifex Mundi and VanKing Celkar Group. He presides over Audit Committees at CCC and Develia and sits in Audit Committees at Ferro and Artifex Mundi. From 2020 to 2021, he was a Member of the Supervisory Board at Protektor, while from 2017 to 2019, he served as the President of the Supervisory Board at Alior TFI. From 2017 to 2019, he was the Vice-President of the Management Board and CFO at Alior Bank. Subsequently, from 2020 to 2021, he was a Member of the Management Board at the Luma Holding Ltd. Private equity fund. Earlier on, from 2016 to 2017, he was Senior Investment Director at Grupa Medcover, where he was responsible, among other things, for the initial public offering which ended with its first listing at Nasdaq Stockholm. From 2004 to 2016 he worked with the international advisory firm PwC, where from 2011, as Vice-President, he was responsible for capital market services in Central and Eastern Europe. He completed business management programs at the Harvard Business School and the Singularity University, as well as graduated in Finance and Banking from the SGH Warsaw School of Economics. He is a certified auditors and holds an ACCA (FCCA) certificate.

Michał Jonczynski has served on the PZU Supervisory Board since 15 February 2024. He obtained his degree of Doctor of Philosophy in Economics at the University of Gdańsk. In turn, he completed his postgraduate program in banking at the University of Economics and Business in Poznań. He also completed an MBA Executive Master of Business Administration program at the Kozminski University (Warsaw), a program at the Free University of Berlin as well as German Language and Literature studies at the Adam Mickiewicz University in Poland. He began his professional career at Berliner Bank, and then served as Vice-President of Bankgesellschaft Berlin (Poland).

He co-founded Interligo, an online bank. He worked at the Polish Oil Concern Orlen served as Vice-President at Orlen Deutschland. From Orlen, he moved to the Deutsche Bank HQ in Frankfurt am Main. He returned to Warsaw to take the position as the Head of Personnel in the PZU Group. From 2011 to 2016, he served as a Member of the Management Board of the Social Security Institution, and afterwards managed healthcare entities.

Andrzej Kaleta has served on the PZU Supervisory Board since 15 February 2024. Full Professor of Economics, Rector of the Wrocław University of Economics and Business since 2016, head of its Department of Strategic Management. In his research, he deals with issues of strategic management, competitive strategy, and entrepreneurship. He wrote over 200 scientific publications, largely on strategic management, e.g., “Realizacja strategii,” published by PWE in 2013. He provides advisory on strategic management process in corporations (e.g., ABB, ALSTOM, DIJO) and local government authorities (such as in: Bierutów Municipality, Bystrzyca Kłodzka, Wrocław and Sieradz District). He is a Member of the Committee on Organisational and Management Sciences at the Polish Academy of Sciences. He presided over the Supervisory Board of Impel S.A. and the jury of the Lower Silesian GRIFFIN Economic Award, served as a member of the jury for the Young Talents competition, and was a Member of the Lower Silesian Capital Club.

Nomination and Compensation Committee

The Nomination and Compensation Committee was appointed by a Supervisory Board resolution of 12 May 2010.

The Supervisory Board determines the number of Committee members and appoints them from among its own members. The Committee includes at least one independent member.

The Nomination and Compensation Committee is appointed to improve the effectiveness of the Supervisory Board’s supervision related to the development of the management structure, including organizational solutions, the remuneration principles and the selection of properly qualified staff.

The tasks of the Nomination and Compensation Committee include, in particular, issuing opinions and presenting recommendations to the Supervisory Board with regard to its decisions made with regard to:

- concluding, terminating and amending agreements with Management Board Members and setting the rules for their compensation;
- setting the level of compensation, bonuses and additional benefits for the Management Board;
- appointing, suspending and dismissing the President of the Management Board, Management Board Members or the entire Management Board and discontinuing suspension;
- seconding Supervisory Board Members to perform temporarily the functions of Management Board Members who have been dismissed, resigned or cannot perform their functions for other reasons.
- suitability assessment:
 - individual suitability assessments of Management Board candidates, Management Board members, and collective Management Board assessments;

Composition and changes in the composition of the Nomination and Compensation Committee in the period from 1 January 2023 to 31 December 2023

	Composition of the Nomination and Compensation Committee		
	1 January 2023	13 September 2023	31 December 2023
Position			
Chairman	Robert Jastrzębski	Robert Jastrzębski	Robert Jastrzębski
Member	Paweł Górecki	Paweł Górecki	Paweł Górecki
Member	Agata Górnicka	Agata Górnicka	Agata Górnicka
Member	Radostaw Sierpiński	Radostaw Sierpiński	Radostaw Sierpiński
Member	Elżbieta Mączyńska-Ziemacka	-	-

Composition and changes in the composition of the Nomination and Compensation Committee in the period from 1 January 2024 to 20 March 2024

	Composition of the Nomination and Compensation Committee		
	1 January 2024	23 February 2024	20 March 2024
Position			
Chairman	Robert Jastrzębski	Małgorzata Kurzynoga	Małgorzata Kurzynoga
Member	Paweł Górecki	Michał Bernaczyk	Michał Bernaczyk
Member	Agata Górnicka	Wojciech Olejniczak	Wojciech Olejniczak
Member	Radostaw Sierpiński	Adam Uszpolewicz	Adam Uszpolewicz

– individual suitability assessments of Supervisory Board’s Audit Committee candidates, Supervisory Board’s Audit Committee members, and collective Supervisory Board’s Audit Committee assessments;

- approving the proposed individual suitability assessments of Supervisory Board candidates, Supervisory Board members, and collective Supervisory Board assessments;

Strategy Committee

The Strategy Committee was appointed by a Supervisory Board resolution of 29 July 2010.

The Supervisory Board determines the number of Committee members and appoints them from among its own members.

The Strategy Committee is appointed to increase the efficiency of the Supervisory Board’s supervisory activities as regards issuing opinions on strategic documents submitted by the Management Board (in particular development strategy). The Committee submits recommendations to the Supervisory Board on planned investments with a significant impact on PZU’s assets.

The tasks of the Strategy Committee include, in particular, issuing opinions and presenting recommendations to the Supervisory Board with regard to its decisions pertaining to:

- approving PZU’s long-term development plans prepared by the Management Board;
- planned investments in PZU and the PZU Group;

Composition and changes in the composition of the Strategy Committee in the period from 1 January 2023 to 31 December 2023

Position	Composition of the Strategy Committee		
	1 January 2023	15 June 2023	31 December 2023
Chairman	Robert Śnitko	Marcin Kubicza	Marcin Kubicza
Member	Marcin Chludziński	Marcin Chludziński	Marcin Chludziński
Member	Agata Górnicka	Agata Górnicka	Agata Górnicka
Member	Robert Jastrzębski	-	-
Member	-	Józef Wierzbowski	Józef Wierzbowski
Member	Maciej Zaborowski	Maciej Zaborowski	Maciej Zaborowski

Composition and changes in the composition of the Strategy Committee in the period from 1 January 2024 to 20 March 2024

Position	Composition of the Strategy Committee		
	1 January 2024	23 February 2024	20 March 2024
Chairman	Marcin Kubicza	Andrzej Kaleta	Andrzej Kaleta
Member	Marcin Chludziński	Anita Elżanowska	Anita Elżanowska
Member	Agata Górnicka	Filip Gorczyca	Filip Gorczyca
Member	Józef Wierzbowski	Anna Machnikowska	Anna Machnikowska
Member	Maciej Zaborowski	-	-

- consent for PZU to conclude an agreement with an underwriter as referred to in Article 433 § 3 of the Commercial Companies Code;
- rules for purchase, subscription or sale of ownership interests and shares in companies as well as PZU’s participation in other entities and accepting the Management Board’s motions on these matters;
- consent to transferring an insurance portfolio in its entirety or in part.

Activity of the Supervisory Board and Supervisory Board Committees in 2023

[GRI 2-12] [GRI 2-18]

In 2023, Supervisory Board members devoted the time necessary to perform their duties. The Supervisory Board held 15 meetings, at which it adopted 173 resolutions. It also adopted 8 resolutions between meetings by written procedure. These resolutions pertained to all the areas of the PZU’s business and were consistent with the scope of oversight functions defined by the requirements of the generally binding law, the Insurance and Reinsurance Activity Act of 11 September 2015, KNF’s recommendations, corporate governance rules and the ones described in PZU’s Articles of Association and the Supervisory Board Rules and Regulations. The Supervisory Board meetings in 2023 were held in the hybrid form – some Supervisory Board Members participated in the meetings on site and some remotely.

Members of the Supervisory Board, in order to comprehensively supervise PZU’s activities, were in constant and direct contact with the Management Board. They monitored the company’s situation in the macroeconomic and regulatory environment. The Supervisory Board made requests the Management Board on an ongoing basis and received detailed materials on issues listed in the meeting’s agenda, as well as on all other matters relevant to the company’s operations.

The main areas of Supervisory Board’s activity in 2023

Strategy

- The Supervisory Board monitored the implementation of the PZU Group Strategy for 2021–2024, both the achievement of KPIs and progress in implementing strategic initiatives and projects;
- The Board approved recalibration of strategy indicators due to the implementation of the IFRS 17 accounting standard and changes in the macroeconomic environment.

Relations with the auditor

- The Supervisory Board has been in contact with the auditor (KPMG Audit), discussing the results of the audit of the PZU Group’s annual consolidated financial statements for 2022 and PZU’s standalone annual financial statements for 2022, as well as the review of the PZU Group’s condensed consolidated interim financial statements for H1 2023 and PZU’s standalone condensed interim financial statements for H1 2023, and the audit of PZU’s and PZU Group’s solvency and financial condition reports.

- The Board selected an audit firm to audit the 2022 Report on Remuneration of Members of the Management Board and Supervisory Board, reviewed the result of the audit and submitted the report to the Shareholder Meeting for opinion.

Finance

- The Supervisory Board approved the financial plan for PZU and PZU Group for the year 2023. At its subsequent meetings, the Supervisory Board regularly reviewed and evaluated the performance of the PZU Group and its distinct business divisions in relation to the financial plan. It also approved the financial plan for the year 2024.
- The Board conducted an ongoing assessment of financial security of the business and financial result of PZU and the PZU Group based on the information received, including in particular:
 - financial result of PZU and the PZU Group for 2022, H1 2023 and Q1 and Q3 2023,
 - PZU market share,
 - reinsurance program,
 - capital adequacy for PZU and the PZU Group,
 - reports on the use of concentration limits and thresholds in the PZU Financial Conglomerate.
- In addition, the Supervisory Board, executed the following activities (the list is not exhaustive):
 - approved the PZU solvency and financial condition report for the year which ended on 31 December 2022 and the PZU Group solvency and financial condition

Participation of members in meetings of the Supervisory Board, Audit Committee, Nomination and Compensation Committee and Strategy Committee in 2023

	Attendance at meetings *							
	Supervisory Board		Audit Committee		Nomination and Compensation Committee		Strategy Committee	
Robert Jastrzębski	15/15	100%			11/11	100%	2/2 b)	100%
Paweł Górecki	15/15	100%	6/6 a)	100%	11/11	100%		
Agata Górnicka	15/15	100%			11/11	100%	4/4	100%
Marcin Chludziński	14/15	93%	11/13	84%			3/4	75%
Marcin Kubicza (in the Supervisory Board since 7 June 2023)	7/7	100%	6/6 a)	100%			2/2 c)	100%
Krzysztof Opolski	15/15	100%	13/13	100%				
Radosław Sierpiński	14/15	93%			9/11	82%		
Józef Wierzbowski	14/15	93%					2/2 b)	100%
Maciej Zaborowski	12/15	81%	6 /7	86%			2/4	50%
Robert Śnitko (in the Supervisory Board until 7 June 2023**)	8/8	100%	7/7	100%			2/2	100%
Piotr Wachowiak (in the Supervisory Board until 7 June 2023**)	5/8	62%	5/7	71%				
Elżbieta Mączyńska-Ziemacka (in the Supervisory Board until 13 September 2023)	12/12	100%			9/9	100%		

*) Attendance at meetings/number of meetings while in office

***) The terms of office of the Members of the Supervisory Board expired on 7 June 2023, i.e. on the date of the Shareholder Meeting approving the PZU financial statements for 2022.

a) in the Audit Committee from 15 June 2023 to 31 December 2023

b) in the Strategy Committee from 1 January 2023 to 7 June 2023

c) in the Strategy Committee from 15 June 2023 to 31 December 2023

report for the year which ended on 31 December 2022;

- issued a positive opinion on the PZU Management Board’s motion to the Shareholder Meeting to distribute PZU’s net profit for the year which ended on 31 December 2022.

Internal audit, compliance, risk and internal control system

In terms of supervision, the Supervisory Board was informed about the activities of the internal audit, compliance, risk management and internal control functions. Among other things, the Board received information on the results of conducted audits and external inspections, and the phase of implementation of post-audit recommendations. It also conducted reviews of major risk areas. In particular, the Board received information on the results of the following:

- its own risk and solvency assessment with a summary of the annual risk analysis process and identification of key risks (ORSA assessment);
- Examination and Supervisory Assessment of insurance and reinsurance companies carried out annually by the Polish Financial Supervision Authority (BION assessment);

as well as:

- quarterly risk reports, including information on compliance risk management at PZU and PZU Group companies;
- quarterly internal audit reports;
- reports on the cyber security at PZU taking potential threats into account.

In addition, the Board approved:

- risk management strategy for the PZU Group.

Others

- The Supervisory Board defined management objectives for the Management Board Members for 2023 and evaluated achievement of the management objectives for 2022. It also decided to pay the Non-Deferred Variable Compensation of the Management Board members for 2022 and the Deferred Variable Compensation for the years 2019–2021;
- The Supervisory Board monitored the costs of contracts for legal, marketing, public relations and management consulting services, and granted approvals for sponsorship agreements, advertising campaign agreements, social media communications and strategic consulting agreements;
- The Supervisory Board carried out a secondary assessment of individual suitability of the President of the Management Board, the Management Board Members, the Supervisory Board Members and members of the Audit Committee, as well as the individual suitability assessment of Supervisory Board candidates for the new term, and a collective assessment of suitability of the Supervisory Board and the Audit Committee.
- The Supervisory Board also conducted a review of the operations of PZU Group companies, in particular:

- Ukrainian companies in the PZU Group in connection with the ongoing armed conflict in Ukraine,
- the impact of the CJEU spokesman’s position on CHF loans on the performance of banks in the PZU Group.

- The Supervisory Board reviewed the results of the Employee Engagement Survey.

In addition, the Board agreed to:

- acquisition of shares of Polski Gaz TUW,
- purchase of ordinary shares of UAB “PZU Lietuva gyvybes draudimas” – a strategic entity, in connection with the compulsory buyout of a minority shareholder,
- increasing the share capital of PZU Ukraine and PZU Ukraine Life Insurance.

At each meeting, the Supervisory Board also received information on the subject of resolutions adopted by the Management Board and significant events related to the company’s affairs, particularly in the areas of operations, investment and personnel, including with regard to subsidiaries.

The most important issues dealt with by the committees of the Supervisory Board

During regular meetings held in 2023 the Supervisory Board’s committees discussed in detail the most important issues relating to various areas of the company’s business, which must be approved by the Supervisory Board in accordance with the prevailing regulations, and presented information on their work to the Supervisory Board.

Audit Comiittee

In 2023, the Audit Committee held 13 meetings.

Key issues addressed by the Audit Committee in 2023 covered the discussions on:

- the risk report for Q4 2022 and for Q1–3 2023;
- the report on the use of the limit and concentration thresholds in the PZU financial conglomerate as at the end of 2022 and the first three quarters of 2023;
- PZU Group’s Corrective Action Plan indicators for Q4 2022 and Q1–3 2023;
- the results of PZU’s and PZU Group’s own risk and solvency assessment (ORSA);
- implementation of the Risk Area Strategy for the years 2021–2024;
- the annual report on the Internal Audit Department’s activity in 2022;
- the findings of external inspections conducted in PZU in 2022;
- the report on the Internal Audit Department’s activity in Q4 2022 and Q1–3 2023;
- the draft audit plan for 2023;
- financial result of PZU and the PZU Group for 2022, H1 2023 and Q1 and Q3 2023;
- the additional report for the Audit Committee;
- takeover of the audit of the financial statements of PZU and the PZU Group by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k.;

In 2023, the Committee made recommendations to the Supervisory Board on:

- approval of the Financial Plan of PZU SA and the PZU Group (in line with the IFRS 17) for 2023;
- amendments to the Financial Plan of PZU and the PZU Group (in line with the IFRS 17) for 2023;



- approval of the PZU Group’s risk management strategy;
- assessing the solvency and financial condition report of PZU for the year which ended on 31 December 2022;
- assessing the solvency and financial condition report of PZU Group for the year which ended on 31 December 2022;
- amendments to the Regulations of the Audit Committee of the PZU Supervisory Board

made the assessment of:

- PZU’s financial statements and the PZU Group’s consolidated financial statements for the year which ended on 31 December 2022, and the Management Board’s report on the activity of the PZU Group and PZU in 2022, with the report on non-financial information;
- the Management Board’s motion to the Shareholder Meeting to distribute PZU’s net profit for the year which ended on 31 December 2022;

and accepted the Audit Committee’s report on its activity in 2022.

The Audit Committee adopted resolutions on the acceptance of the permitted services to be provided by PZU’s auditor, KPMG Audyt sp. z o.o. sp. k., to PZU Group entities. Based on an analysis of representations submitted by representatives of the entity performing the audit – KPMG Audit, the Committee made a positive assessment of the independence of the statutory auditor and the audit firm and confirmed that the auditor and PZU comply with the regulatory requirements concerning the rotation of the key statutory auditor and the audit firm performing audits of the standalone and consolidated financial statements and standalone and

consolidated solvency and financial condition reports of PZU and the PZU Group.

Nomination and Compensation Committee

In 2023, the Nomination and Compensation Committee held 11 meetings.

Key issues addressed by the Nomination and Compensation Committee in 2023 involved:

- defining the Management Objectives for the Company’s Management Board Members for 2023;
- submitting a recommendation to the PZU Supervisory Board on giving consent to pay Members of the PZU Management Boards of deferred variable compensation under management services provision agreement for 2019, 2020 and 2021;
- assessing the attainment of Management Objectives for 2022 and variable compensation of PZU Management Board Members for 2022;
- discussing the Supervisory Board Report on Compensation of PZU Management Board and Supervisory Board Members for 2022;
- discussing the PZU Management Board Report on the implementation of the Compensation Policy for the PZU Management Board and Supervisory Board Members for the period from 1 July 2022 to 30 June 2023;
- carrying out an assessment of suitability of Supervisory Board Members and Audit Committee Members (individual and collective reassessment);
- assessment of suitability of PZU Supervisory Board candidates for the new term (individual and collective assessment);

- assessment of suitability of the PZU Supervisory Board’s Audit Committee candidates (individual and collective assessment);
- assessment of suitability of PZU Management Board Members (individual and collective reassessment);
- issuing recommendations to the PZU Supervisory Board on amending the Compensation Policy for Members of the Management Board and Supervisory Board of PZU;
- issuing recommendations to the PZU Supervisory Board on amending the Principles for Assessing Suitability of the Supervisory Board and Audit Committee of PZU;
- issuing recommendations to the PZU Supervisory Board on amending the Principles for Assessing Suitability of the PZU Management Board;
- reviewing the diversity policy for Members of PZU bodies;
- issuing recommendations to the PZU Supervisory Board on amendments to the Regulations of the PZU Supervisory Board Nomination and Compensation Committee.

Strategy Committee

In 2023, the Strategy Committee held 4 meetings.

Key issues addressed by the Strategy Committee in 2023 were as follows:

- discussing the half-year reports on the implementation of the PZU Group Strategy for 2021–2024.
- issuing recommendations to the PZU Supervisory Board on approving the document entitled “The

impact of the implementation of IFRS 17 and changes in the macroeconomic environment on the indicators of the PZU Group Strategy for 2021–2024”

- issuing recommendations to the PZU Supervisory Board on amendments to the Regulations of the PZU Supervisory Board Strategy Committee.



7.5.3. Diversity policy

PZU employs best practices promulgating diversity and it cares about equal treatment for employees. At PZU, we are of the opinion that the diversity of roles and variety of character and personality traits build the entire organization's success.

Respecting human rights is assigned special significance in the pursued organizational culture policy. This involves counteracting mobbing and discrimination, offering equal opportunities to all employees regardless of their professional position in the PZU Group, sex, age, disability, race, religion, nationality, political convictions, union membership, ethnic origin, denomination, sexual orientation, form of employment – for a specified or unspecified term, on a full-time or part-time basis while simultaneously respecting the right of assembly and the right to strike.

Diversity policy for supervisory, management and administrative bodies

PZU has in place a Diversity Policy for members of PZU's bodies, adopted by the Supervisory Board and the Shareholder Meeting, respectively.

Objectives and implementation of the policy

The purpose of the diversity policy is to strive to ensure high-quality implementation of the tasks by PZU by appointing competent members to the company's bodies, taking into account diversity of the compositions of its corporate bodies in terms of sex, age, profile of education, specialist knowledge and professional experience. By implementing the diversity strategy, PZU is widening its scope to conducting its operations, both in organizational and business terms, creating innovative, varied, integration and fair working environment. In shaping the membership of its corporate bodies, PZU applies the diversity policy while also maintaining an objective approach and being guided by substantive criteria.

The competent bodies, in selecting the composition of the members of the Management Board or the Supervisory Board, shall ensure the selection of persons having diverse knowledge, experience, skills and other qualifications and qualities required of the members of these bodies by universally and internally applicable laws, in particular the Suitability Assessment Rules of the Supervisory Board and the Audit Committee and the Management Board, adopted by resolutions of the Shareholder Meeting and the Supervisory Board, respectively.

As regards qualifications and requirements for those occupying positions in management and supervisory bodies, PZU takes into account also the statutory criteria for education and professional experience adequate to the functions discharged on such positions in the entity conducting insurance activity. They are defined in the provisions of the Commercial Company Code of 15 September 2000, the Insurance and Reinsurance

Management Board and Supervisory Board members are selected for the new term of office in compliance with the principles of equal access of men and women to positions in the company's statutory bodies. The Shareholder Meeting and Supervisory Board, in selecting the members of the Supervisory Board and the Management Board, respectively, strive for gender parity in the company's governing bodies, with the minimum gender minority participation at 30%.

Activity Act of 11 September 2015 and the State Property Management Act of 16 December 2016.

Policy implications

In 2023, the composition of the bodies of the Supervisory Board and the Management Board provided access to a wide range of competencies, different points of view, knowledge and skills appropriate to their positions, ensuring that the members of the Supervisory Board and the Management Board – individually and as a body – give independent opinions and decisions on the entire range of PZU's activities. The Supervisory Board and the Management Board were composed of people of different ages and sexes, with various educational profiles and experience.

The criterion for gender diversity at a minority participation level of no less than 30% was met in 2023 for the Board of Directors; it was not met for the Supervisory Board.

The 2023 PZU Supervisory Board was dominated by people with legal expertise, including representatives

from academia and business. Board members had backgrounds in insurance, banking and finance, as well as legal experience. PZU managers have graduated from various universities in Poland and abroad, and hold various certificates as well as titles and degrees.

The composition of the PZU Management Board and Supervisory Board also addressed the need of age diversification among their members. The average age of the members of the Supervisory Board was 49, while that of the Management Board was 48. The youngest member of the Supervisory Board was 35 years old and the oldest 75 years old. The age difference between the youngest (43) and oldest (53) Board members was 10 years.

In Q2 2023, the Nomination and Compensation Committee conducted the annual policy review. Its results, consulted with the Management Board and the Supervisory Board, were presented to the Ordinary Shareholder that took place on 7 June 2023.



[GRI 405-1] [ESRS S1-9] – Diversity indicators

The level of diversity as at 31 December 2023 is presented in the tables below.

Age and sex

PZU Supervisory Board								
	31 December 2022				31 December 2023			
	number of people		%		number of people		%	
	women	men	women	men	women	men	women	men
< 30 years of age	0	0	0%	0%	0	0	0%	0%
30-40 years	1	2	9%	18%	1	2	11%	22%
41-50 years	0	3	0%	27%	0	2	0%	22%
> 50 years of age	1	4	9%	36%	0	4	0%	45%
Total number per sex	2	9	18%	82%	1	8	11%	89%

PZU Management Board								
	31 December 2022				31 December 2023			
	number of people		%		number of people		%	
	women	men	women	men	women	men	women	men
< 30 years of age	0	0	0.0%	0.0%	0	0	0.0%	0.0%
30-40 years	0	1	0.0%	12.5%	0	1	0.0%	12.5%
41-50 years	2	4	25.0%	50.0%	2	3	25.0%	37.5%
> 50 years of age	1	0	12.5%	0%	1	1	12.5%	12.5%
Total number per sex	3	5	37.5%	62.5%	3	5	37.5%	62.5%

Education and specialist knowledge

Education	Insurance, banking, finance	Management and marketing	Law	Economics	Other
Supervisory Board [number of people]			4	1	4
Management Board [number of people]	3	1	4		

Certificates / academic titles and degrees*	MBA	EMBA	ACCA	CQF	prof.	dr hab.	dr	DBA
Supervisory Board	1	1			1	3	1	1
Management Board	2	2	1	1		1	1	

*) MBA – Master of Business Administration, EMBA – Executive MBA, ACCA – Association of Chartered Certified Accountants, CQF – Certificate in Quantitative Finance, prof. – professor, dr. hab. – doktor habilitowany, dr – doktor, DBA – Doctor of Business Administration

Professional experience

Years in service	Years in service at PZU bodies		
	< 3 years	3-6 years	> 6 years
Supervisory Board [number of people]	2	3	4
Management Board [number of people]	5	1	2

Experience of PZU Supervisory Board members in Supervisory Boards of companies from the financial sector (excluding PZU Supervisory Board)			
Years in service	< 3 lat	3-6 lat	> 6 lat
Number of people	3	1	1

Professional of PZU Management Board members in the financial sector before being appointed to the PZU Management Board				
Years in service	< 7 years	7-14 years	15-22 years	> 22 years
Number of people	3	2	2	1

The degree of diversification as of the date of signing the report on the activities, i.e., 20 March 2024, is presented in the following tables.

Age and sex

PZU Supervisory Board								
	1 January 2024				20 March 2024			
	number of people		%		number of people		%	
	women	men	women	men	women	men	women	men
< 30 years of age	0	0	0%	0%	0	0	0%	0%
30-40 years	1	2	11%	22%	0	0	0%	0%
41-50 years	0	2	0%	22%	2	4	20%	40%
> 50 years of age	0	4	0%	45%	1	3	10%	30%
Total number per sex	1	8	11%	89%	3	7	30%	70%

PZU Management Board								
	1 January 2024				20 March 2024			
	number of people		%		number of people		%	
	women	men	women	men	women	men	women	men
< 30 years of age	0	0	0.0%	0.0%	0	0	0.0%	0.0%
30-40 years	0	1	0.0%	12.5%	0	0	0.0%	0.0%
41-50 years	2	3	25.0%	37.5%	1	2	25.0%	50.0%
> 50 years of age	1	1	12.5%	12.5%	0	1	0.0%	25.0%
Total number per sex	3	5	37.5%	62.5%	1	3	25.0%	75.0%

Education and specialist knowledge

	Insurance, banking, finance	Law	Economics	Other
Supervisory Board [number of people]	1	5	4	2
Management Board [number of people]	1	3	0	0

Certificates / academic titles and degrees*	MBA	ACCA	prof.	dr hab.	dr
Supervisory Board	1	2	0	3	2
Management Board	2	1	0	1	0

*) MBA – Master of Business Administration, EMBA – Executive MBA, ACCA – Association of Chartered Certified Accountants, CQF – Certificate in Quantitative Finance, dr hab. – doktor habilitowany, dr – doktor

7.6. Internal systems and functions

The PZU Group has an internal control system, which, together with the risk management system, is an important component of the Group’s management system. The management system ensures effective supervision of PZU and its subsidiaries.

7.6.1. Risk management system

The objective of the PZU Group’s risk management system is to ensure early identification and adequate management of material risks associated with the activities of the PZU Group and its individual entities. Risk management is one of the key internal processes in the PZU Group.

The ESG risk management processes are part of a broader risk management process in the Group. The ESG risks were also identified at the stage of development of the ESG Strategy entitled “Balanced Growth.”

They were addressed in strategic commitments, key performance indicators and strategic initiatives. Moreover, selected ESG risks are taken into account in the investment decision-making process and in selected corporate client risk assessment processes, which enable the insurer to evaluate the premium.

PZU exercises supervision over the Group’s risk management system by the power of cooperation agreements entered into with other Group entities and

the information provided thereunder. It manages risk at the PZU Group level on an aggregate basis, especially in terms of capital requirements.

The Risk Management Strategy in the PZU Group is the basis of operation of the risk management system in the PZU Group. The Group has introduced risk management rules for the affiliates identified in the strategy. The rules constitute a recommendation issued by PZU regarding the organization of the risk management system in subsidiaries.

The consistent split of duties and tasks in the PZU Group and in individual financial sector subsidiaries covers four decision-making levels.

The first three are:

- The Supervisory Board, which supervises the risk management process and assesses its adequacy and effectiveness; performs duties as part of its decision-making powers defined in the entity’s Articles of Association and the Supervisory Board Rules and Regulations, as well as through the Audit Committee;

- The Management Board, which organizes the risk management system and ensures that it is operational, by adopting strategies and policies, setting the level of risk appetite, defining the risk profile as well as tolerance levels for the individual categories of risk;
- The committees, which decide about limiting the levels of individual risks to fit the risk appetite framework they have defined, adopt procedures and methodologies for mitigating the individual risks and accept the limits for individual risk types.

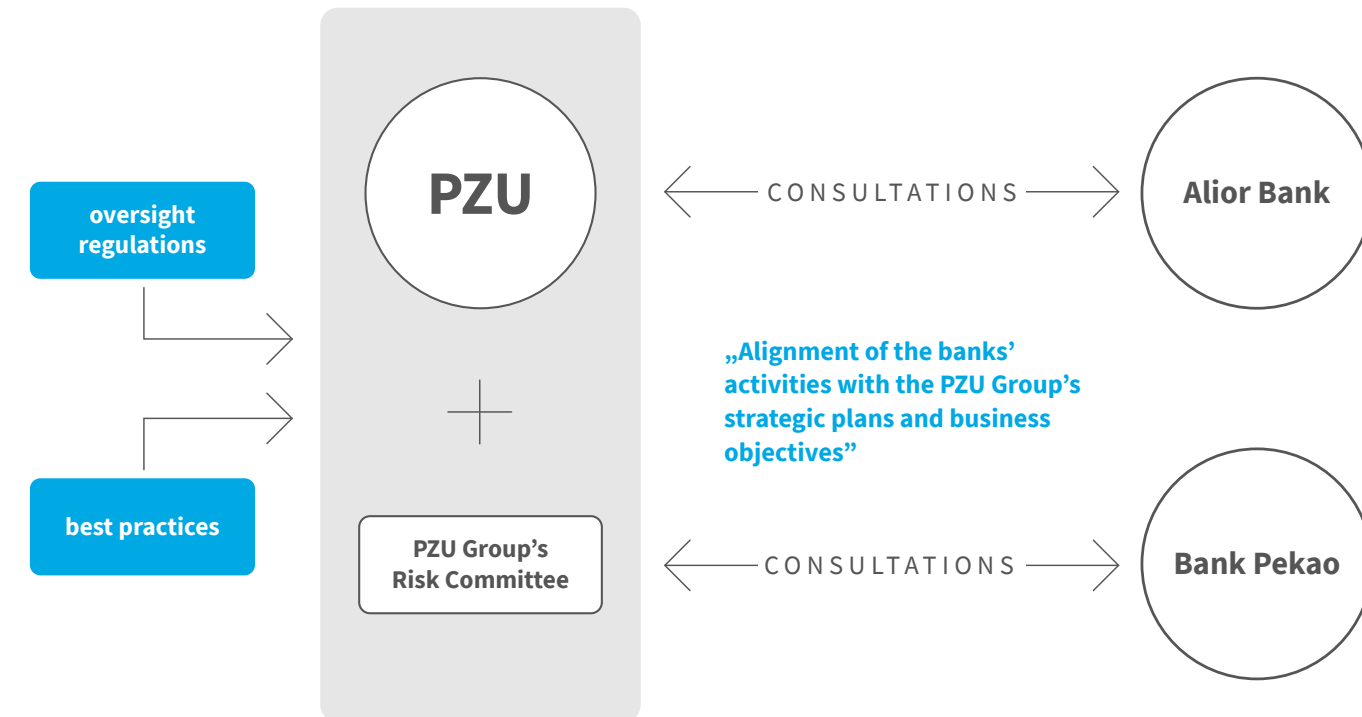
The fourth decision-making level pertains to operational measures divided into three lines of defense:

- the first line of defense – entails ongoing risk management at the entities’ business unit and organizational unit level and decision-making as part of

- the risk management process, taking into account the limits for individual risks;
- the second line of defense – risk management by specialized units responsible for risk identification, measurement, monitoring and reporting, as well as for limits control;
- the third line of defense – internal audit which conducts independent audits of the individual elements of the risk management system, as well as of control procedures.

The determination of the appropriate level of risk in a given entity is the Management Board’s responsibility, whereas a review of the risk management process, in particular risk appetite values is conducted at least once a year by the unit responsible for risk. All actions are coordinated at the PZU Group level.

Process of determining the risk appetite in the PZU Group



7.6.2. Internal control system

Purpose and organization of the internal control system

PZU has an internal control system (ICS) in place, adjusted to the scale of its operations and its organizational structure. It is aimed at ensuring the effectiveness and efficiency of operations, reliable reporting, especially financial reporting, compliance of the company's operations with laws, internal regulations and standards of conduct, and adherence to risk management rules.

The ICS comprises supervision, overall administrative and accounting procedures, organizational structures, reporting systems, solutions implemented in IT systems, the compliance function and other control mechanisms contributing to the security and stability of the company's operations:

The following elements are distinguished within the ICS:

- the control function, which consists of all controls in the processes operating at the Company, independent monitoring of compliance with these controls, and reporting within the control function
- independent compliance unit (Compliance Department – BCM) whose purpose is to execute the compliance function and to ensure systemic solutions with regard to improving efficiency and effectiveness of the ICS;
- independent internal audit unit (Internal Audit Department – BAW) responsible for carrying out independent and objective assessment and evaluation

of adequacy and effectiveness of the internal control system and the system of governance.

The ICS is built on the basis of the said elements and is based on a model of three independent and complementary levels, where:

- the first line is comprised of activities of business processes owners, encompassing the operational management of risk associated with the Company's operations and processes carried out as part of those operations;
- the second line is comprised of activities of the Compliance Department and risk management by other specialized business units specified in internal regulations on risk management and dealing with risk identification, measurement, monitoring and reporting and controlling the limits;
- the third line is provided by activities of the Internal Audit Department.

Supervision over the internal control system is exercised by:

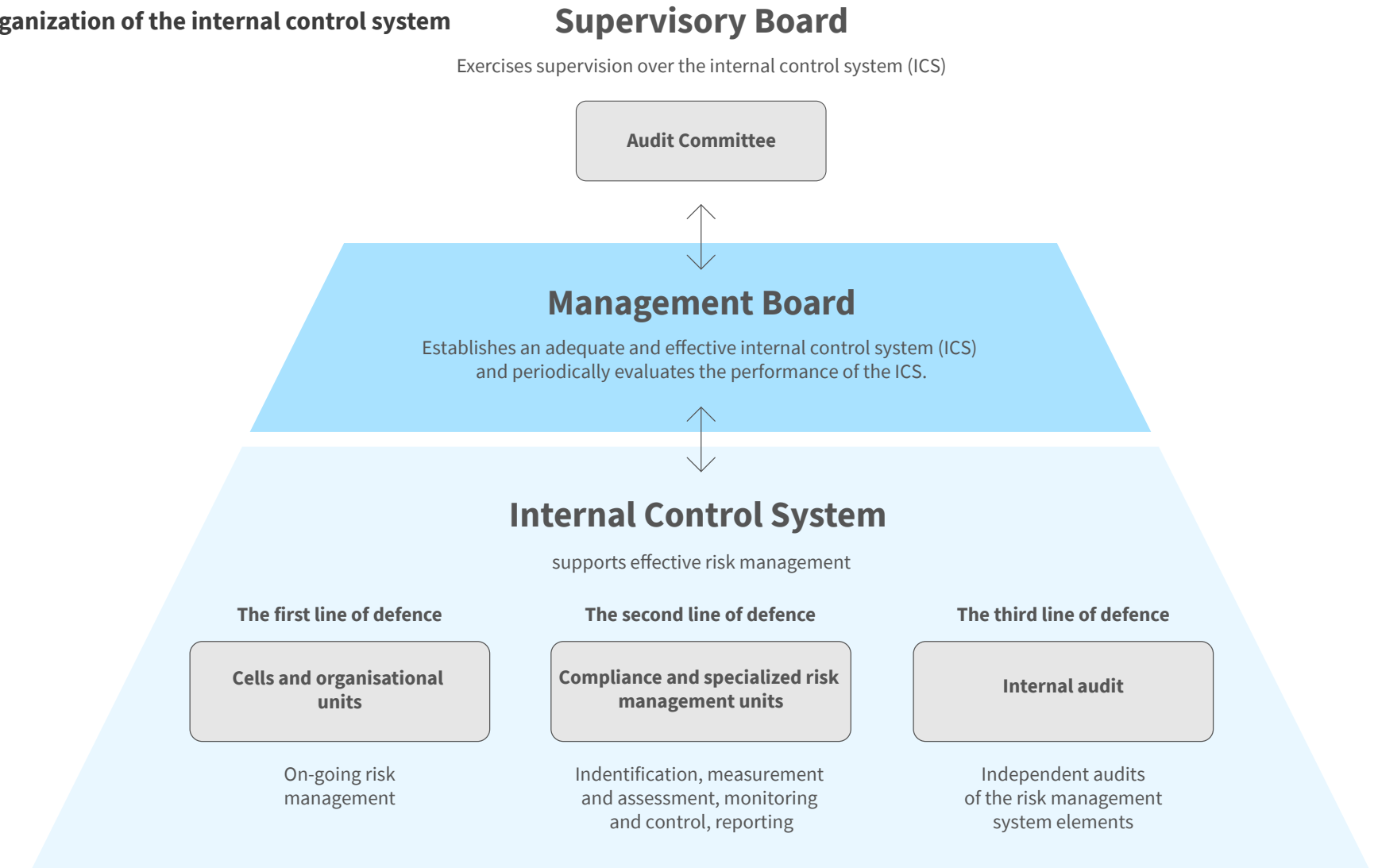
- oversight exercised by the Supervisory Board;
- activities of the Management Board, including the establishment of an adequate and effective internal control system and periodic assessment of the functioning of the ICS;
- supervision of PZU Group Directors and Managing Directors over the implementation of the control function in the areas reporting to them;
- supervision by the supervisor of the compliance function on systemic solutions to improve the efficiency and effectiveness of the ICS;

- supervision by the supervisor of the internal audit function in overseeing the tasks performed within the internal audit function;
- supervision exercised by the heads of divisions and organizational cells and units in relation to their subordinate cells or units in the introduction and maintenance of effective and efficient internal control, adequate to the tasks performed in a given area.

Heads of divisions/units/organizational units are responsible for the organization and implementation of the control function in the supervised area of the company's operations, in particular, for the design, implementation and effective functioning of control mechanisms in the implemented processes, ensuring an appropriate response to the occurring risks, as well as the organization of monitoring of compliance with the implemented control mechanisms, in proportion to the level of risk associated with the Company's operations and the processes subject to control;

[GRI 2-9]

Organization of the internal control system





The PZU Group's internal control system has been developed at the level of the leading entity (i.e., PZU) and is applicable to all members of the PZU Group, in consideration of their distinct nature, proportionality and adequacy.

With regard to regulated entities existing within banking groups, the internal control system has been designed at the level of each of these groups, taking into account the applicable sectoral regulations.

As part of its cooperation with PZU Group entities, PZU analyzes information that it receives regularly from these entities concerning the organization of the internal control system, internal control conducted and evaluation of the internal control system, in order to improve unified standards for the operation of an effective internal control system.

Compliance

One component of PZU's internal control system is the compliance function, which is overseen by the Managing Director on Regulations, who reports directly to the Management Board President. The appointment and dismissal of a person to the position of the head of the compliance unit requires the opinion of the Audit Committee of the PZU Supervisory Board. The Managing Director on Regulations, supervising the Compliance Department, and Director of the Compliance Department have direct access to Management Board members and PZU's Supervisory Board Members, and representatives of the Compliance Department participate in meetings of selected committees established within the company's structure. Reporting is done through monthly and annual reports for the Management Board and quarterly risk reports to the Supervisory Board's Audit Committee and

the PZU Supervisory Board itself, as well as in the form of current information provided on an ad hoc basis to the members of the Company's statutory bodies if the need arises.

Internal audit

The internal audit function is run in a manner ensuring its unbiased nature and independence from operational functions, and its purpose is to add value and enhance the PZU Group's operational performance. The activity of the audit function involves a regular and orderly assessment of the adequacy and effectiveness of the internal control system and other components of the management system. The internal audit function supports the PZU Group in the pursuit of its objectives by providing – also through consulting – certainty as to the effectiveness of these processes.

The duties of the internal audit function comprise in particular:

- development and implementation of an audit plan, which defines the scope of audit work to be undertaken in subsequent years, with regard to all types of activity and the company's overall system of management;
- making recommendations based on the results of the work carried out;
- checks of execution of the corrective measures following from the recommendations made

The audit plan is prepared on the basis of an annual risk identification and assessment conducted across all areas of PZU's business. A draft plan is presented for evaluation by the Audit Committee and then approval by the Management Board.

The timely implementation of audit recommendations by the business units is overseen by the responsible member of the Management Board or PZU Group Director. The Internal Audit Department monitors the progress of implementing the recommendations based on information obtained from the respective business units. After an analysis, it decides whether to consider them completed.

The following adopted principles guarantee the independence and impartiality of internal audit:

- The Managing Director on Audit, who heads the Internal Audit Department, reports functionally to the Audit Committee and organizationally directly to the Management Board President;
- the appointment and dismissal of a person to the position of the head of the internal audit unit requires the opinion of the Audit Committee of the PZU Supervisory Board;
- The Managing Director on Audit participates in meetings of the Audit Committee and meetings of the Management Board, and representatives of the Internal Audit Department take part in meetings of selected committees operating within PZU's structure;
- PZU's internal auditors demonstrate outstanding professional and ethical qualifications and possess the proper knowledge and skills, including the knowledge of issues necessary to conduct audits. They have access to the necessary information, explanations, documents and data, allowing for the timely and correct performance of their tasks;
- the scope of audit activities performed during each audit and the resulting evaluations are autonomous decisions of internal audit. The tasks are allocated in such a manner so as to prevent potential and actual

conflicts of interest. Each employee, before starting a task, is obliged to inform the supervisor in case of a potential conflict of interest – assigned tasks are rotated as necessary. In addition, no auditor may, before one year has elapsed, evaluate activities that they themselves previously performed or managed. They also cannot assume responsibility for operational activities that are subject to internal audit review.

PZU has implemented the Internal Auditor's Code of Ethics, based on guidelines issued by the Institute of Internal Auditors (IIA). The purpose of the Code is to promote best practices and models for ethical behavior, and to motivate the need for continuous professional improvement and development of the proper image of internal auditors.

Audit tasks are carried out taking into account the Internal Audit Strategy for 2021-2024.

The status of the strategy's implementation is monitored in terms of, among other things, performance indicators for the internal audit function.

The Internal Audit Department provides the company's Management Board and Audit Committee with periodic management information from its subordinate area, including, in particular:

- information on the progress in implementing the audit plan;
- information on the findings of internal audits;
- information on recommendation monitoring results.

In order to ensure the proper quality and continuous improvement of the internal audit function, internal (on an annual basis) and external (not less than once every

five years) assessments of the Company’s internal audit activities are conducted. A third-party assessment of the internal audit function at PZU conducted by PwC Advisory and an analysis of coordination of the Group’s internal audit run by the Internal Audit Department demonstrated general compliance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics developed by the IIA.

7.6.3. Financial statements control system

Control mechanisms applied during the preparation of the financial statements

The process of preparing financial statements is carried out by units within the Finance Division and other PZU units in accordance with their responsibilities. The Finance Division is supervised by a Management Board member, and the financial statements require approval by the Management Board.

The process is conducted in compliance with:

- accounting principles (accounting policy) adopted by the Management Board;
- chart of accounts with a commentary;
- other detailed internal regulations approved by the PZU Management Board specifying key rules for recording business events in PZU, the valuation of assets and liabilities and the calculation of the financial result;
- method of keeping the accounting ledgers;
- reporting systems.

Data are prepared in the source systems using formal operating and acceptance procedures which specify the powers of specific persons.

The reporting process is carried out by qualified, skilled and experienced staff.

PZU monitors changes in external regulations concerning, without limitation, the accounting policy and reporting requirements applicable to insurers and carries out appropriate adaptation processes in these areas. The accounting records are closed and financial statements are prepared in accordance with 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 financial systems with defined rules of data correctness, in accordance with PZU’s internal regulations governing the control of accuracy of accounting data;
- data mapping from the source systems to financial statements supporting the proper 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 applicable legal regulations and market practice in terms of required disclosures.

Coordination of activities with regard to consolidated financial reporting processes at PZU and PZU Life is made possible by the Finance Divisions’ organizational model

common to these companies, based on the principle of personal union. PZU controls all its consolidated subsidiaries through these companies’ management boards and supervisory boards.

The consolidated financial reporting process is governed by a number of internal acts defining the principles of accounting policy adopted by the PZU Group and accounting standards. Moreover, it is subject to detailed schedules including the key activities and control points with assigned liability for timely and correct completion.

Consolidation packages forwarded by subsidiaries are subjected to:

- verification procedures by a statutory auditor scrutinizing the PZU Group’s consolidated financial statements;
- analytical reviews by specialists.

Consolidation packages forwarded by banks are also reconciled with their published stock exchange disclosures.

The organization and the process of preparing the financial statements are regularly reviewed by the internal audit function.

Audit Committee

The appointment of the Audit Committee has served the purpose of increasing the effectiveness of supervisory activities performed by the Supervisory Board with regard to the monitoring of financial reporting processes.

The scope of the Audit Committee’s activities, including activities related to monitoring the financial reporting process and advisory and opinion activities, is described in the Statement in Section [7.5.2. Supervisory Board / Audit Committee](#).

The Audit Committee makes recommendations to the Supervisory Board on the selection of an audit firm to audit and review the financial statements and the annual solvency and financial condition report required by the Solvency II Directive (both the PZU and PZU Group reports).

7.6.4. Audit firm auditing the financial statements

On 24 August 2022, the Supervisory Board passed a resolution on the selection of PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. (PwC) as the audit firm to conduct audits of the annual and reviews of the interim individual and consolidated financial statements and audits of the annual individual and consolidated reports on the solvency and financial condition of PZU and the PZU Group for the five fiscal years 2024–2028, with an option to extend the contract for two more fiscal years 2029–2030.

The auditor for PZU's individual and consolidated financial statements for 2023 is KPMG Audyt.

In 2023, the audit firm auditing the financial statements rendered permitted non-audit services to PZU, which was approved, following an assessment of the company's independence, by the Audit Committee. In recent years, PZU's additional cooperation with KPMG Audyt has covered, without limitation, audits of solvency and financial standing reports required by the Solvency II Directive.

The existing cooperation with KPMG Audyt, pertaining to the reviews and audits of the standalone financial statements of PZU and consolidated financial statements of the PZU Group has continued without interruption since 2014.

On 23 May 2019, KNF gave a permit to PZU to extend for another two years the maximum period for the engagement for KPMG Audyt to audit the standalone and consolidated financial statements. In this manner, the Supervisory Board made the decision to continue cooperation with the auditor to audit the 2019-2020 financial statements.

The Act of 31 March 2020 Amending the Act on Special Solutions Associated with Preventing, Counteracting and Combating COVID-19, Other Infectious Diseases and Crises Caused by Them and Certain Other Acts (known as the Special Act) repealed the provision of the Act on Statutory Auditors according to which "the maximum permissible uninterrupted duration of the statutory audit engagements referred to in, i.a., Article 17(1) second paragraph of Regulation No 537/2014, performed by the same audit firm or an audit firm associated with this audit firm or any member of a network operating in the European Union states of which these firms are members

may not exceed 5 years." The Special Act introduced similar amendments to the Accounting Act.

As a consequence, the maximum permissible uninterrupted duration of the statutory audit engagements for an audit firm is a period of 10 years, as specified in Article 17(1) second paragraph of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

On this basis, the Supervisory Board decided to renew, for 2021-2022, with an option to extend until 2023, and subsequently to exercise the option and extend until 2023 the orders for KPMG Audyt to review and audit the standalone financial statements of PZU and the consolidated financial statements of the PZU Group. On 7 April 2021, the PZU Supervisory Board agreed to exercise the option and extend the order.

Main assumptions underlying the policy for selecting the audit firm

The following are among the main assumptions underlying PZU's policy for selecting the audit firm:

- ensuring that the process of selecting the audit firm is done correctly and determining the responsibility and the duties of the participants in this process,
- analyzing when selecting the audit firm the recommendations given by the Audit Committee,

- giving consideration to the rule of rotating the audit firm and the key statutory auditor in the embraced time horizon.

The main objectives of the policy for the provision of permitted non-audit services by the audit firm conducting the statutory audit, its related entities and by a member of the audit firm's network were as follows:

- ensuring correctness in the process of procuring permitted services;
- determining the responsibility and the duties of the participants in this process,
- defining the catalogue of permitted services,
- establishing the procedure for procuring permitted services.

Fee payable to the audit firm

Fee payable to the audit firm auditing PZU's financial statements (PLN 000s)	1 January - 31 December 2022	1 January - 31 December 2023
mandatory audit of annual financial statements/consolidated financial statements	1,476	1,773
other assurance services, including review of financial statements/consolidated financial statements	1,220	1,421
tax consulting services	-	-
other services	-	-
Total	2,696	3,194

Fee payable to the entity authorized to audit the PZU Group's financial statements (PLN 000s)	1 January - 31 December 2022	1 January - 31 December 2023
audit of financial statements	10,487	12,644
other assurance services	6,383	8,554
Total	16,870	21,198

7.7. Shareholder Meeting and relations with shareholders

7.7.1. Shareholder Meeting

Powers and method of operation of the Shareholder Meeting

Walne The Shareholder Meeting is PZU's highest corporate body. The powers of the Shareholder Meeting, the manner of convening and the rules of participation in the Shareholder Meeting are set forth in the Commercial Company Code, the PZU's Articles of Association of and the Regulations of the Shareholder Meeting.

A Shareholder Meeting is held:

- As an Ordinary Shareholder Meeting which should be held within six months from the end of each financial year;
- As an Extraordinary Shareholder Meeting which is convened in cases specified in the generally applicable law and the Articles of Association.

The Shareholder Meeting is convened by the Management Board. The Supervisory Board may convene a Shareholder Meeting, including under the ordinary procedure if the Management Board fails to convene it within the statutory period, and under the extraordinary procedure if it deems it advisable. In cases specified in

the Commercial Company Code, the right to convene an Extraordinary Shareholder Meeting or to request its convening is also vested in shareholders.

The powers of the General Meeting include adopting resolutions, in particular, on the following issues:

- to consider and approve the report of the Management Board on the operations of PZU and the PZU Group, as well as the separate and consolidated financial statements for the past fiscal year (Ordinary Shareholder Meeting);
- distribution of profits or coverage of losses (Ordinary Shareholder Meeting);
- discharge of individual members of PZU's governing bodies for the performance of their duties (Ordinary Shareholder Meeting);
- appointment and dismissal of Supervisory Board Members, subject to the personal right granted to the State Treasury to appoint and dismiss one Supervisory Board Member;
- to determine the rules for remuneration of members of the Supervisory Board and the rules for shaping the remuneration of members of the Management Board;

- to establish and revise rules for assessing the suitability of the Supervisory Board and the Audit Committee of the Supervisory Board;
- to assess the individual suitability of candidates for members of the Supervisory Board, excluding the candidate appointed by the State Treasury, through a written statement, the members of the Supervisory Board and the collective assessment of the Supervisory Board;
- issuing an opinion on the report on compensation for Management Board and Supervisory Board Members;
- review of the Management Board's report on representation expenditures and expenditures for legal, marketing, public relations and public communication services and management consulting services.

Resolutions of the Shareholder Meeting are adopted by an absolute majority of votes, except in cases provided for in the Commercial Company Code or the Articles of Association. Shareholder Meeting resolutions concerning, among other things, amendments to the Articles of Association or reduction in the share capital, require a three-fourths majority of votes.

Resolutions are passed in an open ballot. A secret ballot is ordered in elections or on motions to dismiss Members of PZU bodies, in matters concerning their personal liability as well as in other personal matters or at the request of at least one of the shareholders attending or represented at the Shareholder Meeting. Voting takes place using a computerized system for casting and counting votes. Each PZU share entitles the holder to one vote at the General Meeting.

Shareholder Meetings are held in Warsaw, at the PZU Headquarters and convened by placing an

announcement on PZU's website in accordance with the method for providing current information. Such announcement is made not later than 26 days before the date of the Shareholder Meeting. The announcement and materials presented to shareholders (e.g. draft resolutions with justifications) are available on the date of convening the Shareholder Meeting on PZU's corporate website in the Investors relations section under the Shareholder Meeting tab (<https://www.pzu.pl/en/investor-relations/shares-and-bonds/shareholders-meetings>).

All the matters submitted by the Management Board to the Shareholder Meeting are first presented to the Supervisory Board to be examined and get an opinion. The Supervisory Board's opinions are presented to the Shareholder Meeting no later than prior to the opening of the shareholder meeting along with other documents conveyed to the shareholders participating in the Shareholder Meeting and are available on the PZU's website in the Investors relations section under the Shareholder Meeting tab.

The Shareholder Meeting may request breaks (longer than procedural ones) by a two-thirds majority vote. In total, breaks cannot last more than 30 days.

The course of the Shareholder Meeting is broadcast live by PZU over the Internet, and a transcript of the broadcast is posted on the company's website. Information on the planned broadcast, along with the address of the website, is published in advance on the PZU website.

PZU also allows representatives of the media (press, radio, television) to be present at the Shareholder Meeting.



Registration

A shareholder who wishes to participate in the Shareholder Meeting must hold at least one PZU share as of the record date, i.e. 16 days before the date of the Shareholder Meeting. Registration for the Shareholder Meeting is done through the brokerage office where the shareholder has shares deposited in the brokerage account. At this office, the shareholder should apply for the issuance of a registered certificate of the right to participate in the Shareholder Meeting. Such instruction may be made no earlier than after the announcement of the convening of the Shareholder Meeting and no later than the first business day after the date of registration of participation.

The description of shareholder rights and the method of exercising them

The rights of PZU's shareholders derive directly from the law.

However, PZU's Articles of Association limit voting rights of PZU shares in certain cases and grant personal rights to a shareholder such as the State Treasury:

- The voting rights of shareholders are limited in such a way that no shareholder may exercise at the Shareholder Meeting more than 10% of the total number of votes existing in PZU on the day the Shareholder Meeting is held, with the proviso that the limitation of voting rights does not apply to the State Treasury and shareholders acting with it on the basis of agreements concluded for the joint exercise of voting rights on shares¹;

¹ Exclusions to this restriction and its rules are described in [Section 7.4.1 Shareholders and securities of the issuer of the statement](#), under [Entitlements and restrictions on PZU shares](#).

- The State Treasury has the right to appoint and dismiss one member of the Supervisory Board by way of a written statement submitted to the Management Board of the Company. Such appointment or dismissal is effective upon delivery of the relevant statement to the Management Board and does not require a resolution of the Shareholder Meeting. This right expires if the State Treasury ceases to be a PZU shareholder.

A shareholder's basic right is the right to participate in profit and the right to attend the Shareholder Meeting and exercise the right to vote in person or through a proxy.

In particular, shareholders have the right to:

- submit a candidate for a member of the Supervisory Board – draft resolutions and candidates for members of the Supervisory Board should be submitted by a shareholder in time to allow shareholders present at the Shareholder Meeting to make a decision with due discernment, preferably 3 days before the date of the Shareholder Meeting. If the motion is submitted at a Shareholder Meeting the subject of which is the election of members of the Supervisory Board, the motion, in order to be valid, should be submitted to the Chair of the Shareholder Meeting no later than before the start of voting on the election of members of the Supervisory Board;
- review the list of shareholders entitled to participate in the Shareholder Meeting, which is displayed at the premises of the PZU Management Board for three business days prior to the date of the Shareholder Meeting, and request that the list of shareholders be sent to them free of charge by e-mail, to the address they have indicated;

- review the book of minutes of the Shareholder Meeting and request the issuance of copies of resolutions certified by the Management Board;
- appeal against Shareholder Meeting resolutions, if a shareholder voted against a resolution and after its adoption requested that an objection be recorded or was unreasonably not allowed to participate in the Shareholder Meeting or was not present at the Shareholder Meeting, if the Shareholder Meeting was convened incorrectly or if a resolution was adopted on an issue not included in the agenda (action for revocation of a resolution or action for declaration of invalidity of a resolution);
- submit to PZU, outside the Shareholder Meeting, a request for information concerning the PZU's activities. In such a case, the Management Board may provide the shareholder with the information in writing, unless doing so could harm PZU, an affiliate or subsidiary, in particular by revealing technical, trade or organizational secrets of the company. In the event that PZU provides information outside the Shareholder Meeting, a current report containing answers to the questions asked is made public.

In addition:

- shareholders representing at least one-half of the share capital or at least one-half of the total number of votes in PZU may convene an Extraordinary Shareholder Meeting and designate the Chair of this meeting.;
- a shareholder or shareholders representing at least 1/20th of the share capital may:
 - a) request the convening of an Extraordinary Shareholder Meeting and the inclusion of certain matters

in the agenda of that meeting;

b) request that certain matters be placed on the agenda of the Shareholder Meeting, the request should include a justification or a draft resolution on the proposed agenda item and be submitted to the Management Board in writing or in electronic form no later than 21 days before the date of the Shareholder Meeting;

c) submit, prior to the date of the Shareholder Meeting, in writing or in electronic form draft resolutions on matters included in the agenda of the Shareholder Meeting or matters to be included in the agenda.

During the Shareholder Meeting, every shareholder entitled to attend the Shareholder Meeting may:

- stand for election as Chair of the Shareholder Meeting and submit for the record one nomination for Chair of the Shareholder Meeting;
- submit candidates to the Supervisory Board;
- vote, make motions, speak, briefly justify one's position, object;
- make motions concerning formal matters – the way of voting and deliberation (e.g., demand a secret ballot or recesses);
- submit draft resolutions on matters included in the agenda;
- propose amendments and additions to the draft resolutions included in the agenda – until the conclusion of the discussion of the agenda item covering the draft resolution to which the proposal relates;
- ask questions about the matters included in the agenda. If it is reasonable for the evaluation of a matter

on the agenda, the Management Board (subject to statutory exceptions) shall provide the shareholder, upon request, with information concerning the company. In justified cases, the Management Board may provide information in writing outside the Shareholder Meeting, no later than two weeks after the date of its conclusion.

PZU Shareholder Meetings convened in 2023

In 2023, the Ordinary Shareholder Meeting and the Extraordinary Shareholder Meeting were held.

In addition to the matters provided for in Article 395 § 2 and 5 of the Commercial Company Code (that is examination and approval of the Management Board's report on the company's activity and financial statements for the previous financial year, adoption of a resolution on the distribution of profit, granting of a discharge to Members of the Company's corporate bodies on the performance of their duties, review and approval of the group's financial statements), the agenda of the Ordinary Shareholder Meeting of PZU held on 7 June 2023 concerned:

- issuing an opinion on the PZU Supervisory Board Report
- on Compensation of PZU Management Board and Supervisory Board Members for 2022;
- approval of the PZU Supervisory Board Report for 2022;
- secondary assessment of individual suitability of Supervisory Board members and assessment of individual suitability of candidates for members of the Supervisory Board of PZU SA for the new term;

- appointment of members of the PZU Supervisory Board for the new term;
- assessment of collective suitability of Supervisory Board Members;
- amendments to the Articles of Association of PZU;
- amendments to the Rules for assessment of suitability of the PZU SA Supervisory Board and Audit Committee;
- amendments to the Compensation Policy for the PZU Management Board and Supervisory Board Members.

The subject of the Extraordinary Shareholder Meeting of PZU held on 13 September 2023, were changes to the composition of the Supervisory Board and assessment of the collective suitability of the Supervisory Board.

The PZU Shareholder Meeting convened in 2024

In 2024, up to the date of publication, the Extraordinary Shareholder Meeting was held.

The subject of the Extraordinary Shareholder Meeting of PZU held on 15 February 2024, were changes to the composition of the Supervisory Board and assessment of the collective suitability of the Supervisory Board.

7.7.2. Rules for changing the Articles of Association

PZU's Articles of Association may be amended by the Shareholder Meeting provided that a resolution is adopted by a majority of three fourths of the votes, the Polish Financial Supervision Authority's approval

is issued in the cases referred to in the Insurance and Reinsurance Activity Act and the amendments are entered in the National Court Register.

The Supervisory Board has the powers to approve the consolidated amended text.

PZU as a public company is obliged to inform the market about any amendments to the Articles of Association and the adoption of the unified text in a current report.

Amendments to the PZU's Articles of Association in 2023

Pursuant to resolution no. 63/2023 of the PZU's Ordinary Shareholder Meeting dated 7 June 2023, the amendments were made to the PZU's Articles of Association to include, inter alia:

- amendments to the Commercial Company Code made by the Act of 9 February 2022 amending the Commercial Company Code and certain other acts (consolidated text: Journal of Laws of 2022, item 807), which came into force on 13 October 2022;
- provisions of the Methodology of assessment of suitability of Members of corporate bodies of regulated entities issued by the Financial Supervision Commission.

The changes introduced in the Articles of Association of PZU mainly concerned the competencies and streamlining and increasing the efficiency of the Supervisory Board, and to a lesser extent the competencies of the Shareholder Meeting.

Regarding the powers of the Supervisory Board and the organization of the work of the Supervisory Board:

- the powers of the Vice Chair and Secretary of the Supervisory Board were added;
- the provisions on the appointment of standing or ad hoc committees by the Supervisory Board were clarified, the obligation for committees regarding the disclosure of information on supervisory activities to the Supervisory Board was introduced, and the possibility of appointing temporary committees was dropped;
- the possibility of holding Supervisory Board meetings without formally convening them was regulated;
- the possibility of extending the agenda during a meeting of the Supervisory Board and adopting resolutions on matters not included in the agenda was regulated;
- the Management Board's disclosure obligations to the Supervisory Board were clarified;
- the competence of the Supervisory Board to appoint an auditor to evaluate the report on the compensation of Management Board and Supervisory Board members was taken into account;
- the possibility of cancellation of a meeting of the Supervisory Board by the convenor of the meeting was regulated, with the reservation to compliance with the deadline for convening the first meeting of the Supervisory Board of a new term;
- the role of the Supervisory Board in the event of a reduction in the number of Management Board members below the minimum was included;
- the competencies of the Supervisory Board under the rules for assessing the suitability of the Supervisory

Board and the Audit Committee were taken into account;

- the competence to make regular assessments of the application of the Corporate Governance Rules for Regulated Institutions issued by the Financial Supervision Authority.

Within the competence of the Shareholder Meeting:

- the Shareholder Meeting’s authority to set the maximum compensation for Supervisory Board advisors was added;
- the powers of the Shareholder Meeting under the rules for assessing the suitability of the Supervisory Board and the Audit Committee of the Supervisory Board were taken into account.

The amendments to PZU’s Articles of Association became effective on 9 August 2023, the day they were entered in

the Register of commercial undertakings of the National Court Register.

7.7.3. Dividend

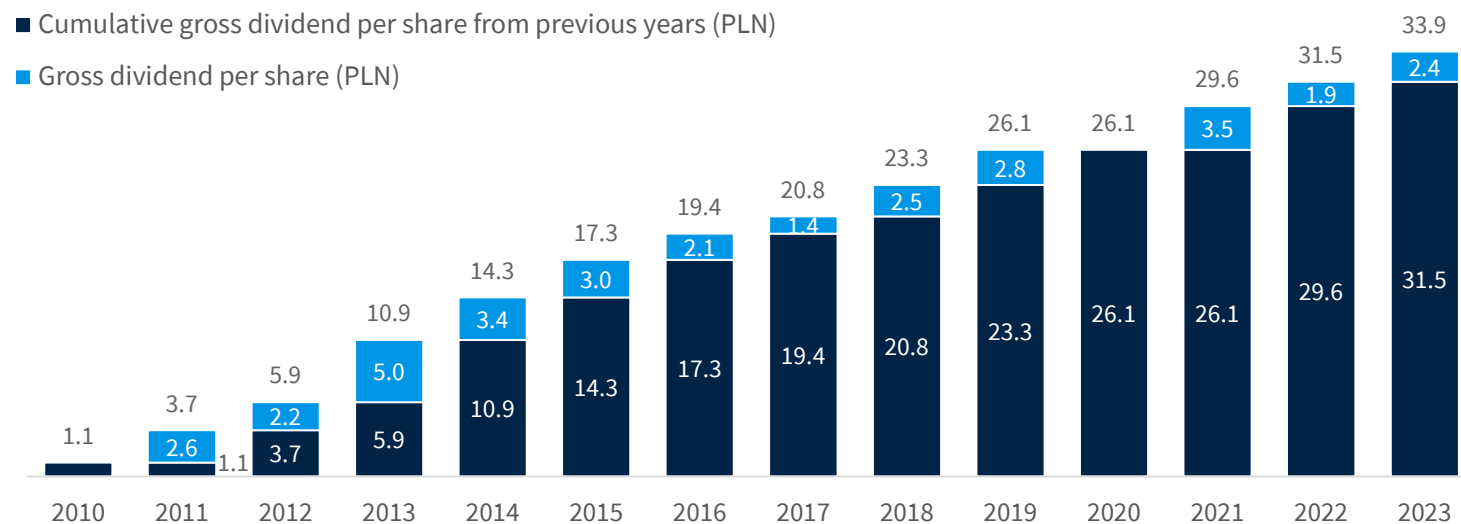
Disbursement of dividends

On 7 June 2023, the Ordinary Shareholder Meeting of PZU passed a resolution on the distribution of net profit PZU for the year ended 31 December 2022 increased by the amount transferred from the supplementary capital created from the net profit for the year ended 31 December 2021, in which it decided to allocate nearly PLN 2.1 billion, i.e. PLN 2.40 per share, for the disbursement of dividends. The dividend payment was made on 28 September 2023. The dividend ratio was about 6%.

Dividend policy

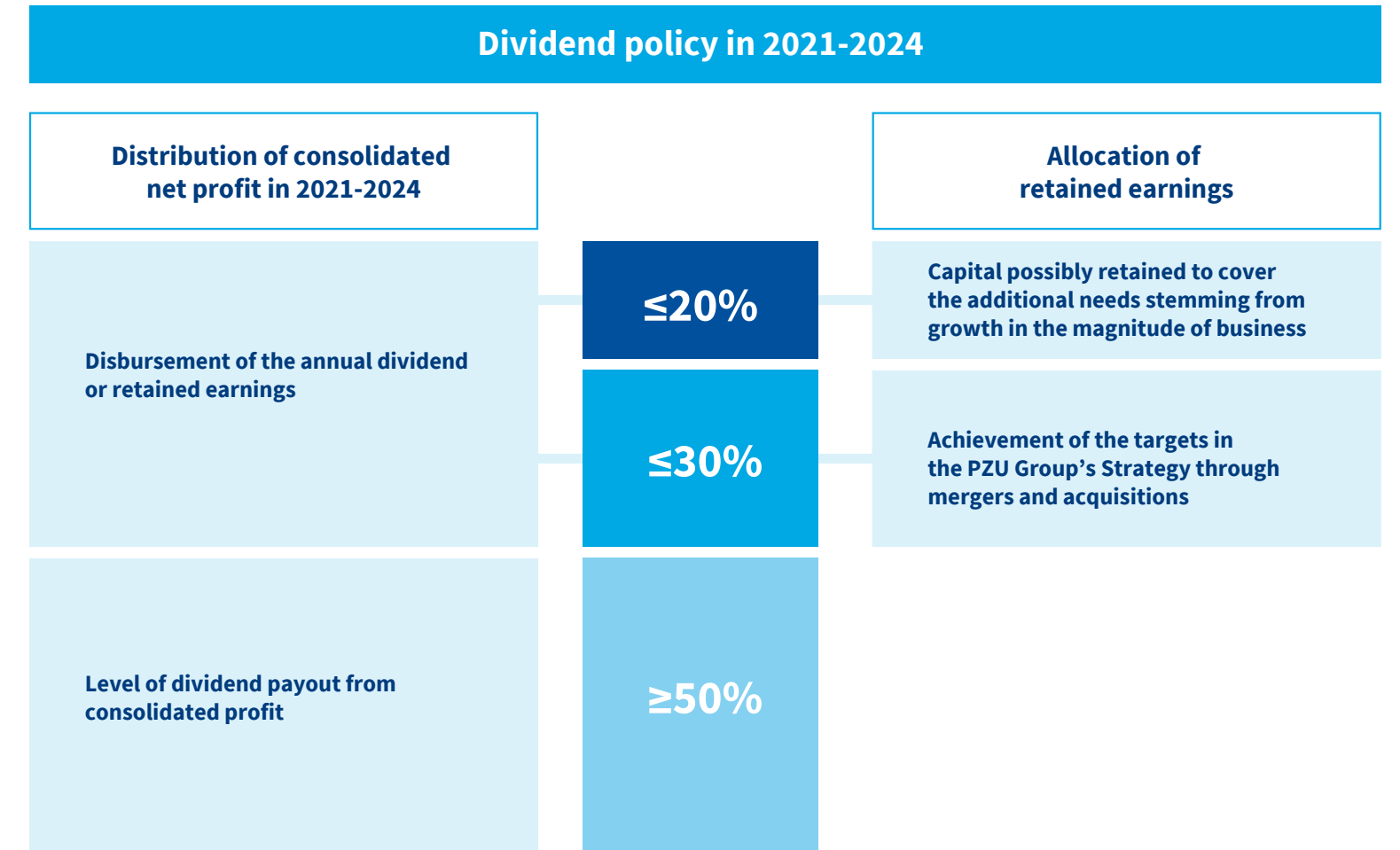
On 25 March 2021, the PZU Supervisory Board adopted a resolution to approve the PZU Group’s Capital and Dividend Policy for 2021-2024. The adopted policy is a continuation of the principles set forth in the PZU Dividend Policy for 2016-2020.

Cumulative dividends per share since PZU’s IPO on the WSE



Source: PZU

Dividend policy



Principal assumptions

- We will continue to be a dividend company while generating an above average return on equity.
- Every year we will pay a dividend of 50 to 100 percent of the PZU Group’s consolidated annual earnings.
- We will maintain our solvency ratios at a level no lower than 200% for the PZU Group, PZU and PZU Życie (according to Solvency II).
- We will maintain our financial leverage ratio at a level no higher than 25%.
- We will procure funds for growth and acquisitions in the coming years.
- We will maintain the financial conglomerate’s surplus own funds above the requirements for solvency.

Source: PZU

7.8. Conflict of interest and transactions with related parties

[GRI 2-15] [GRI 2-25]

7.8.1. Management of a conflict of interest

Conflict of interest

In its operations, PZU avoids conflicts of interest which is understood as situations in which there is or may be a discrepancy between the legal, financial or other legally protected interest between:

- PZU or a person affiliated with PZU (i.e. Management Board member, PZU employee, entity providing services to PZU) and the client;
- person affiliated with PZU and PZU. To this end, “Rules for managing conflicts of interest” are in force in PZU.

The “Rules for managing conflicts of interest” are in force in PZU and PZU Życie. This regulation aims to ensure professional, reliable and fair treatment of all clients and persons related to the company in a conflict of interest situation. According to this regulation an employee should report a potential conflict of interest to his or her boss and the compliance unit in a given company for that unit to be able to analyze that situation thoroughly from the standpoint of risk. When a potential or actual

conflict of interest is identified, mitigating mechanisms are used to eliminate or reduce the conflict of interest and counteract its negative effects. There is also a conflict of interest register. PZU limits the possibility of a conflict of interest arising and counteracts its consequences, especially by:

- informing clients using financial instruments about the adopted regulations on managing conflicts of interest;
- acting in the interest of the client and promoting fair and professional conduct among persons affiliated with PZU, who participate in the honest product life cycle;
- limiting the scope of persons with access to certain information and resources;
- enforcing persons affiliated with PZU to comply with restrictions on accepting
- and giving gifts in business relationships;
- limiting the possibility to represent PZU interests by employees who are affiliated
- with persons in business relations with PZU;
- limiting and monitoring the implementation by employees and the Management Board members, in particular those responsible for investment activities, of certain transactions entered into on their own account, in particular by prohibiting transactions involving the disclosure or use of information on

financial instruments that violate generally applicable laws;

- entering into non-competition agreements with employees with access to material, protected information on PZU.

To mitigate the risk of conflicts of interest, members of PZU bodies are obligated to:

- avoid activities that may give rise to conflicts of interest;
- take necessary measures to identify conflicts of interest;
- obtain approval (from the Management Board or the Supervisory Board or the Shareholder Meeting, as appropriate) for membership on the supervisory or management boards of public companies other than PZU Group companies, and entities whose operations may potentially be deemed as competitive;
- strive to eliminate or reduce the negative impact of conflicts of interest on the operation of the PZU Group company and its relations with the remaining PZU Group companies, clients and other external entities;
- inform (the Management Board or the Supervisory Board or the Shareholder Meeting, as appropriate) of a conflict of interest or the possibility of a conflict of interest, and to refrain from taking part in discussions and voting on a matter in which a conflict of interest has arisen;
- to inform the compliance units of the possibility of a conflict of interest and the measures taken.

Issues of possible conflict of interest for members of the Management Board and the Supervisory Board are also reviewed as part of an assessment of suitability prior

to appointment to these bodies and as part of regular secondary assessment of suitability. An annual analysis of additional actions taken by members of corporate bodies is also carried out.

Rules for acceptance and giving of gifts

The rules in PZU regulate in transparent and very detailed terms the categories and types of gifts, including permissible and impermissible gifts, and they prescribe the procedure for accepting or offering gifts and the rules for registering gifts.

Training Courses

Topics concerning conflicts of interest, potentially risky situations and the rules of conduct if they are detected, are part of the e-learning training course on compliance. Such training is obligatory for every new employee and also available for all PZU employees. These topics are also discussed during on-boarding training courses for newly-hired employees. Furthermore, employees submit declarations on adhering to the “Rules for Managing Conflicts of Interest”. Compliance-related issues are described in the Compliance Bulletin. Employees receive it periodically by e-mail or in printed form. The Compliance Bulletin plays an educational role – it enriches the knowledge gained during training sessions thanks to the readily understandable manner of presenting information (in the form of tables and figures).

7.8.2. Transfer Pricing Documentation

Transactions of PZU Group entities with related parties are concluded on an arm's length basis.

This applies, irrespective of the value of the transaction, both to transactions entered into by companies within the PZU Tax Group and to transactions concluded with related parties outside the PZU Tax Group. The PZU Group has in place a Transfer Pricing Procedure adopted by a resolution of the PZU Management Board. According to the procedure, a transfer pricing documentation is prepared for each related party transaction subject to documentation obligations under the relevant provisions of the CIT Act to confirm that the prices used in related party transactions reflect the arm's length principle. A

transaction is considered to have been concluded on an arm's length basis if the terms and conditions of its conclusion do not differ materially from the terms and conditions on which an analogous transaction would have been concluded if there were no relationship between them.

In addition, according to the Articles of Association of PZU, in the case of a transaction with a related party whose value exceeds 5% of total assets, the Supervisory Board of PZU is obliged to decide whether to approve the transaction. The Supervisory Board has the option to consult with an external entity when valuing and analyzing the economic impact of such a transaction.

The 2023 Transfer Pricing documentation was prepared in accordance with the following rules.

Transfer Pricing Documentation	Responsible entities	Unit preparing the Documentation	Deadline for preparation of the Documentation
Analysis of comparability of transactions	Related Parties, regardless of the value of the Transaction	Substantive Unit	prior to the conclusion of the Transaction
Description of the compatibility of the terms of the transaction with market conditions			
Local Documentation	Related Entities that have entered into a Transaction with a value exceeding the Documentation Threshold	Tax Policy Office	until 31 October 2024
Group Documentation	Entities consolidated using the full or proportional method if they belong to a group for which consolidated financial statements are prepared, whose consolidated revenues exceeded PLN 200,000,000 or its equivalent in the previous fiscal year	Tax Policy Office	until 31 December 2024

7.9. Remunerations

[GRI 2-18] [GRI 2-19] [GRI 2-20]

The compensation policy implemented by PZU supports attainment of short-term and long-term goals specified in the PZU Group strategy both in term of achieving financial objectives and the Company’s contribution to sustainable development. PZU practices applied to compensation help recruit, motivate and retain Management Board and Supervisory Board Members and key managers, including PZU Group Directors.

7.9.1. Policy of compensation of supervisory and management bodies

Regulations

Regulations on the compensation policy for members of the Supervisory Board and the Management Board are contained in:

- Policy for Compensating PZU Management Board and Supervisory Board Members adopted on 26 May 2020 under a resolution of the Shareholder Meeting. On 7 June 2023, the Ordinary Shareholder Meeting of PZU amended the Compensation Policy for Members of the PZU Management Board and Supervisory Board by introducing a provision stating that the policy also

aims to ensure that the requirements of sustainable development are properly taken into account in the risk management process at the PZU Group level, in particular on the basis of the principles set forth in the company’s relevant internal regulations;

- Resolutions of the PZU Extraordinary General Meeting of 8 February 2017 on the rules for setting the compensation of the Supervisory Board and Management Board Members.

Determination process

The Shareholder Meeting of PZU decides by way of resolutions on the policy of compensating PZU Supervisory Board and PZU Management Board members.

The PZU Supervisory Board takes into account recommendations of the Nomination and Compensation Committee to determine the compensation rules, and compensations of the PZU Management Board members, including its President. The compensation is related to the implementation of objectives determined under the PZU Group strategy, thereby it contributes to the attainment of the Company’s long-term goals.

The PZU Management Board determines the rules of compensating PZU Group Directors who are at the same time members of the PZU Życie Management Board as well as the policy for compensating senior management and other employees. The compensation policy comprises, in particular:

- rules of determining and awarding compensation components for various employee groups;
- special solutions pertaining to compensating employees whose work materially impacts the Company’s risk profile (“Authorized Persons”), in line with the requirements of the delegated regulation “Solvency II”.

Compensation of Supervisory Board Members

Compensation rules

The monthly compensation of Supervisory Board members is fixed and determined as the product of the base amount referred to in Article 1(3)(11) of the Act of 9 June 2016 on the Rules for Setting the Compensation of Persons Managing Some Companies (i.e. average monthly compensation in the corporate sector without distributions of bonuses from profit in Q4 of the

previous year, announced by the President of Statistics Poland (GUS)), and the following multiplier of 2.75.

The monthly compensation set this way is increased for:

- the Supervisory Board President – by 10%;
- the Supervisory Board Deputy President – by 9%;
- the Supervisory Board Secretary – by 8%;
- the chairs of committees at the Supervisory Board – by 9%;

Additional compensation due for holding the role of the chair, deputy chair or secretary of the Supervisory Board and chairs of committees do not add up.

Amount of compensation of Supervisory Board Members

The table below shows compensation or non-cash benefits paid or transferred in 2023 and 2022 to the current and former Supervisory Board Members.

Compensation of Members of the Management Board and the PZU Group Directors in PZU or PZU Życie, who are at the same time, respectively, Members of the Management Board in PZU Życie or PZU (Manager)

Remunerations and other short-term employee benefits paid to the Supervisory Board by PZU and PZU subsidiaries	1 January – 31 December 2022 (PLN 000s)	1 January – 31 December 2023 (PLN 000s)
Robert Jastrzębski	224	252
Paweł Górecki	224	250
Agata Górnicka	205	236
Marcin Chludziński	205	230
Marcin Kubicza	nd.	142
Krzysztof Opolski	224	250
Radosław Sierpiński	241 ¹	245 ²
Józef Wierzbowski	205	230
Maciej Zaborowski	205	230
Elżbieta Mączyńska-Ziemacka	205	161
Robert Śnitko	224	109
Piotr Wachowiak	68	100
Paweł Mucha	151	n/a
Total	2,381	2,435

1) Including PLN 36 thousand for serving as a member of the Scientific Council at PZU Zdrowie SA.
2) Including PLN 15 thousand for serving as a member of the Scientific Council at PZU Zdrowie SA.

Compensation rules

The compensation of Management Board Members is composed

- of a fixed part, i.e. monthly base compensation, and a variable part:

- fixed compensation is within the range of seven times to fifteen times the basis of assessment (i.e. average monthly compensation in the corporate sector without distributions of bonuses from profit in Q4 of the previous year, announced by the President of Statistics Poland (GUS)), referred to in Article 1(3) (11) of the Act of 9 June 2016 on the Rules for Setting

the Compensation of Persons Managing Certain Companies. The amount of fixed compensation is set by the Supervisory Board;

- the variable part of compensation depends on the attainment of management objectives, determined every year by the Supervisory Board, and may not exceed 100 % of the annual fixed compensation from the previous year for the calculations of the due variable compensation are made. The amount of 40% of variable compensation is granted as deferred variable compensation. Deferred variable compensation is paid for the period of three consecutive years. With expiration of 12, 24 and 36 months from the date it was granted, a Management Board member may acquire the right to 1/3 of the portion of deferred variable compensation for a given financial year, provided that during this period no circumstances arise that prove that the conditions for payment of a given portion of variable compensation have not been satisfied.

In 2023, the management objectives on the achievement of which a portion of the variable compensation depends included:

- improvement of economic and financial indicators, such as the PZU Group financial result attributable to the parent company, return on equity (ROE);
- taking measures which account for social interests, including those which allow the Company to contribute to environmental protection;
- increase in the PZU Group value determined as the level of implementation of key measures of the PZU Group Strategy, presenting the value of PZU Group, for instance the net financial result of the banking segment

attributable to the PZU Group, operating margin of group insurance and individually continued insurance.

The variable compensation is due when:

- the Supervisory Board determines that all conditions for granting the variable compensation have been satisfied;
- the Shareholder Meeting approves the PZU Activity Report and the financial statements for the previous financial year;
- the Shareholder Meeting grants discharge for the completion of obligations.

The Company has the right to a claim for reimbursement (either in full or in the relevant part) of the variable compensation paid if, after its payment, it is shown that (either in full or in the relevant part, respectively) it was granted to a Management Board member on the basis of data that proved untrue.

In the event that an agreement with a Management Board member is dissolved or terminated for reasons other than violation of the basic obligations, the Management Board member may also be awarded severance pay of not more than three times the fixed compensation, provided that the member held their function for at least 12 months prior to agreement termination. The severance pay is not due to a Management Board member in the event that after agreement termination that person continues to perform or assumes the function of Management Board Member of a company within the PZU Group.

The Supervisory Board may also award by way of agreement with a Management Board member the right to the same benefits as those due to employees, in

particular, supplementary retirement and disability or early retirement plans.

The compensation of PZU Group Directors is set by the Management Boards. The compensation rules regulate the Management Services Provision Agreements and the resolutions of the Management Board in connection with the Act of 9 June 2016 on the Rules for Shaping the Compensation of Persons Managing Some Companies.

The total compensation due to PZU Group Directors is composed of the fixed compensation and variable compensation, in accordance with the same rules as those described for PZU Management Board members.

The Management Services Provision Agreements entered into with Management Board Members and PZU Group Directors regulate their term of notice and issues related

to refraining from engaging in competitive activity to the PZU's during their term of validity after their termination in consideration for damages. There is no provision for compensation in the event of resignation or dismissal of PZU Group Directors from their position without good cause.

The amount of compensation for Management Board Members and PZU Group Directors:

The table below shows compensation or non-cash benefits paid or transferred in 2023 or 2022 to the current and former PZU Supervisory Board Members and PZU Group Directors in PZU.

Compensation and other short-term employee benefits paid by PZU	1 January – 31 December 2022 (PLN 000s)		1 January – 31 December 2023 (PLN 000s)	
		including part of variable compensation for 2017-2021		including part of variable compensation for 2019-2022
Management Board:	15,462	7,084	17,413	7,761
Beata Kozłowska-Chyła	1,823	712	2,148	905
Ernest Bejda	1,744	670	2,059	858
Małgorzata Kot	1,701	626	2,015	814
Krzysztof Kozłowski	1,317	243	1,900	698
Tomasz Kulik	2,036	962	2,211	1,010
Piotr Nowak	731	-	1,640	438
Maciej Rapkiewicz	2,036	962	2,211	1,010
Małgorzata Sadurska	2,050	976	2,211	1,010
Aleksandra Agatowska	38	38	38	38
Adam Brzozowski	154	154	154	154
Marcin Eckert	466	466	268	268
Elżbieta Häuser – Schöneich	154	154	154	154
Roger Hodgkiss	179	179	40	40
Paweł Surówka	316	316	140	140
Krzysztof Szypuła	717	626	224	224

Compensation and other short-term employee benefits paid by PZU	1 January – 31 December 2022 (PLN 000s)		1 January – 31 December 2023 (PLN 000s)	
		including part of variable compensation for 2017-2021		including part of variable compensation for 2019-2022
High-level managers (PZU Group Directors), including:	3,288	1,286	5,654	1,716
Aleksandra Agatowska	799	354	896	399
Andrzej Jaworski	308	-	665	185
Bartłomiej Litwińczuk	804	375	884	404
Dorota Macieja	804	375	884	404
Sylwia Matusiak	nd.	nd.	750 ¹	-
Małgorzata Skibińska	nd.	nd.	495 ²	-
Dominik Witek	nd.	nd.	432 ³	-
Małgorzata Kot	20	20	20	20
Krzysztof Szypuła	391	-	559 ⁴	235
Roman Pałac	103	103	56	56
Tomasz Karusewicz	59	59	13	13

1) Including annual bonus, compensation for holiday leave and special award for the position of Managing Director for Marketing, Sponsorship and Prevention held in 2022.

2) Including fixed compensation and annual bonus for the position of Managing Director for Product Development and Maintenance held until 31 January 2023.

3) Including fixed compensation, annual bonus and compensation for holiday leave for the position of Director of the Office of Medical Services held until 6 June 2023.

4) Including a non-competition fee of PLN 216 thousand and a severance pay of PLN 108 thousand.



Compensation and other short-term employee benefits paid by other PZU Group entities	1 January – 31 December 2022 (PLN 000s)		1 January – 31 December 2023 (PLN 000s)	
		including part of variable compensation for 2017-2021		including part of variable compensation for 2019-2022
Management Board, of which:	27	27	27	27
Małgorzata Kot	27	27	27	27
High-level managers (PZU Group Directors), including:	4,897	1,892	7,927	2,523
Aleksandra Agatowska	1,194	527	1,338	593
Andrzej Jaworski	462	-	998	277
Bartłomiej Litwińczuk	1,203	558	1,320	599
Dorota Macieja	1,203	558	1,320	599
Sylwia Matusiak	n/a	n/a	841 ¹	-
Małgorzata Skibińska	n/a	n/a	495 ²	-
Dominik Witek	n/a	n/a	673 ³	-
Krzysztof Szypuła	586	-	839 ⁴	352
Roman Pałac	157	157	83	83
Tomasz Karusewicz	92	92	20	20

1) Including annual bonus, compensation for holiday leave for the position of Managing Director for Marketing, Sponsorship and Prevention held in 2022.

2) Including fixed compensation and annual bonus for the position of Managing Director for Product Development and Maintenance held until 31 January 2023.

3) Including fixed compensation, annual bonus and compensation for holiday leave for the position of Director of the Office of Medical Services held until 6 June 2023.

4) Including a non-competition fee of PLN 325 thousand and a severance pay of PLN 162 thousand.

In 2023, PZU Management Board Members were paid part of the benefits for 2019-2022 under the variable compensation system. The payout of the remaining part of the bonus for 2020-2023 may be made in subsequent periods. For these benefits, the PZU Group has a liability with the total amount of PLN 23,971 thousand as at 31

December 2023 (including the employer's burdens, as at 31 December 2022: PLN 19,948 thousand).

In 2023 and in 2022, the PZU Group companies did not grant any loans or similar benefits to PZU Management Board Members and PZU Group Directors.

Total estimated value of non-cash benefits granted by PZU and PZU's subsidiaries	1 January – 31 December 2022 (PLN 000s)	1 January – 31 December 2023 (PLN 000s)
Management Board, of which:	1,785	2,043
Beata Kozłowska-Chyła	265	276
Ernest Bejda	193	233
Małgorzata Kot	224	270
Krzysztof Kozłowski	189	233
Tomasz Kulik	273	238
Piotr Nowak	110	231
Maciej Rapkiewicz	211	243
Małgorzata Sadurska	312	319
Krzysztof Szypuła	8	n/a
High-level managers (PZU Group Directors), including:	942	1,549
Aleksandra Agatowska	270	322
Andrzej Jaworski	74	233
Bartłomiej Litwińczuk	238	281
Dorota Macieja	200	219
Sylwia Matusiak	n/a	195
Małgorzata Skibińska	n/a	105
Dominik Witek	n/a	135
Krzysztof Szypuła	160	59 ¹

1) Benefits financed by PZU under the termination agreement for management services



7. Corporate governance (G)

Corporate culture and key business conduct policies

7.10. Corporate Culture

7.11. Minimum safeguards

7.12. Security System



7.10. Corporate Culture

[ESRS G1-1] [GRI 2-26]

7.10.1. Values and Ethics in Business

A system of values and principles of conduct are at the core of the PZU Group’s business activities. In conducting business, the PZU Group follows four core values: stability, innovation, integrity and responsibility.

According to the mission, “We care about the most important things in life”, PZU has the ambition to accompany its clients in successive stages of their lives, helping them make their key decisions. The underlying idea is to supply high quality insurance, financial and health products in the most efficient way in terms of price, distribution, adequacy and competitiveness.

The PZU Group places great emphasis on the health and wellbeing of employees and clients. Its goal is to build health awareness in Poland, with special emphasis on prevention measures. Committed to the development of a responsible organization, it is strongly emphasizing the ESG factors (environment, social responsibility and governance). The priority is to provide benefits for clients and shareholders in a sustainable and responsible manner.

[GRI 2-23]

PZU Group Best Practices

The PZU Group’s fundamental ethical standards are set out in the “Best Practices of the PZU Group”. Their aim is to develop the company’s consistent organizational culture in all key aspects of its operation. They define behaviors and conduct towards all stakeholders based on respect and trust. The Practices have been adopted as a uniform model of the standards observed by all PZU Group entities, except for the Alior Group and the Pekao Group, which have adopted the “Code of Conduct in Alior Bank” and the “Code of Conduct in the Pekao Group”, respectively.

The best practices document sets out norms and standards of conduct in relations with employees, clients, contractors and local communities. The values and principles described in the document relate to



¹ Machine learning is a technology assuming that the program utilizes algorithms to “learn” on the basis of large data sets whereby it is capable of executing tasks without having to be designed directly by a human
² AI (artificial intelligence)

such issues as conflict of interest, handling sensitive information, corruption and gift policy, reporting ethical problems, rules of cooperation with business partners, and disclosures. The obligation of abiding by the enacted standards pertains to all PZU Group employees, regardless of seniority or position.

The application of the “Best Practices of the PZU Group” is described in [Chapter 7.3.3. Best Practices of the PZU Group](#).

New Work Model

Since 2022, PZU has had a New Work Model, which introduced hybrid work. The group work tools used help create an inspiring workplace providing conditions for high employee and team performance and increased agility and flexibility of the organization.

Employees appreciate a high degree of work flexibility and greater work-life balance. Managers point to employee satisfaction with hybrid work, improved efficiency, time savings and greater ability to motivate employees.

A tool to support the change in the New Work Model is the Good Practice Charters, which have been in development since 2022. They represent an open catalog of recommendations related to hybrid work, teamwork, use of tools (including digital and remote work) and building employee well-being. They consist of two card decks: main and leadership, and cover the following areas:

- The potential of diversity
- Inter-area cooperation
- Cooperation and diversity
- Well-being
- Working with focus
- Effective meetings
- Optimal working style
- Concentration and energy (leadership deck only)
- Responsibility and impact (leadership deck only)
- Favorable atmosphere (leadership deck only)
- Hybrid reality support (leadership deck only)

The organizational culture and the New Work Model are described in [Chapters 9.1.3. Work environment](#) and [9.1.4. Organizational culture](#) of this report.

[\[GRI 2-25\]](#) [\[GRI 2-26\]](#)

7.10.2. Preventing Mobbing and Discrimination

Preventing Undesirable Behavior

A major aspect in the development of an inclusive organizational culture is the prevention of and no acceptance for mobbing, intolerance or other forms of discrimination. The prevention of mobbing is supported by company legal acts, including the Work Regulations and the Procedure for Preventing Undesirable Conduct in the Work Environment – Mobbing and Discrimination at PZU SA and PZU Życie SA. The procedure was introduced by an order of the President of the Board and applies to all employees regardless of their position. It defines actions in the event that mobbing or discrimination occurs in the organization, and includes rules on anti-discrimination. Employees become familiar with the procedure at the beginning of their employment.

Anti-Mobbing Commission and Anti-Discrimination Commission

An Anti-Mobbing and Anti-Discrimination Commission have been appointed to verify unacceptable behaviors. They review employee complaints and investigate each signal of actions or behaviors that may have the features of mobbing or discrimination, as well as unequal treatment in employment. Persons with an education in

law and psychology sit on the Anti-Mobbing Commission and Anti-Discrimination Commission.

Training Courses

All employees are required to undergo an e-learning course with respect to: Preventing mobbing and discrimination in the workplace. In addition to mobbing-related issues, the training provides information on prevention of discrimination and equal treatment in employment opportunities.

[\[GRI 406-1\]](#)

Number of confirmed violations related to violations of anti-mobbing and anti-discrimination rules	2022	2023
PZU	0	0
PZU Życie	0	0

Preventing undesirable conduct – subsidiaries

 The Group companies have anti-mobbing policies and internal procedures in place. In the case of companies with a low headcount, no separate regulations pertaining to prevention of mobbing have been implemented. The companies comply with the general document, Best Practices of the PZU Group, which indirectly regulates the conduct in a mobbing situation, and the Human Rights Policy adopted by the PZU Group.

The Alior Bank Code of Ethics, which is binding on the employees of the Alior Group, contains guidelines on applying the principles of professionalism and respect in the workplace as well as the principles of good manners and openness toward diversity and tolerance.

Alior Bank has a Work Environment Policy Free from Undesirable behaviors which applies to all Alior Bank employees (regardless of the form of employment) and is an expression of the employer’s obligation to prevent and counteract undesirable behavior in business relations, in particular to counteract discrimination, mobbing, harassment and sexual harassment. The Bank provides educational activities to prevent the occurrence of undesirable behavior in the workplace. Any employee who believes that he or she has been a victim of mobbing, discrimination, harassment, sexual harassment or other undesirable behavior can complaint about the occurrence of undesirable behavior through channels dedicated to reporting such irregularities.

Bank Pekao has an anti-mobbing policy in place. This document lays down the rules for counteracting any action or conduct indicative of mobbing; additionally, it aims to underpin the execution of labor law regulations with respect to the obligation of combatting mobbing. The Bank applies a zero-tolerance policy towards mobbing actions or behaviors in relation to employees (including manifestations of sexual harassment), with proper consequences immediately imposed on perpetrators. In accordance with the provisions of the Anti-Mobbing Policy, each reported case is examined by the Anti-Mobbing Committee – a collective body appointed by the employer to investigate mobbing-related complaints.

[ESRS G1-1] [ESRS G1-1]

7.10.3. Whistleblower System and Whistleblower Protection

In all Group companies, Polish and foreign alike, separate whistleblowing procedures are in place¹. Employees are advised of the prevailing standards of conduct, inter alia as the new hires are being onboarded, under e-learning sessions and during on-site and online training courses.

The **Whistleblowing System**, has been in place in PZU and PZU Życie. It allows employees and entities working with PZU to report irregularities that may be deemed to be in violation of laws, internal regulations or standards of conduct, including ethical standards adopted by the Company. Information can be submitted both by name and anonymously.

In each case, the applicable “Whistleblowing Procedure in PZU SA and PZU Życie” provides the reporting party with confidentiality, discretion and protection of personal data. An employee who reports a potential irregularity in good faith is not at risk of any sanctions; nor does he or she incur any consequences pertaining to his or her employment relationship due to that report. The Whistleblowing System supports the application

1) **Irregularity** – action or omission by persons related to the company that may be deemed to be in contravention with the law, internal regulations or standards of conduct, including the ethical standards adopted by the company leading or that may lead to jeopardizing the company with compliance risk.

of PZU’s ethical standards and the management of the accompanying risks.

Reports transmitted by clients are subject to examination in accordance with separate internal regulations defining the organization of the complaints handling process. The process for handling complaints is described in [Chapter 9.2.5.1. Complaints and grievances](#).

[ESRS S1-3]

Whistleblowing Procedure



Whistleblowing Procedure PZU and PZU Życie have a Whistleblowing Procedure in place, under which employees may report behavior that may be considered to be in violation of laws, internal regulations or standards of conduct, including ethical standards adopted by the Company, resulting or likely to result in the Company’s exposure to compliance risks.

Employees learn about the procedure at mandatory training sessions on compliance available, inter alia, on the in-house educational platform. It is also discussed at training sessions for newly hired employees. Information concerning the standards of dignity, including precisely how to report irregularities is also regularly disclosed to external entities cooperating with PZU, among others, to agents and business partners.

Responding to irregularities is in the interest of PZU as it helps to prevent the occurrence of similar incidents in the future, minimizes the extent of losses, and allows the organization to maintain transparency in its operating rules and a high standard of professional relations. Whistleblowers and those affected can count

on discretion, protection of personal data and full confidentiality of the information obtained.

Pursuant to the “Whistleblowing Procedure in PZU SA and PZU ŻYCIE SA”, all the information on irregularities may be reported via the following communication channels operated by the Compliance Department:

- dedicated hotline and fax;
- traditional mail to the address of the compliance unit;
- dedicated e-mail addresses;
- dedicated form;
- in person: directly to an employee of the compliance unit.

Number of reported suspected irregularities in PZU and PZU Życie	2022	2023
PZU and PZU Życie	100	119

Comments to 2023: all reported cases were handled in accordance with PZU’s regulations, including the “Whistleblowing Procedure in PZU SA and PZU Życie SA”; reports included cooperation with intermediaries/distributors; suspected activities that were not in compliance with standards of conduct or regulations.


Best practices of PZU and PZU Życie

Whistleblowing Procedure – Reports and Proceedings:


- thanks to the various forms of contact with the compliance unit, an employee may file a report in the form he or she likes like and at his or her convenience, 24 hours a day, 7 days a week;
- in accordance with the “Procedure” in force, Compliance Department employees run the proceedings on reported irregularities in PZU and PZU Życie. The person conducting a given case coordinates the actions taken during the explanatory proceedings; he or she also analyzes the factual circumstances and the legal status specified in the notification;
- the person overseeing the Compliance Department is notified in every instance of the outcome of the proceeding concerning cases of significant importance to the company’s interests, while if the notification pertains to that person – then the President of the Management Board of the company is notified. The execution of the recommendations given after completing proceedings is subject to monitoring by the Compliance Department and is reported to the company’s Management Board and Supervisory Board as part of regular reporting on compliance risk.

Number of confirmed cases of irregularities	2022	2023
PZU Group	39	67
- including PZU SA and PZU Życie	22	28


Regulations in subsidiaries

 The entities belonging to the PZU Group have independent mechanisms for reporting information concerning the suspicion, possibility or occurrence of irregularities or abuse. Employees of each of the entities become familiar with internal regulations on the whistleblowing procedure, and cases are handled by dedicated compliance units.

PZU’s foreign insurance companies also have whistleblowing systems in place. Breaches can be reported by e-mail, in writing or in person to a compliance unit employee.

 In all of the PZU companies in the health segment, a compliance regulation package has been implemented, including a whistleblowing procedure.

Regulations in subsidiaries – banks

 An expression of Bank Pekao’s engagement in promoting corporate culture that supports ethical behavior, in keeping with the law and the Bank’s ethical standards and procedures, is the “Whistleblowing Policy in Bank Pekao S.A.”. The purpose

of the Procedure is to create safe whistleblowing environment for reporting actions or omissions in the bank that are inconsistent with applicable laws or designed to circumvent them, that violate internal regulations or violate ethical standards. The procedure is also intended to ensure that reported problems are received, analyzed and properly managed, the person making the report in good faith will be protected from possible retaliation.

In 2023, 10 breach reports were filed in the Bank Pekao via the whistleblowing mechanism. In the other Companies of the Pekao Group, there was one such a report.

Alior Bank attaches great importance to properly organizing the whistleblowing system so that employees may easily and freely transmit information or share their doubts. To this end, the Bank has introduced a “Policy of Irregularity Reporting and Whistleblower Protection”. The Policy defines the procedures reporting and examination of irregularities in the workplace, and the rules of protection of the whistleblowers against vengeful responses. The Whistleblowing and Whistleblower Protection Policy is supplemented by the Policy of Workplace Environment Free from Undesirable Conduct and a Procedure Defining Steps to be Taken to Report Undesirable Conduct in Alior Bank S.A. that provide detailed rules of actions to be taken by the employer if an irregularity in the workplace has been reported.

Alior Bank provides its employees with many communication channels available for whistleblowing. A report can be made by phone, in writing or by e-mail to dedicated e-mail addresses, including directly to the

Members of the Management Board or of the Supervisory Board. The adopted whistleblowing system facilitates the maintenance of anonymity. The Bank absolutely prohibits any repressive, discriminatory or other unfair treatment to an employee who has reported a violation. It also ensures confidentiality in case the reporter has revealed his or her identity or the identity can be determined. The Bank has an information policy aimed at spreading awareness among employees about the rules for reporting violations and protecting whistleblowers.

[GRI 2-25] [ESRS G1-3]

7.10.4. Prevention and Detection of Corruption and Bribery

Corruption Risk Management²

W There is zero tolerance for any form of corruption in the PZU Group. The organization’s implemented solutions define the method of corruption risk management, including identification, mitigation and monitoring. The Group’s entities have in place internal

2) **Corruption** - it is a direct or indirect demand, acceptance, provision or promise to provide an undue material benefit or a personal favor in exchange for taking or not taking an action in connection with a function in PZU. Gratification is a form of corruption. It involves making small and unofficial payments or some other types of benefits to procure the accelerated execution of a routine activity, which the party delivering the gratification has the right to receive.

Bribe - a form of corruption that involves giving or receiving a present, loan, fee, award or some other material or personal benefit to or from another person as an incentive for a dishonest or illegal action or breach of trust in the course of the company’s business activity.


regulations to prevent corruption, including, inter alia, rules for accepting and giving gifts, conflict of interest management, and ethical principles to be followed by members of the company’s statutory bodies. Depending on the entity, they have been included in one or more documents as part of anti-corruption programs and codes of ethics in place. The issues are also discussed during internal employee training.

The rules for Group employees to accept and give presents and the rules for registering them have been strictly defined. Gifts and entertainment, of small value only, may be offered or accepted only for the purpose of building business relationships or in connection with showing courtesy in relations with a client or business partner. Under no circumstances can money or its equivalent be offered or received. Giving and receiving gifts cannot be so frequent, excessive or generous as to represent an actual or perceived risk of corruption, or breach local statutory or executive regulations.

In 2023, PZU and PZU Życie in 2023 obtained certification of the Anti-corruption Management System in accordance with ISO 37001 awarded by the Polish Center for Testing and Certification. The certificate confirms the companies’ commitment to systemic prevention and counteraction of corruption risks.

[GRI 205-1]

Anti-Corruption Program

 PZU and PZU Życie have in place the Anti-Corruption Program in PZU SA and PZU Życie which lays down the standards of conduct to reduce corruption risk. The master rules described

therein for managing corruption risk form the basis for introducing detailed internal regulations in the various areas of the company's business. This Program aims to uphold the company's reputation as an honest company in terms of its managerial practices and business activities. The Management Boards of PZU and PZU Życie oversee the execution of this Program.

In keeping with the rules prescribed by this Program, companies conduct business in accordance with the law in an honest manner, and they counteract any and all forms of corruption which may be linked to their business. In turn, their employees are obligated to act ethically and in compliance with the law in favor and on behalf of PZU and to avoid factors increasing corruption risk. Employees are prohibited from proposing, promising, giving or demanding any material or personal benefits in order to manipulate a pending decision, including the usage of gratification. The Anti-Corruption Program has identified areas of activity that are particularly vulnerable to corruption. These include:

- cooperation with business partners and clients;
- HR policy;
- community outreach, prevention and sponsorship activities;
- keeping the accounting records;
- rules for handling gifts;
- management of a conflict of interest

The areas have mechanisms in place to identify and monitor corruption risks, such as:

- systemic activities undertaken by the PZU Compliance Department, including systemic corruption risk assessment and anti-corruption education;
- operational activities undertaken in business units in areas particularly vulnerable to risk, in particular, among others:
 - measures to reduce the risk of corruption in the area of cooperation with business partners and clients, i.e., purchasing processes are conducted so that the principles of fair competition are observed, and
 - measures to reduce the risk of corruption in the human resources area, among other things, the system of bonus remuneration for employees does not provide an incentive for illegal activities and ethical standards.

Non-compliance with the provisions of the Program constitutes a breach of employee duties and is subject to the labor law sanctions. Corruption is also an act that may be subject to civil liability or criminal liability if the act has the features of crimes that are referred to in the Criminal Code.

PZU has mechanisms in place to identify and monitor corruption risks.

Anti-Corruption Program – regular risk assessments

Corruption risk assessment is part of PZU's systemic compliance risk management, as part of the implementation of the provisions of PZU's Anti-Corruption Program, and it is conducted once a year. Aggregated assessment results are presented to the PZU Management Board. The implementation of

the assessment aims to increase the value of PZU by consciously managing the magnitude of estimated corruption risks and preventing the adoption of risks at levels that could threaten the security of the company. In addition, the results of the assessment form the basis for the measures taken to strengthen the control mechanisms in PZU regarding these risks.

[GRI 205-2]

Anti-Corruption Program - Training Courses and Other Educational Activities for Employees

PZU and PZU Życie employees submit declarations in the HR system that they have familiarized themselves with the Anti-Corruption Program and undertake to adhere to it and also that they are aware of the criminal liability for corruption. The training courses pertaining to the Anti-Corruption Program are among the mandatory training courses for all of the employees in the companies. They are conducted in the form of e-learning for newly hired employees during onboarding and as an annual refresher course for all employees. The actions come with anti-corruption training, publications, consultations and campaigns via the corporate communication channels. They attract the employees' attention to the corruption risk.

Training courses under the Anti-Corruption Program include:

- purpose of the Anti-Corruption Program;
- the issue of corruption;

- responsibilities related to the Anti-Corruption Program;
- scope of responsibility;
- reporting corruption;
- information about the need to submit a statement of having familiarized oneself with the Anti-Corruption Program (applies to new employees);
- areas particularly at risk of corruption.

Board members are provided with information about the Anti-Corruption Program in the form of training material upon taking office. They also make declarations in the HR system that they are familiar with the Anti-Corruption Program and that they agree to comply with it.

Anti-Corruption Policy



The Management Boards of PZU and PZU Życie have also implemented an „Anti-Corruption Policy” at PZU and PZU Życie. In confirming the importance of ethics-based standards of conduct in PZU and PZU Życie, the document adds to the construction of an effective anti-corruption management system. The policy is designed to help employees make, often difficult, decisions in situations they may experience. It reminds how to act and what situations to avoid in order to minimize the risk of corruption.

The policy has been communicated and is available to PZU affiliates and business partners.

All persons affiliated with PZU, i.e.: board members, employees, associates, intermediaries, are obliged to comply with the Policy and act with integrity and

honesty, in accordance with the law, ethical standards and the provisions of the document. The same obligation is placed on PZU’s business partners.

In the event of a violation of the Policy or anti-corruption regulations, PZU will take legal action under relevant internal regulations or laws.

Managing Investigations in Corruption Cases

The process for reporting corruption cases is included in the Anti-Corruption Program. It stipulates that persons affiliated with the Company should report any suspicions and events that may indicate a violation of the Program, in accordance with the Company’s internal regulations. The Company may not take punitive action against these individuals for filing such a report. Reports, including anonymous ones, can be directed to the Compliance Department or the Security Department, through the Company’s channels for reporting irregularities and security incidents. If a report has been referred to the Security Department, the Department will inform the Compliance Department in writing of the results of its analysis.

Investigations into cases of suspected crime, including corruption, are handled by the Security Department, and those investigating reported incidents of corruption are separate from the chain of management structures involved in the case. The Security Incident Investigation Manual does not require reports on all investigations, including corruption cases, to be submitted to Members

of the Management or Supervisory Boards. If materials are collected in the case that indicate that a crime has been suspected, it is referred to the Legal Department for formal and legal analysis and subsequent notification.

If a significant event occurs, the Board Member overseeing the Security Department is informed. One-off matters may be submitted to a Board meeting. The Security Department submits an annual report to PZU and PZU Życie Management Board Members on security at PZU Group companies in the areas of crime risk, information security, including cyber security, physical security and business continuity.

Regulations in subsidiaries – banks

 In Bank Pekao, in compliance with the guidelines of the “Corruption Prevention Policy in the Bank Pekao S.A. Group”, the “Corruption Prevention Program” has been adopted and includes rules and procedures regarding cooperation with intermediaries, the provision of gifts and entertainment activities, the recruitment process, cooperation with contractors, donations and sponsorship (including donations to political parties), mergers and acquisitions, significant investments and the bank’s participation in public procurement procedures. The program also includes training and information courses for employees devoted to counteracting corruption and ensuring safe and easily accessible communication channels through which bank employees or other persons may confidentially report corruption attempts or activities bearing the characteristics of corrupt practices.

In the area of counteracting corruption, Pekao Group companies follow the Code of Conduct and the same principles as those adhered to by Bank Pekao. The vast majority of companies have appropriate anti-corruption regulations in place, in line with the size and specific nature of their business. Some companies have established specialized coordinating positions or teams in charge of anti-corruption duties.

Alior Bank has implemented an Anti-Corruption Policy. It sets out rules of conduct aimed at preventing corruption in internal relations or in relations with the Bank’s Clients, Contractors or Alior Bank Group entities. The policy defines the basic assumptions and competencies for corruption risk management and introduces Alior Bank’s Anti-Corruption Program, which covers areas most at risk of corruption such as the use of contractors and cooperation with business partners, gifts and participation in events, sponsorships and donations, and the bank’s participation in public procurement. The Bank has designed anti-corruption controls and conducts ongoing analysis of potential corruption risks with regard to entities establishing relationships and cooperating with the Bank, entities who are the Bank’s borrowers in accordance with separate internal regulations, and job candidates. The Bank conducts educational activities to build awareness among employees of the existence of corruption, ways to prevent corruption and report corruption violations. Educational activities are implemented through an e-learning course and internal communication.

[\[ESRS G1-4\]](#) [\[GRI 205-3\]](#)

Corruption and bribery incidents

Corruption Cases in 2023

At PZU, corruption risk management is built into the Company’s business operations. The organizational arrangements adopted meet the basic needs of the organization. Lines of responsibility for corruption risks remained clearly assigned at every stage of the management process, from identifying corruption risks to mitigating and monitoring them. The organizational arrangements adopted are satisfactory given the basic needs of the organization.



In 2023, corruption risks did not materialize at a level that threatened PZU’s business in terms of operational and reputational risks.

Cases of corruption – results	PZU		PZU Życie	
	2022	2023	2022	2023
Dismissal or disciplinary punishment of employees	0	8	0	0
Non-renewal of contracts with business partners due to corruption violations	0	0	0	0
Court cases involving corruption practices brought against the reporting organization or its employees during the reported period	0	0	0	0

Percentage of employees who became familiar with the policy and anti-corruption procedures in the organization - as of the end of 2023	
Management Board	94%
Senior staff	97%
Others	96%
Total	96%

Number of confirmed cases of corruption	2022	2023
PZU Group, including:	1	9
• PZU	0	8
• PZU Życie	0	0

[ESRS G1-6]

7.10.5. Payment Practices

PZU and PZU Życie have the status of a large entrepreneur within the meaning of the Law on Counteracting Excessive Delays in Commercial Transactions of March 8, 2013. Pursuant to the law, payment terms in transactions

in which the creditor is a micro, small or medium-sized enterprise and the debtor is a large enterprise (the so-called asymmetric transaction) are 60 days. Internal regulations in place at PZU and PZU Życie reduce the standard payment term to 30 days and apply it to all categories of suppliers.

The following table shows the percentage distribution of invoices paid on time and late payments to small and medium-sized enterprises (SMEs) in 2023.


	Procent liczby faktur zapłaconych w 2023 roku					
	w terminie		po terminie			
	do 30 dni	< 5 dni	6-30 dni	31-60	61-120	> 120 dni
PZU	93,0%	3,9%	2,4%	0,4%	0,2%	0,1%
PZU Życie	92,6%	3,0%	3,4%	0,6%	0,2%	0,1%

In 2023, the average invoice payment time for small and medium-sized enterprises from the start of the contractual payment period was 29.3 days for PZU and 29.4 days for PZU Life.

Strategy for 2021-2023 and by following the “PZU Group’s Tax Policy” and other internal tax procedures. In February 2024, Agreements on the Principles of Operation of PZU Tax Group for 2024-2026 were concluded.

There were no legal proceedings

0 pending in 2023 in connection with late payments by PZU and PZU Życie.



[GRI 207-1] [GRI 207-2]

7.10.6. Tax policy

The PZU Group performs numerous reporting duties prescribed by the Polish law. Tax reporting enhances the PZU Group’s transparency, promotes the credibility of entities among investors and other stakeholders and instills trust in Group companies. Companies belonging to the PZU Group operate in compliance with the prevailing tax law, on the basis of the Tax Group’s Tax

Tax Group

Since 2021, the Tax Group (Podatkowa Grupa Kapitałowa - PGK) has consisted of the following entities:

PZU as the parent company representing PGK PZU and **subsidiaries:**

PZU Życie	Ipsilon
PZU Centrum Operacji	Tulare Investments
PZU Pomoc	PZU Cash
Ogrodowa – Inwestycje	LINK4
PZU Zdrowie	PZU Finanse
Omicron BIS	PZU Projekt 01 SA
PZU Lab	

Main features of PGK:

- business, operational and accounting processes under the PZU Group operations, including correct implementation of tax obligations and processes;
- PGK PZU and its Companies carried out several tax settlements of their actions pursuant to the prevailing tax law;
- The PZU Tax Group accepts only a low level of tax risk in its operations and manages tax risk in accordance with this principle. The activities of the PZU Tax Group aim at eliminating tax risks, in particular through timely payment of tax liabilities and submission of tax returns, as well as fulfillment of other liabilities resulting from the tax regulations, taking into account not only the literal wording of the regulations, but also their purpose;
- The PZU Tax Group and its member Companies take necessary measures to avoid situations that could lead to violation of the tax law. The business decisions of the PZU Tax Group and the Companies are made on the basis of assessing the impact of tax risks.

Assumptions and strategy of PGK:

- PGK PZU does not engage in aggressive tax planning nor does it plan or execute intentional transactions of artificial nature, whose main purpose or one of the objectives is to achieve a tax benefit. In particular, the PZU Tax Group does not apply solutions that could be regarded as tax avoidance or evasion;

- the Companies that form the PZU Tax Group are not domiciled in tax havens. What is more, the PZU Tax Group does not settle accounts with other entities based in tax havens in order to reduce its tax liabilities in Poland.
- The PZU Tax Group carefully analyzes all transactions and the registered offices of its business partners in order to avoid entering into cooperation with business partners who may use solutions aimed at reducing their taxes in Poland;
- PZU Group companies do not have overdue tax liabilities - they pay their liabilities by the deadlines designated by the tax laws. The annual tax review and the audit of the financial statements performed by the statutory auditor confirm that these calculations are correct. The competent tax office issues a certificate on not having any overdue taxes in response to requests submitted by PZU Group companies.

Tax liabilities

PZU Group companies calculate and pay tax liabilities for the following taxes, among others:

- corporate income tax (CIT);
- personal income tax (PIT);
- value-added tax (VAT);
- withholding tax (WHT);
- tax on civil law transactions (PCC);

- tax on certain financial institutions (asset levy) (FIN);
- real estate tax (DN-1).

[GRI 207-3]

Public consultations

PZU Group companies participate through the Polish Insurance Association in the process of government legislation and pronounce their opinions during social consultations on bills to change the tax laws. These actions are meant to serve both the social and the economic interests.

In connection with the amendment to the Corporate Income Tax Act, since 1 January 2021 some taxpayers

have been obliged to publish information on their tax strategy. The PZU Group satisfies this obligation, referred to in Article 27c of the CIT Act, and the information on the tax strategy it pursues can be found at its website.

[GRI 207-4]

PIncome tax per country

Grupa PZU znajduje się wśród


10 największych płatników podatku CIT w Polsce.

	2022			2023		
	Profit (loss) before tax	Income tax paid	Effective interest rate	Profit (loss) before tax	Income tax paid	Effective tax interest rate
Poland	9,818	1,936	19.7%	8,917	1,100	12.3%
Lithuania	118	56	47.3%	112	-17	-15.3%
Ukraine	13	10	71.0%	-21	-9	42.4%
Latvia*	43	0	0.0%	51	0	0.0%
Estonia*	24	0	0.0%	22	0	0.0%

*) under the tax system in Latvia, tax is paid against the payment of dividend, operations in Estonia are conducted by the Lietuvos Draudimas branch in Latvia

7.10.7. Investment Policy – TFI and PTE PZU

TFI PZU - Investment Process

 TFI PZU is part of the PZU Group. It manages investment funds for retail clients, institutional client assets and PZU Group funds.

For every product managed by TFI:

- investment funds and asset portfolios for external clients;
- investment funds dedicated to the PZU Group;
- asset portfolios of the PZU Group;

within the scope of the legal remit and investment strategy of each fund or product, TFI takes investment decisions based on a comprehensive analysis of financial instrument issuers and their environment. These analyses cover the full spectrum of factors with an impact on the value, including risks to sustainable development. In the investment process, these risks are considered, inter alia, in financial, regulatory and legal analysis, as well as the level of entire instrument portfolio management.

Voting rights strategy

Guided by the interests of participants in the investment funds and clients to whom it provides portfolio

management services, TFI PZU follows its “Strategy of Exercising Voting Rights from Financial Instruments in the Investment Portfolios Managed by TFI PZU”.

The company’s fundamental duties ensuing from its strategy are as follows:

- monitoring material events in the companies identified in the strategy;
- ensuring that voting rights are exercised in accordance with the investment objectives and investment policy of the respective fund;
- preventing conflicts of interest following from exercising voting rights and managing companies.

Voting rights strategy - ESG issues

The strategy for exercising voting rights from financial instruments included in investment portfolios and investment funds managed by TFI PZU takes into account environmental, social responsibility and corporate governance issues when choosing how to vote at general meetings of companies included in the managed portfolios or investment portfolios.

Accordingly, TFI PZU:

- will actively vote on matters related to social and environmental issues as well as governance issues;
- will endorse the application of high corporate governance standards, in particular those that advance transparency, equal treatment of shareholders,

Good practices of subsidiaries

Voting Rights Strategy

TFI PZU actively participates in the corporate governance development process in its portfolio companies, by participating in their shareholder meetings and pursuing the goal of protection and creation of investment value for fund participants and its clients. Bearing in mind the remaining provisions of the strategy, TFI PZU espouses the principle that it strives to participate and actively vote in all shareholder meetings of companies in which it has, on behalf of its funds or clients, the right to exercise more than 5% of the total number of votes.

TFI PZU has adopted principles that guide its choices when voting at shareholder meetings of companies included in its mutual fund portfolios or investment portfolios. The rules contemplate among others active voting on matters related to social and environmental issues as well as corporate governance issues. Additionally, they include provisions encouraging stringent corporate governance standards, in particular those that advance transparency, equal treatment of shareholders, independent oversight and the responsibility of shareholders and members of corporate authorities.

independent oversight and the responsibility of shareholders and members of corporate authorities;


- will endorse actions for issuers to adopt, implement and publish governance and ethical principles, standards and procedures spanning the issuer’s management board, supervisory board and employees.

Exposure policy of mutual funds managed by TFI PZU SA to companies listed on the regulated market

The policy in place provides for actions connected to exposure of mutual funds managed by TFI PZU SA to the equities of issuers in which an investment was made. They include monitoring issuers in terms of the investment risk with an eye to social and environmental impact and the corporate governance principles followed that constitute selected aspects of the socially responsible investing process. The research process is conducted in such a way so as to facilitate deliberate and responsible investment decision-making.

These practices serve the interests of participants of funds, grow the value of investments while simultaneously respecting environmental and CSR issues and building corporate governance. The purpose of this action is ensuring that investment decisions are made in accordance with the investment objectives and investment policy of the respective funds.

PTE PZU – an Investment Process

 PTE PZU (which manages the pension fund OFE PZU “Złota Jesień” and DFE PZU) has a

formalized investment process. The key documents governing it are the „Principles of Investment Strategy” of each fund, the „Declaration of Principles of Investment Policy and Investment Objective of Open-Ended Pension Fund PZU Złota Jesień „, the „Declaration of Principles of Investment Policy of DFE PZU”, the procedure „Making Investment Decisions” and the „Instruction for Preparation of Analytical Materials by Investment Office Employees”.

The overriding goal of the investment process at PTE PZU is the long-term maximization of the value of units of account at the assumed level of acceptable risk and maintenance of the funds’ liquidity requirements.

PTE PZU takes investment decisions based on a comprehensive analysis of issuers of financial instruments and their environment. These analyses cover the full spectrum of factors that affect the value of financial instruments, including risks to sustainability. These risks are taken into account by the Company in the investment process in financial, regulatory and legal analysis, among others, as well as at the level of managing the entire portfolio. Each equity issuer analysis includes an internal ESG Scoring. It is a tool to potentially take into account future adverse effects of investment decisions on sustainability factors when making investment decisions.

Investment process – ESG issues

PTE PZU expanded its investment process by assessment of the impact of private issuers of financial instruments on ESG factors. A tool for this purpose is the PTE PZU ESG Scoring. At stage one in 2022, the ESG Scoring became a required component of every investment recommendation by analysts of the PTE PZU Investment Department.

The PTE PZU ESG assessment relies on data consistent with the Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019. (the „SFDR Regulation”), and is therefore a tool with a potentially wide range of applications, in particular in the eventual decision to voluntarily disclose information in accordance with point Article 4(3) of the SFDR. Of the 14 parameters used, 13 are included in Annex 1 to Commission Delegated Regulation (EU) 2022/1288 of April 6, 2022 (the „RTS Regulation³⁾). The Scoring is a weighted average of the evaluation of 10 or 14 parameters, depending on the issuer’s business profile. In the case of less than 70% of data for a selected issuer, PTE PZU waives the issuance of its own rating and adopts the average of ESG ratings of external agencies.

PTE PZU’s ESG Scoring helps determine the ESG rating for issuers whose instruments account for more than 90% of the value of the portfolio of OFE PZU Złota Jesień.

3) The RTS (Regulatory Technical Standards), is a document that clarifies the negative effects on sustainability factors, which are dealt with in Article 4 of the SFDR Regulation

Taking ESG aspects into account when selecting intermediaries for trading on the stock exchange

„Assessing 100% of key suppliers for ESG risks” is part of the PZU Group’s ESG strategy. The key service providers for PTE PZU are brokerage houses. PTE PZU conducts an ESG survey of financial market brokerage providers at biennial intervals. The survey consists of 10 questions that evenly address all the aspects of sustainability. The results of the survey of brokerage firms in terms of ESG aspects were used in the process of evaluating and selecting brokerage firms for order execution.



Good practices of subsidiaries

Voting Rights Strategy

PTE PZU actively exercises corporate rights from shares in the funds’ portfolios. The participation of the company’s representative in all general meetings of companies that are in the portfolio of OFE PZU was adopted as a rule.

The manner in which the rights are exercised is governed by the „Principles of Corporate Governance in the Investment Activities of OFE PZU Złota Jesień and DFE PZU.” They include provisions on support for high standards of corporate governance including protection of minority shareholders’ rights and independent and professional supervision, and include boundary conditions for share-based incentive programs.

PTE PZU also takes into account the recommendations of Institutional Shareholder Services Inc. when creating voting instructions for company general meetings.

7.11. Minimum safeguards

Minimum safeguards under EU Regulation 2020/852 (EU Taxonomy)⁴ is one of the criteria for determining whether an activity is environmentally sustainable.

The purpose of the minimum safeguards is to prevent activities from being labeled as environmentally sustainable in case they involve negative impact in the area of:

- human rights, including labor rights (e.g., countering such a phenomenon as mobbing);
- corrupt practices;
- non-compliance with tax regulations;
- unfair competition;
- exposure to controversial weapons.⁵

According to Article 3 of the EU Taxonomy, in order for an economic activity to qualify as environmentally sustainable, the entities which conduct it must adhere to the principles of minimum safeguards, i.e., operate

in accordance with international social and ethical standards. According to Article 18 of the Regulation, minimum safeguards are the procedures used by the company to ensure compliance:

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights, including:
 - the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization (referred to as ILO) on Fundamental Principles and Rights at Work; and
 - principles and rights set forth in the International Bill of Human Rights.

Implementation of minimum safeguards in PZU and PZU Group in 2023

PZU and subsidiaries with activities in line with the EU Taxonomy comply with the principle of minimum safeguards, as indicated by the Sustainability Platform and the indicated Commission notice. In the PZU Group’s insurance and reinsurance companies, minimum safeguards are examined in terms of own and investment activities.

In 2022, by decision of the Management Board, PZU joined the United Nations Global Compact (UNGC) and thereby accepted the UNGC’s 10 Principles in the areas of human rights, labor, environment and corruption prevention, which are designed to help business achieve the UN Sustainable Development Goals.

[\[GRI 2-23\]](#) [\[GRI 2-25\]](#) [\[ESRS S1-17\]](#)

Human rights

The PZU Group’s human rights policy was adopted by a resolution of the PZU Management Board on April 7, 2021. In 2023, the PZU Group updated its Human Rights Policy with a declaration of conduct in accordance with the international guidelines for the protection of human rights listed in Article 18 of the EU Taxonomy Regulation.

PZU Group entities have declared their adoption of the Human Rights Policy, thereby committing to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The due diligence process is standardized across the PZU Group. In 2023, PZU conducted a study of the operation of this

process across PZU Group entities that have operations in line with the EU Taxonomy.

Respect for human rights is at the heart of building relationships with key stakeholder groups:

- employees
- clients;
- suppliers and business partners;

and all other stakeholders.

Provisions in the Human Rights Policy obligate the PZU Group to undertake a human rights’ due diligence process. This process is carried out according to defined internal rules and guidelines.

In 2023, in line with this process, PZU implemented a number of activities as shown in Table 1. The process will be developed and updated in the years to come.



Tabela 1: Implementation of due diligence process at PZU in 2023

A step in the due diligence process	Actions completed by PZU SA
Step 1. Adoption of and adherence to a human rights policy that obligates the company to undertake a due diligence process in all processes and areas of the organization	<ul style="list-style-type: none"> PZU updated Human Rights Policy in line with UN and OECD guidelines PZU appointed a Management Board Representative for Human Rights in the PZU Group to ensure a consistent approach to human rights management across the PZU Group
Step 2. Identification and assessment of the adverse effects of the organization's actions on human rights, taking into account the actions of stakeholders (business relations, supply chain)	<ul style="list-style-type: none"> PZU identified human rights that may be negatively impacted in its insurance, reinsurance, investment and operations (in the areas of purchasing, employee relations, occupational health and safety, personal data protection) PZU mapped the vulnerability of human rights and identified situations in which they may be violated. A summary of the identified rights is provided Table 2.
Step 3. Taking action to halt, prevent, mitigate and remedy identified adverse impacts of the organization's operations on human rights	<ul style="list-style-type: none"> From the vulnerability map, priority actions are derived. PZU made changes to its processes in the purchasing and investment areas. In 2023, the Code of Conduct and ESG Best Practices for PZU Group's Suppliers was revised TFI PZU added a provision to property lease contracts included in the portfolios of funds managed by TFI PZU whereunder both parties undertake to comply with the UN Guiding Principles on Business and Human Rights approved by the Council of Europe on June 16, 2011, and to take all measures to prevent violations of these rights. The lessee must also confirm that it has effective procedures and tools in place to monitor and minimize the risk of human rights violations and procedures against, bribery, unfair competition and unauthorized tax practices
Step 4. Monitoring the effectiveness and efficiency of the applied measures from point 3.	<ul style="list-style-type: none"> PZU prepared a list of KPIs by which it monitors the effectiveness and efficiency of its human rights activities
Step 5. Public reporting by the company on its approach to the due diligence process. Reporting on the steps the company has taken to avoid adverse impacts of the organization's operations on human rights.	<ul style="list-style-type: none"> In November 2023, PZU posted an update to its Human Rights Policy and a commitment to a human rights due diligence process No problems were found with effective communication with stakeholders regarding human rights

Tabela 1: Implementation of due diligence process at PZU in 2023

A step in the due diligence process	Actions completed by PZU SA
Step 6. Providing countermeasures and related cooperation in this regard. This includes the creation of complaint mechanisms (or participation in such processes) where individuals or groups can raise their concerns about adverse impacts on human rights	<ul style="list-style-type: none"> Human rights reports in the PZU Group will be handled by the Client Ombudsman. Reports are accepted in local languages at the following email address rzeczniklienta@pzu.pl or the correspondence address of the Client Ombudsman at PZU headquarters in Warsaw How the reports are handled by PZU is described in its internal procedure for preventing human rights violations In 2023, PZU conducted educational activities on human rights. The thematic workshop on human rights in business was attended by 246 employees. Internal communications published an article on adapting the PZU headquarters building to the needs of people with disabilities

Table 2. Summary of identified human rights that PZU may adversely affect in its operations

Human rights and freedoms	Employer and operations (human resources, health and safety, GDPR)	Value chain	Investor	Insurer
Right to life		X		X
Right not to be subjected to torture or cruel, inhuman and/or degrading treatment or punishment, freedom from mobbing	X	X		
Right of access to water and sanitation	X			X
Right to health	X	X	X	X
Right to social security, including social insurance		X		X
Right to an adequate standard of living		X		X

Table 2. Summary of identified human rights that PZU may adversely affect in its operations

Human rights and freedoms	Employer and operations (human resources, health and safety, GDPR)	Value chain	Investor	Insurer
Right to work and the right to enjoy fair and favorable working conditions (wages, working hours)	X	X	X	X
Right to form and join trade unions and the right to strike		X	X	
Right not to be held in slavery, servitude or forced to do forced labor		X	X	
Right to privacy/right to digital security and privacy	X	X		X
Right to equality before the law, equal protection under the law, and the right to protection from discrimination (including non-discrimination in employment, equality between men and women).	X	X	X	X
Minority rights				X
Right to democratic elections, to participate in public affairs			X	
Right to freedom of opinion, expression and the right to information			X	
Right to education			X	
Right to freedom of movement			X	
Authors' right to moral and material benefits from works			X	

In 2023, against PZU and PZU Group entities there **were no**:



- final and unappealable court convictions of labor law or human rights violations,
- cases before the OECD National Contact Point (OECD NCP) that would lead to the OECD NCP finding the entities have acted inconsistently with the OECD Guidelines for Multinational Enterprises,
- allegations before the Business and Human Rights Resource Center.

Fair competition and corruption prevention

PZU and PZU Group entities have appropriate internal processes and procedures in place for managing anti-corruption activities. PZU and PZU Group entities review internal regulations in the area of corruption risk management to ensure that they are up-to-date, and keep documentation to confirm this objective. The above regulations being in place at the company ensures the company's compliance with the OECD Guidelines for Multinational Enterprises, which contain a total of 12 guidelines in the areas of corruption and competition.

PZU and PZU Życie are fully compliant with the 2023 OECD Guidelines for Multinational Enterprises (the companies meet 12 of the 12 corruption and competition guidelines identified by PZU). In 2023, PZU clarified the provisions of the regulations on the rules for accepting and giving gifts at PZU and PZU Życie by noting that it is inadmissible to use third parties (an open catalog

of persons) to give money to government officials or employees of business partners, their relatives or associates. This change is good practice and did not constitute a loophole. PZU and PZU Życie were certified in July 2023 for compliance with ISO 37001 (anti-corruption management system).

Corruption prevention policies, including the Anti-Corruption Program in place at PZU and PZU Życie, are described in Section [7.10.4. Prevention and Detection of Corruption and Bribery](#).

PZU and PZU Group entities are building awareness of competition law within the organization through the preparation and implementation of an effective training program and outreach activities. In PZU and PZU Życie, there is a competition law training program for new employees, an annual program for executives and those in positions with a higher risk of non-compliance with competition law, an online program for all those affiliated with PZU, and an ad hoc program if a need arises. PZU and PZU Życie take ongoing measures to promote competition law-compliant activities and procedures, including the clarification of competition law concerns as part of ongoing counseling. The PZU Compliance Department conducted competition law training in 2023 in accordance with the training plan.

In 2023, there were no corruption or competition law breach lawsuits against PZU or PZU Group entities. There is no final and unappealable conviction by a court in a corruption case during the reporting year of the company or its senior management.



Tax issues

PZU and PZU Group entities treat tax management and compliance as an important part of their business. They have appropriate tax risk management strategies and processes in place, as required by UN and OECD guidelines in this regard.

In 2023, PZU and PZU Życie pursued their obligations under the prevailing tax law, in line with the Tax Group’s Tax Strategy for 2021-2023 and by following the “PZU Group’s Tax Policy” and other internal tax procedures. Tax matters at PZU and PZU Życie are handled by a qualified team in a dedicated unit (Tax Policy Department). Tax matters were treated with due diligence in 2023 under the supervision of the Director of the Tax Policy Department and the Board Member in charge of the Finance Division. Tax obligations are met pursuant to prevailing tax laws and adopted internal regulations. In situations where tax laws have changed, internal regulations are subject to review, and the Tax Policy Department staff apply tax laws directly until internal regulations are adopted. PZU and PZU Życie pay their tax liabilities within the timeframes specified in tax regulations.

In 2023, there was no final and unappealable judgment for PZU and PZU Group entities by the Provincial Administrative Court or the Supreme Administrative Court confirming a violation of tax law.

Controversial weapons


PZU and PZU Group entities are not engaged in activities related to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons).



[ESRS G1-6]

7.12. Security System

For PZU, security is an important element in the functioning of a modern insurance institution that affects the Company's reputation, enhances its credibility and builds client confidence. Therefore, PZU attaches great importance to operating in accordance with the law and the standards set, ensuring a high level of operational security.

 PZU and PZU Życie have „**Security Policy in PZU SA and Życie SA**”. The document, along with internal acts and decisions intended to implement the policy, is a comprehensive and complete regulation that covers the following areas:

- information security;
- counteracting crime;
- counteracting money laundering and terrorism financing;
- business continuity;
- IT systems security;
- physical security and occupational health and safety.

Second quarter of each year, the Director of the Security Department submits to the Management Board annually a report on the assessment of the level of security

threats for the previous calendar year. Based on this report, the Management Board may oblige the relevant organizational units to take measures to reduce the level of the identified security threat to PZU and PZU Życie.

The policy also creates common security standards for other PZU Group companies. Each Group company participates in achieving operational security goals using common security standards.

Respect for the provisions of the Policy by external entities cooperating with PZU and PZU Życie, based on contracts and agreements, including individuals providing services to the Company under civil law contracts, is one of the priorities of operational security of PZU and PZU Życie.

²³ [GRI 3-3] [GRI 2-25]

7.12.1. Information security


Approach to Management

PZU strives to ensure the security of protected information, including data covered by insurance secrecy and personal data in accordance with applicable laws.

The department in charge of security in PZU and PZU Życie is supervised by a Board Member. For the period from January 1 to December 31, 2023, it was Ernest Bejda. He has many years of experience in the area supervised. Prior to his employment in the PZU Group he worked in the General Customs Inspectorate in Warsaw, and then he ran his own advocate practice. He co-founded the Central Anti-Corruption Bureau in which he served as its Deputy Head (2006-2009), acting Head of the CBA from December 2015, and then as the head of the institution (2016-2020).

PZU and PZU Życie implemented principles for client identification and provision of information depending on the client's requests. Only persons authorized to do so have access to personal data and information covered by insurance secrecy. Authorizations are granted as per the duties performed, through the Central System for Information Security Management (Centralny System Zarządzania Bezpieczeństwem Informacji - CSZBI). In addition, a DLP-class monitoring system was implemented at PZU. Appropriate rules are implemented in the system to minimize the risk of disclosure of information, including personal data, to unauthorized persons. The companies regularly implement and update

procedures and safeguards in electronic channels of communication with clients, thereby minimizing the risk of unauthorized disclosure of legally protected information.

 The documents that govern the security of protected information at PZU and PZU Life are the „Security Policy in PZU SA and PZU Życie SA” and notably:

- Security procedure in the area of information security - the scope of which includes, among other things, the principles of information protection and information security in information systems, information system management instruction, prevention and prophylactic measures, and security risk management. The document also regulates the sharing of legally protected information, including data covered by insurance secrecy;
- Security procedure in the area of personal data protection - the document defines, in particular, the rules for processing personal data, accessing them, handling requests from data subjects, responding to security incidents, assessing and reporting breaches, as well as the role and tasks of the Data Protection Officer. The procedure also regulates the selection and audit of the processor;
- Procedure for monitoring a service provider. It defines the legal basis, purpose and scope of monitoring. Following the procedure, audits are performed of contractors that have been entrusted with personal data processing by PZU.

A number of additional procedures and rules are also in place, including:

- IT security risk management procedure;
- Risk assessment and personal data protection impact assessment procedure in PZU SA and PZU Życie SA;
- Management of anti-malware safeguards;
- Rules for secure personal data processing,
- Rules for managing personal data processing risk;
- IT security rules – IT Security Management System;
- Rules for managing the IT infrastructure vulnerabilities and security tests;
- Instruction manual (methodology) for identification and risk assessment of personal data processing;
- Classification of information and security levels at PZU and PZU Życie;
- Periodic reporting to the Management Boards of PZU and PZU Życie as regards data concerning DPIA analyses performed;
- Monitoring of processes and checking the observance of recommendations issued.

Transfer of Protected Information to Third Parties

Data subject to insurance secrecy are made available by PZU and PZU Życie under Article 35 of the Insurance and Reinsurance Activity Act which provides the list of the entities and institutions to which data may be made available. Third-party entities are entrusted by PZU and PZU Życie with personal data processing under a contract to entrust the processing of personal data. Where third

party entities are provided with protected information, it is a standard practice to enter into a confidentiality agreement. The contents of such a contract include, among other things, an undertaking to implement at least the same measures to ensure the protection of information, as well as an audit guaranteeing provision.

The solutions in place are designed to ensure that each piece of information is protected according to an appropriate level of security, to ensure the control of access to information, the integrity and availability of information, and to prevent theft and unauthorized outflow of information, as well as to ensure an appropriate level of client privacy. Each person whose data is processed by PZU and PZU Życie is entitled to access data and to erase, rectify, complete or modify his or her personal data, and has an opportunity to ask questions concerning privacy. Appropriate processes have been put in place for this purpose, which ensure the exercise of the rights of data subjects, as defined in Articles 12 to 22 of the GDPR⁶.

Audits of entities that have been entrusted with personal data processing are conducted by PZU and PZU Życie on a regular basis. During an audit it is verified whether the processing of the entrusted personal data by the processor complies with the GDPR and the agreement for entrusting personal data processing. PZU and PZU Życie also conduct audits of the processors in the case of which security incidents have occurred. Recommendations for changing processes or systems for particular business owners are issued on the basis of audits.

⁶) from Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR)

[GRI 2-16] [GRI 418-1]

Personal data protection officers

There is a designated Data Protection Officer at PZU who handles the duties of personal data controller (PDC) and a data protection officer (DPO) as prescribed by law, monitors information security incidents, in particular relating to personal data and breaches reported to the President of the Personal Data Protection Office (PUODO), and reports periodically to the Management Board of PZU and PZU Życie.

The scope of reporting as regards the security of the processed data in terms of the identified risks and vulnerabilities includes data on information security incidents, particularly in the area of personal data protection, including information on the implementation of the obligations set forth in Article 33 (Notification of a personal data breach to the supervisory authority) and Article 34 (Communication of a personal data breach to the data subject) of the GDPR. The ongoing data monitoring of data processing, as well as data analysis and reporting guarantee the transparency and accountability. With the use of the established mechanisms, the areas requiring the implementation of changes are identified and recommendations concerning the improvement of personal data processing security in these areas are issued.

Protection Impact Assessment (DPIA)

Following the obligations set forth expressly in the GDPR, processes have been implemented in PZU and PZU Życie which guarantee a documented process relating



to the carrying out of the provisions of Article 35 (Data protection impact assessment) of the GDPR, requiring companies to assess the data protection impact in order to estimate, in particular, the source, nature, specifics and seriousness of the risk.

Opinion issuing process

Internal documents, contracts and processes are reviewed in terms of compliance with the applicable provisions on the protection of personal data, judicial rulings, administrative decisions, regulations adopted by PZU and PZU Życie and best market practices.

The implementation of the opinion issuing process by PZU and PZU Życie has contributed to ensuring

compliance of data processing operations with the applicable laws, it ensures accountability and the implementation of the privacy by design principle. It allows to identify irregularities at an early stage and to adapt actions to the standards in force.

The implemented opinion issuing process encompasses the rollout of new functionalities or changes in the existing functionalities of IT systems, internal documents, processes and contracts in which a personal data related element is or may be present. For this process to be carried out in the best possible way, a dedicated e-mail box has been set up to which queries from business units are sent. Matters are assigned to employees specializing in various data protection areas. The opinion issuing process ends with the issuing of a recommendation in compliance with the applicable provisions on the protection of personal data, judicial rulings, administrative decisions, regulations adopted by PZU and PZU Życie and best market practices. To ensure accountability, all the cases for which opinions have been issued are recorded in a register.

Number of analyzed processes related to data processing in PZU SA and PZU Życie	2022	2023
Initiatives	674	737
Subthemes	935	1,379
Proof of Concept	8	8
DPIA analysis New processes	24	27
DPIA analysis Existing processes	4	2

Number of complaints about PZU's operations filed by external entities with PUODO	2022	2023
PZU	13	10
PZU Życie	4	3

Comments: in 2023, the number of complaints filed against the activities of PZU and PZU Życie by third parties with the supervisory authority was 10 and 3, respectively.

In 2023, the supervisory authority issued 9 administrative decisions on complaints filed by third parties in 2023 and in previous years (7 decisions in complaint cases for PZU SA and 2 for PZU Życie SA). Under the administrative decisions of 2023, the authority issued two reprimands for a breach of Article 6(1) of the GDPR (one to PZU and one to PZU Życie). In other cases of administrative decisions issued in 2023, the supervisory authority: refused to grant the application, discontinued the proceedings, revoked the reservation of business secrets.

Data protection violations reported to PUODO by PZU Group entities	2022	2023
PZU Group, including:	1,053	916
• PZU	198	213
• PZU Życie	84	69

Effectiveness of the security management system in PZU and PZU Życie	2022	2023
Number of potential infections blocked	>7.5 thousand	5.5 thousand
Number of blocked connection attempts to send malicious emails	210 million	263 million
Number of high-risk attacks blocked*	744 thousand	177 thousand
Number of blocked redirects to unsafe resources	> PLN 1 million	0.97 million
Number of malicious emails blocked	0.7 million	0.65 million

Comment: The decrease in the number of blocked high-risk attacks is due to an adjustment in the measurement method.

Security management system in PZU and PZU Życie – selected activities	2022	2023
Number of analyses	70 k	~ 104 k
Number of initiatives reviewed	1.2 k	1.03 k
Number of manual security tests	148	152
Number of vulnerabilities detected:	129 k	295.8 k
• including critical	27.0 k	34.2 k

Cybersecurity

23 [GRI 3-3]

Protecting data and internal systems from the threats posed by cyber-attacks is an important part of PZU's security management system. The most important goal of ensuring network security is to reduce the risk of cyber-attacks and effectively protect against unauthorized use of data and programs.

Best practices of PZU and PZU Życie

Cybersecurity

The cybersecurity management system in PZU SA and PZU Życie complies with the requirements of the ISO 27001 standard, which is the highest Information Security Management System standard renowned and recognizable all over the world. IT security is considered one of the most significant challenges faced by in the domain of modern technologies. Efforts focused on prioritizing the strategic objectives in this area within the PZU Group are aimed at responding to new threats, in terms of both organization and technology. Appropriate policies, procedures and detailed requirements are in place in all Group companies in order to ensure an adequate level of protection for clients' information and data. A comprehensive multiple-layer system to protect against cybersecurity threats functions in PZU and PZU Życie and is being constantly developed – new tools and competences are acquired on an ongoing basis.

Security tests

Rolling out and selling products and customizing the offer to evolving client needs is an enormous challenge for the PZU Group's IT systems. For these changes to proceed smoothly and not to disrupt client service, the organization has crafted a recurring information procedure embracing a broad set of tests and verification methods. This procedure guarantees early detection of threats and possible problems and supports the appropriate management thereof.

Vulnerability assessment tests are conducted by the PZU Group on the company's systems. Infrastructure vulnerability detection is an ongoing and automated process in which dedicated Vulnerability Assessment solutions are used. Security tests form part of the change, release and project management processes.

Opinion and coordination of the implementation of cloud-based solutions

On January 23, 2020, the Polish Financial Supervision Authority (Urząd Komisji Nadzoru Finansowego - UKNF) published an announcement regarding the processing of information by supervised entities in public or hybrid cloud computing. The Management Board of PZU designated the Security Department as the coordinating and competent unit for the approval of the implementation of cloud computing-based solutions.

In accordance with the guidelines of UKNF, procedures were adopted to standardize the process of classification

and evaluation of information, and the process of risk estimation, i.e.:

- procedure for classification and evaluation of information for the purpose of its cloud computing in PZU and PZU Życie;
- procedure for estimating the risk of cloud computing in PZU and PZU Życie.

Periodical reporting to the Management Board was introduced, as part of quarterly information from the information security area, which includes a list of topics based on cloud solutions to which opinions were issued.

The implementation of the above-mentioned measures has helped to standardize the process of implementing cloud solutions, thus reducing the risk of non-compliance with UKNF guidelines and transparently informing the organization about the actions taken.

Effectiveness of the security management system in PZU and PZU Życie	2022	2023
Number of cloud computing-based solutions reviewed at PZU/ PZU Życie	97	137
Number of processes requiring notification to the UKNF	1	8

E-learning "Keep your data in the cloud, not your head - be compliant with regulations"	2023
Number of people trained	8,654
Comments : it is a mandatory training course in cloud computing for all employees of PZU SA and PZU Życie SA. The first edition of this course took place in October 2023, hence the lack of comparative data from previous periods.	



Security training courses in 2023

- Induction course - for newly hired employees who learned about security rules during the training, followed by mandatory e-learning courses, „GDPR” and „Information Security, Cybersecurity and Crime Prevention”;
- Refresher course - for the employees of branches, claims handling and benefits units, and exclusive agents (i.e., in particular, those who process clients' personal data);
- Two educational campaigns featuring topics on new obligations under the Sanctions Policy, information security and cyber threats, including disinformation;

- Online meeting with external experts, where examples of sociotechnical threats, including disinformation, and tips on how to avoid them were discussed;
- Security information materials published on the PZU intranet.

An e-learning training course is planned for 2024 on the principles of security, information classification and secure data processing in publicly available artificial intelligence-based tools.

On-site training courses or webinars with a trainer on the topics of information security/personal data protection/cybersecurity at PZU SA and PZU Życie	Number of trainings		Number of participants	
	2022	2023	2022	2023
Implementation training for new hires	35	47	992	1,010
Refresher training	16	67	586	1,894

GDPR e-learning	2022	2023
Number of people trained	1,396	1,389

Comment: jest to szkolenie obowiązkowe. Dotychczas przechodzili je jedynie nowo zatrudnieni pracownicy. Planuje się jednak, że od 2024 roku odbywać się będą przynajmniej raz w roku szkolenia odświeżające z tego zakresu dla wszystkich pracowników PZU i PZU Życie.

“Information Security, Cyber-security and Crime Prevention” e-learning course	2022	2023
Number of people trained	1,468	1,271

Comment: it is a mandatory course. So far, only newly hired employees have undergone the training.

Security procedures in subsidiaries

Procedures to manage the security of IT processes have been implemented in PZU companies as well as in all foreign companies.



PZU Zdrowie Group has a regulatory package of security policies that includes requirements for IT processes;



guidelines issued by KNF for the management of information technology and the security of the

ICT environment at general pension companies have been implemented at PTE PZU;



Internal regulations have been implemented at TUV PZUW to support the process of ensuring the confidentiality, integrity and availability of information, as well as the implementation of obligations required by law and KNF guidelines. In addition, TUV PZUW, using solutions developed by the PZU Group, applies a number of technological safeguards aimed at reducing the risks associated with loss of confidentiality, integrity or availability of information.

Security procedures in subsidiaries – banks



In Bank Pekao, in order to guarantee comprehensive measures in the area of personal data protection, there is an Information Security Policy, together with Information Security Policy Documents, and a number of internal regulations relating to specific areas of the bank’s operation. Directors of the Bank’s organizational units and owners of information are fully responsible for the organization, security, processing of personal data in the units that report to them. Employees, on the other hand, are required to process personal data in accordance with the authorization granted to them, based on the scope of activities specified for their position. The Bank has also implemented data protection rules on the use of technical and organizational measures to ensure the protection of processed data. An Operational Security Center (OCC) has been established, a unit to watch for unauthorized access to data (including personal data),

Good practices of subsidiaries



“Cybersecurity on-premises Competence Center” was established at Alior Bank, which is a local environment security center. Together with the existing “Cloud Security Competency Center”, it is intended to provide interdisciplinary IT and business support for the provision and maintenance of secure ICT solutions.

and (through systems in place at the Bank) to prevent the leakage of such data.

At Alior Bank, there are strict security procedures in place that comply with legal and regulatory requirements to ensure the confidentiality, integrity and availability of processed information. The Security Policy in place, standards and all procedures in this area are updated on an ongoing basis in response to the changing market conditions in the field of cyber security, as well as new requirements and guidelines from regulators, including those resulting from Alior Bank’s obligations as a key service operator under the National Cyber Security System Act (implementing the requirements of the European IEC Directive based on the requirements of the norm ISO/IEC 27001). In 2023, Alior Bank’s key IT systems involved in the processing of client data and participating in the processing of financial transactions were subjected to in-depth security tests.

7.12.2. Preventing crime

[GRI 2-25]

Approach to management

The PZU Group designates a single owner of the insurance fraud prevention, who is responsible for the entire process, monitoring its quality and effectiveness, as well as for adhering to the prevailing procedures.

PZU and PZU Życie have in place the Crime Prevention Security Procedure. It encompasses the following:

- disclosing security incidents and insurance fraud committed to the detriment of the company;
- prevention and prophylactic activities;
- security risk management.

The area of counteracting crime contains the Team for Insurance Fraud Prevention (ZPPU) and the Team for Security Incident Management (ZZIB). The Team for Insurance Crime Prevention fulfills tasks in the area of analyses of fraud prevention and operational activities undertaken to investigate the actual course of a given fraud event. The Security Incident Management Team performs tasks in the area of violations of internal procedures and incidents that may be crimes committed by PZU employees or associates. In discharging these tasks both Teams are supported by the Fraud Management System (FMS) – the most advanced system on the Polish market that profiles potential fraud,

supports its analysis and provides for smooth and effective case workflow.

FMS System

The Fraud Management System (FMS), which profiles internal and external fraud, operates in the area of claims arising within personal and property insurance, as well as within PZU’s internal processes for the substantive and technical handling of claims and benefits. It is a comprehensive IT tool based on SAS solutions, providing a hybrid approach by using multiple combined techniques in operational and management processes. The source data are insurance policies, claims, subject and object data and data from external sources (UFG information center).

The main benefits of FMS at PZU:

- reduction of losses from undue payments thanks to effective detection of fraud before compensation and benefits are paid, including automatic profiling of fraud at the time of claim registration;
- reduction of the rate of so-called “false profiling” and saving resources needed to verify misidentified cases;

- improved efficiency of investigators and analysts due to the use of case management tools (WorkFlow);
- monitoring the quality and effectiveness of the fraud risk management process based on the reporting of key assessment indicators.

Number of insurance crime incidents handed over to law enforcement agencies	2022	2023
PZU Group, including:	190	161
• PZU	136	113
• PZU Życie	13	10

Regulations in selected subsidiaries

In TUW PZUW, the “Procedure for preventing crime in TUW Polski Zakład Ubezpieczeń Wzajemnych” formalizes the process of the company’s identification, management of and protection against crime, in particular insurance crime and fraud.

TFI PZU has implemented “Rules and Regulations for Preventing and Disclosing Manipulations in Financial Instruments in the Activity of Towarzystwo Funduszy Inwestycyjnych PZU SA”. The “Code of Best Practices of Institutional Investors” prepared and approved by the Chamber of Fund and Asset Management is also in force in the company. This code provides the company with a great deal of support in defining the rules, moral and ethical standards and due diligence levels in TFI PZU’s

relationships with other institutional investors, its clients and issuers of financial instruments. TFI PZU’s adoption of the code also attests to the application of best investment practices in the company.

The Baltic companies have „Financial Crime Prevention / Crime Risk Management Policies” in place. They specify the company’s minimum requirements for managing risks related to external and internal fraud and other financial crimes against the company, as well as money laundering and terrorist financing.

Regulations in subsidiaries – banks



Alior Bank has an Alior Bank Group Security Policy in place. It defines the basic principles of the security system at Alior Bank and provides the basis for developing security policies, detailed requirements, processes and procedures. It is a document that overrides the bank’s other internal regulations related to security. The documents apply to all persons employed by the bank, regardless of the basis of employment, as well as apply to employees of third parties cooperating with the bank to the extent specified in the contracts.

The bank has a centralized process for managing credit fraud risk that includes providing opinions on new products and processes, automated anti-fraud strategies, central reference databases, issuing opinions against financing provided, creating guidelines for bankers and analysts to recognize fraud, and monitoring active banking products.

Bank Pekao has in place a Fraud Management Process regulation which introduces the Official Instructions entitled Fraud Management Process in Bank Polska Kasa Opieki. The Official Instructions define the following:

- what a fraud is and what fraud categories may affect the bank in the course of its activity;
- which organizational unit in the bank and which employee of the unit is required to take action in the event of fraud;
- how specifically fraud should be prevented (catalog of activities to be performed).

The Fraud Management Process and the Official Instructions impose on each bank employee the obligations and powers associated with prevention of financial crime threatening the organization and the bank’s clients.

7.12.3. Preventing Money Laundering and Terrorism Financing

[GRI 2-25]

Approach to management

The PZU Group has a group procedure on preventing money laundering and financing of terrorism. PZU is not subject to the AML Act, but as the parent company of the PZU Group, it has adopted a group procedure and

established standards in the area of AML and rules for the exchange and protection of information between Group companies that safeguard the Group's operations against money laundering and terrorism financing. The procedure covers all obliged institutions (obliged to apply the AML Law) in the PZU Group, both domestic and foreign. Also, each company has implemented its own anti-money laundering and counter-terrorist financing procedures.

There is a separate owner of the AML/CFT area in PZU Życie, who is responsible for the entire process, for monitoring its quality and effectiveness, adherence to existing internal procedures and setting standards for AML/CFT in the PZU Group. The Management Board Member overseeing the AML Department at PZU Życie is responsible for implementing the obligations for counteracting money laundering and terrorism financing prescribed by the AML Act. The AML area includes: The Security Threat Analysis Team, which implements the current AML/CFT processes, and the AML Regulations and Processes Team which handles the control of how AML obligations have been implemented, while the activity standards and target process, including the implementation of the IT system, is being developed under the AML Project.

PZU Group units covered by the group procedure on preventing money laundering and financing of terrorism	PZU Group	
	2022	2023
Companies	18	19*
Investment funds	15	32**

Comments: *additionally, an independent obliged institution (instytucja obowiązana - IO) is Alior Bank Branch in Romania. In preceding years it was included in the number of IOs (it is not shown as a Group company because it does not appear in the structure);

**in addition to the investment funds of PZU TFI, the investment funds of Alior TFI and Pekao TFI were shown as well (in preceding years they were not included in the number of IOs).

The Security Procedure in the Area of Preventing Money Laundering and Terrorism Financing in PZU Życie

PZU Życie has a “Security Procedure in the Area of Anti-Money Laundering and Financing of Terrorism”, which sets out the steps the Company takes to ensure compliance with applicable regulations and to safeguard its business against establishing and maintaining business relationships with entities suspected of money laundering and financing of terrorism. These activities include:

- a risk assessment of money laundering and financing terrorism related to the establishment of business relations or a transaction related to an insurance agreement;

Best practices of PZU and PZU Życie

Prevention activities – training

Risk awareness is a crucial part of the company's security system functioning correctly. That is why, all employees and intermediaries of PZU Życie, as an obligated institution, should be trained and have up-to-date knowledge of the applicable internal regulations and other necessary internal rules on preventing money laundering and terrorism financing. A comprehensive training plan for employees and associates has been implemented and it encompasses:

- mandatory e-learning course “Preventing Money Laundering and Terrorism Financing” for all the newly hired employees and exclusive agents at PZU Życie,
- employees and agents from sales and client service units receive a refresher course annually as part of their professional training.

The head of the organizational unit in which the employee is employed is responsible for supervision over the training. The head of the organizational unit of the Head Office supervising a given structure is responsible for supervising the employees of local structures of divisions and exclusive intermediaries.

- the application of financial security measures (assessment of the current situation and potential risks) with respect to the client prior to the establishment of a business relationship and with respect to the beneficiaries when paying out funds under the insurance contract;
- applying financial security measures according to client risk, such as enhanced assessment of the current situation and potential risks for clients affiliated with high-risk countries or holding politically exposed positions;
- analysis of clients and their transactions in the context of identifying suspect transactions;
- employee training on counteracting money laundering and terrorism financing;
- monitoring existing business relationships.

E-learning: “Counteracting money laundering and terrorism financing”	PZU Życie employees and agents	
	2022	2023
Number of people trained	9,601	9,153

Comments to the changes 2022/2023: In 2022, all PZU Życie employees were required to undergo the revised refresher course. In 2023, AML training was mandatory only for newly hired employees. In addition, as part of professional training, employees and agents at designated PZU Życie sales units are required to undergo AML training periodically.

7.12.4. Business Continuity Management

PZU and PZU Życie have Business Continuity Plans and a Business Continuity Management Procedure in place. The business continuity plan is a description of the actions necessary to be carried out in a situation of disruption to the operations of PZU or PZU Życie to ensure their continuous and uninterrupted operation.

The disruption may be due to the following:

- systems failures;
- cyberattacks;
- power failure;
- fire or flood;
- terrorist attack;
- pandemic or epidemic.

PZU has a two-tiered model for responding to disruptions:

- first level of response - emergency procedures are activated by the decision of the head of the organizational unit responsible for the affected area;
- second level of response - when the possibilities of actions taken under the first level of response are exhausted or the deadline for restoring the non-functional area covered by the Plan is exceeded, the Crisis Staff is activated to take control of the situation.

On a periodic basis, but at least once every 3 years, a Business Impact Analysis (BIA) is carried out to identify the Company’s critical processes and services and the risks that cause them to become interrupted. In order to maintain the effectiveness and adequacy of business continuity solutions, Business Continuity Tests are conducted regularly. They are held on the basis of the Test Schedule for the calendar year agreed with the relevant business units and approved by the Company’s Management Board.

PZU and PZU Życie had a Crisis Staff established in 2023 2022 in the face of an attack by the armed forces of the Russian Federation on Ukraine. The announced Crisis Situation means that there is ongoing monitoring of the current political and market situation, and adequate measures are introduced to ensure, in particular:

- safety of employees;
- business continuity of the companies and security of financial assets of the PZU Group;
- additional safety measures in terms of cybersecurity and physical safety.

The task unit of the Crisis Management Team continuously monitors the situation of Ukrainian companies, also in terms of reaching the assumptions of the “Crisis Situation Management Plan”, as prepared by Ukrainian companies.

Additional cybersafety measures were introduced to mitigate risk with increasing probability of materialization. Anomalies in terms of cyber threats,

extending to subsidiaries, are under continuous 24/7 monitoring.

Due to the nationwide implementation of CRP Alert Level 3 (CHARLIE-CRP) and Alert Level 2 (BRAVO), a heightened state of readiness of the physical and cyber security areas has been maintained continuously since February 2022 roku⁷.

7.12.5. Application of International Sanctions

[GRI 2-25]

Approach to management

PZU designates a dedicated business owner of the area, who is responsible for the entire process, monitoring its quality and effectiveness, reporting, as well as for adhering to the prevailing procedures. There are dedicated procedures in place at PZU that define the standards for managing sanctions risk at PZU and PZU Życie. The business owner of the process is responsible for, among other things, implementing solutions for the Company’s compliance with sanctions, supporting business units in the sanctions risk management process, protecting the Company’s interests, including its legal interests, financial interests in business dealings with

⁷⁾ By Prime Minister’s Order of November 30, 2023, the third alert level of the CRP (CHARLIE-CRP) has been extended until February 29, 2024, 11:59 PM.

other entities at home and abroad, and image in the financial market.

Sanctions policy

PZU and PZU Życie have a Sanctions Policy in place. Under the Policy, PZU and PZU Życie:

- do not cooperate with sanctioned entities,
- do not conduct transactions for sanctioned entities,
- use sanction clauses in contracts in which they identify sanction risks,
- analyze sanction risks in the case of planned cooperation with entities subject to sanctions risks.

In addition to the measures, PZU and PZU Życie make every effort to ensure that the mechanisms implemented at the Companies for managing the risk of violating the international sanctions regime are effective, adequate and proportionate. Legal, financial and reputational risks are taken into account when performing a risk analysis. In view of the geopolitical situation and the current legal status, PZU is continuing its efforts to introduce improvements and automate the process of managing the risk of violating the international sanctions regime. To this end, the AML Project has launched the Sanctions Current, which first aims to analyze processes with sanctions risks and develop requirements for target solutions, including the implementation of changes in IT systems.



E-learning course “Sanctions and Sanctions Policy”	2023
Mandatory training for PZU SA/PZU Życie SA employees	7,669
Professional training for agents	11,293

Comment: A new mandatory e-learning course „Sanctions and Sanctions Policy” was launched in 2023. With the training edition being first, there is no comparative data from previous years.

