

Implementation Principles for Sustainable Insurance

In 2017, PZU has signed the Principles for Sustainable Insurance (PSI).

This Report relates to the information for 2018 Financial year.

Principle 1: WE WILL EMBED IN OUR DECISION-MAKING ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES RELEVANT TO OUR INSURANCE BUSINESS.

| Possible actions: COMPANY STRATEGY | DETAILS/REFERENCE |
|---|--|
| Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations | Management Board's report on the activity of the PZU Group and PZU SA 2018 - 4. PZU 2020 - More Than Insurance |
| Dialogue with company owners on the relevance of ESG issues to company strategy | Management Board's report on the activity of the PZU Group and PZU SA 2018 - 4. PZU 2020 - More Than Insurance and Report on non-financial information of the PZU Group and PZU SA in 2018 - 1.6 Dialogue with the environment |
| Integrate ESG issues into recruitment, training and employee engagement programmes | Report on non-financial information of the PZU Group and PZU SA in 2018 - 3. Employee issues |
| Possible actions: RISK MANAGEMENT AND UNDERWRITING | DETAILS/REFERENCE |
| Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions" | Report on non-financial information of the PZU Group and PZU SA in 2018 - 6.7 Risk management, taking into account non-financial risk |
| Integrate ESG issues into risk management, underwriting and capital adequacy decision making processes, including research, models, analytics, tools and metrics | Report on non-financial information of the PZU Group and PZU SA in 2018 - 6.7 Risk management, taking into account non-financial risk |
| Possible actions: PRODUCT AND SERVICE DEVELOPMENT | DETAILS/REFERENCE |
| Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management | Report on non-financial information of the PZU Group and PZU SA in 2018 - 2. New approach to sales |
| Develop or support literacy programmes on risk, insurance and ESG issues | Report on non-financial information of the PZU Group and PZU SA in 2018 - 4 PZU Group's social commitment and 3.4 Knowledge sharing |
| Possible actions: CLAIMS MANAGEMENT | DETAILS/REFERENCE |
| Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood | Report on non-financial information of the PZU Group and PZU SA in 2018 - 2.1 Client at the center of attention |
| Integrate ESG issues into repairs, replacements and other claims services | https://www.pzu.pl/ |
| Possible actions: SALES AND MARKETING | DETAILS/REFERENCE |
| Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns | Report on non-financial information of the PZU Group and PZU SA in 2018 - 2.3 Responsible sales |
| Make sure product and service coverage, benefits and costs are relevant and clearly explained and understood | Report on non-financial information of the PZU Group and PZU SA in 2018 - 2.3 Responsible sales |

Principle 2: WE WILL WORK TOGETHER WITH OUR CLIENTS AND BUSINESS PARTNERS TO RAISE AWARENESS OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES, MANAGE RISK AND DEVELOP SOLUTIONS.

| Possible actions: CLIENTS AND SUPPLIERS | DETAILS/REFERENCE |
|--|--|
| Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues | Report on non-financial information of the PZU Group and PZU SA in 2018 - 1.6 Dialogue with the environment |
| Provide clients and suppliers with information and tools that may help them manage ESG issues | Report on non-financial information of the PZU Group and PZU SA in 2018 - 4 PZU Group's social commitment |
| Integrate ESG issues into tender and selection processes for suppliers | Report on non-financial information of the PZU Group and PZU SA in 2018 - 6.6 Cooperation with suppliers |
| Encourage clients and suppliers to disclose ESG issues and to use relevant disclosure or reporting framework | Report on non-financial information of the PZU Group and PZU SA in 2018 - 6.6 Cooperation with suppliers |
| Possible actions: INSURERS, REINSURERS AND INTERMEDIARIES | DETAILS/REFERENCE |
| Promote the adoption of the Principles | Report on non-financial information of the PZU Group and PZU SA in 2018 - BEST PRACTICES IN PZU |
| Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry | Report on non-financial information of the PZU Group and PZU SA in 2018 - Ethical foundations of business operations |

Principle 3: WE WILL WORK TOGETHER WITH GOVERNMENTS, REGULATORS AND OTHER KEY STAKEHOLDERS TO PROMOTE WIDESPREAD ACTION ACROSS SOCIETY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES.

| Possible actions: GOVERNMENTS, REGULATORS AND OTHER POLICYMAKERS | DETAILS/REFERENCE |
|--|--|
| Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues | Report on non-financial information of the PZU Group and PZU SA in 2018 - 6. Ethical foundations of business operations |
| Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions | Report on non-financial information of the PZU Group and PZU SA in 2018 - 1.6 Dialogue with the environment |
| Possible actions: OTHER KEY STAKEHOLDERS | DETAILS/REFERENCE |
| Dialogue with intergovernmental and non-governmental organisations to support sustainable development by providing risk management and risk transfer expertise | Report on non-financial information of the PZU Group and PZU SA in 2018 - 1.6 Dialogue with the environment |
| Dialogue with business and industry associations to better understand and manage ESG issues across industries and geographies | Report on non-financial information of the PZU Group and PZU SA in 2018 - 1.6 Dialogue with the environment |
| Dialogue with academia and the scientific community to foster research and educational programmes on ESG issues in the context of the insurance business | Management Board's report on the activity of the PZU Group and PZU SA 2018 - 5.1 PZU Group's new operating model (PZU LAB) |
| Dialogue with media to promote public awareness of ESG issues and good risk management | Management Board's report on the activity of the PZU Group and PZU SA 2018 - 5.1 PZU Group's new operating model (PZU LAB) |

Principle 4: WE WILL DEMONSTRATE ACCOUNTABILITY AND TRANSPARENCY IN REGULARLY DISCLOSING PUBLICLY OUR PROGRESS IN IMPLEMENTING THE PRINCIPLES

| Possible actions | DETAILS/REFERENCE |
|--|---|
| Assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly | Report on non-financial information of the PZU Group and PZU SA in 2018 - Approach to reporting and methodology / Participation in the best Annual Report contest |
| Participate in relevant disclosure or reporting frameworks | Report on non-financial information of the PZU Group and PZU SA in 2018 - Approach to reporting and methodology / Participation in the best Annual Report contest |
| Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosure through the Principles | Report on non-financial information of the PZU Group and PZU SA in 2018 - 1.6 Dialogue with the environment |