

Implementation of Principles for Sustainable Insurance

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

This Report relates to the information for 2019 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
<p>Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations</p>	<p>Management Board's report on the activity of the PZU Group and PZU SA 2019: 4. PZU 2020 - More than insurance / Report on non-financial information of the PZU Group and PZU SA in 2019: 1.4 CSR Strategy</p>
<p>Dialogue with company owners on the relevance of ESG issues to company strategy</p>	<p>Management Board's report on the activity of the PZU Group and PZU SA 2019: 4. PZU 2020 - More than insurance / Report on non-financial information of the PZU Group and PZU SA in 2019: 7.1 Dialogue with the environment and Coping with the challenge of climate change, page 30</p>
<p>Integrate ESG issues into recruitment, training and employee engagement programmes</p>	<p>Report on non-financial information of the PZU Group and PZU SA in 2019: 4 Employee matters</p>
Possible actions: RISK MANAGEMENT AND UNDERWRITING	DETAILS/REFERENCE
<p>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</p>	<p>Report on non-financial information of the PZU Group and PZU SA in 2019: 6.1 Corporate governance and risk management, giving consideration to ESG and climate factors</p>
<p>Integrate ESG issues into risk management, underwriting and capital adequacy decision making processes, including research, models, analytics, tools and metrics</p>	<p>Report on non-financial information of the PZU Group and PZU SA in 2019: 6.1 Corporate governance and risk management, giving consideration to ESG and climate factors</p>
Possible actions: PRODUCT AND SERVICE DEVELOPMENT	DETAILS/REFERENCE
<p>Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management</p>	<p>Report on non-financial information of the PZU Group and PZU SA in 2019: 2 Client at the center of attention, 3.1 Business in the face of climate change, 6.1 Corporate governance and risk management, giving consideration to ESG and climate factors - Products and client relations, page 130</p>
<p>Develop or support literacy programmes on risk, insurance and ESG issues</p>	<p>Report on non-financial information of the PZU Group and PZU SA in 2019: 4.4 Knowledge sharing, 5 PZU Group's social commitment / Management Board's report on the activity of the PZU Group and PZU SA 2019: 5.2 Insurance (PZU LAB page 113)</p>

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

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 2019: 2 Client at the center of attention
Integrate ESG issues into repairs, replacements and other claims services	Report on non-financial information of the PZU Group and PZU SA in 2019: 3.1 Business in the face of climate change - Best practices, page 64 / Management Board's report on the activity of the PZU Group and PZU SA 2019: Claims and benefits handling, page 104
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 2019: 2.2 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 2019: 2.2 Responsible sales
Possible actions: INVESTMENT MANAGEMENT	DETAILS/REFERENCE
Integrate ESG issues into investment decision-making and ownership practices (e.g. by implementing the Principles for Responsible Investment)	Report on non-financial information of the PZU Group and PZU SA in 2019: 3.1 Business in the face of climate change, page 64

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 2019: 7.1 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 2019: 5 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 2019: 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 2019: 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 2019: pages 19, 31, 60, 156 / 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 2019: 3.1 Business in the face of climate change, page 60, 6 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 2019: 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 2019: 3.1 Business in the face of climate change, 6.1 Corporate governance and risk management, giving consideration to ESG and climate factors, 7.1 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 2019: 3.1 Business in the face of climate change, 6.1 Corporate governance and risk management, giving consideration to ESG and climate factors, 7.1 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 2019: 3.1 Business in the face of climate change, 6.1 Corporate governance and risk management, giving consideration to ESG and climate factors, 7.1 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 2019 - 5.2 Insurance (PZU LAB, page 113)
Dialogue with media to promote public awareness of ESG issues and good risk management	Report on non-financial information of the PZU Group and PZU SA in 2019: 7.1 Dialogue with the environment

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 2019: 7. About this report / 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 2019: 7. About this report / 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 2019: 7.1 Dialogue with the environment