



PZU SA'S
Corporate Social Responsibility
Report for
2015-2016



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A professional portrait of a man with short brown hair and blue eyes, wearing a dark blue suit, white shirt, and patterned tie. He is looking directly at the camera with a serious expression. The background is a blurred office setting with large windows.

Responsibility is one of the **most important elements of the DNA** of our organization. We insist on our people being responsible, but we also act in accordance with corporate social responsibility.

Can a business be a good corporate citizen?

It can but in the 21st century it must quite simply do more than that; it must be a good corporate citizen. PZU is the largest financial group in Central and Eastern Europe. We have 16 million customers and more than ten thousand employees. That represents enormous strength. We are aware of the impact we exert on the economy and the society; that is why we are committed to building these relations on solid grounds. We are innovative, we are effective and we play fair. And not just at the macro level. We are genuinely interested in building positive models in local communities, too. We are not afraid of being a trailblazer. In 2015, PZU was the first insurer in Poland to introduce client service using sign language in selected branches. In Poland there are nearly half a million people who are deaf, hard of hearing or who have difficulties hearing. We want to help them overcome obstacles in their day-to-day life. That is merely one of the many examples underpinning the fact that our Group's financial credibility is inextricably interconnected with our social credibility. Taking part in the life of local communities and undertaking long-term social investments with measurable results make it easier for us to operate efficiently and without conflict.

How does PZU understand the concept of responsible business management?

PZU is an ambitious organization operating at a large scale. It is also cognizant of the expectations various entities have of it, including investors, clients, employees, partners, industry experts and the social environment from which PZU's employees and clients come. That is why we ourselves have instituted a requirement for us to manage our relations with our stakeholders and the impact we exert on the business community in a deliberate and sustainable manner. We are open to social expectations; we endeavor to set trends and devise business solutions appropriately.

As we understand it, CSR means running a business and generating earnings in an enlightened manner that is also evident in the company's long-term strategy. We want to build the company's value in an ethical and transparent manner while giving consideration to stakeholder needs and expectations.

Is CSR of significance to investors?

Responsibility is one of the most important elements of the DNA of our organization. We insist on our people being responsible, but we also act in accordance with the principles of corporate social responsibility. Responsibility for decisions, their consequences and their ensuing impact on the surroundings to a greater extent than just legally is a key principle PZU follows in running its business. The highest CSR standards adopted by the PZU Group are confirmed by its membership in the RESPECT Index of socially responsible companies and the CEE Responsible Investment Universe. For several years we have also been reporting non-financial data.

That means that investors have a full picture of how PZU operates. We supply complete information of importance in investor decision-making. We know that these data are material from the view point of investors and business analysts. We are receiving more and more inquiries and requests to publish reports; that is why we satisfy the market's need.

Is this culture of responsibility also received well within the PZU Group?

Naturally. Our company's corporate social responsibility is one of the non-financial elements of our employees' motivation. When they see that a portion of the company's activity is directed to solving social problems that are also important to them, they treat the company's operation with greater recognition. This enhances the trust they place in the company and that subsequently makes the company more attractive on the labor market. In that manner we are able to attract new employees and retain our best employees. It was not by accident that in 2015 the PZU Group received the prestigious certificate of Top Employers 2015 for its exceptional employment policy. In that manner it was among the top global employers for the second time. Another distinction also corroborated this fact - in 2016 PZU was victorious in the category of "Banking, insurance and financial institutions" in the survey on the "Most Desirable Employers according to Experts and Managers".

What does that entail in practice?

For instance, employee volunteerism is blooming under the auspices of the PZU Foundation. Under the competition entitled "Volunteerism means the joy of action" we financed the implementation of 86 projects in 2015 and 2016 in which more than 700 employees were involved. The beneficiaries of our employees' volunteerism activities included children from educational care facilities, youth and children from schools and kindergartens, the disabled and elderly as well as animals from animal shelters. One of the more interesting programs addressed to our employees is the PZU Sport Team. It has been in operation for nearly four years and at present almost one thousand employees are playing sports across Poland in eleven different sections. However, PZU supports the sporting activity not only of its own employees.

To be sure, we are conducting our efforts on a broad scale. Over the most recent two years we have been strongly involved in promoting running among Poles. The effects have been spectacular. The participants of 50 running events supported by PZU in 2015 and 2016 traversed more 3,362,211 kilometers. That means that they circled the earth along the equator 83 times and they traveled the distance from the earth to the moon 9 times. We helped others through this sporting activity under the campaign entitled "Share a kilometer". We converted every kilometer traveled in a special zone with training equipment into PLN 10 of support for needy persons. During the last two years we have donated PLN 373,718 to beneficiaries.

In what other socially-minded activities, besides sports education, is PZU also involved? Which projects make you particularly proud?

There are many of them. We are pursuing innovative projects in safety, health, education and culture. One such prevention program is called "Teddy bears rescue children's lives". Teddy Bear, the Rescue Worker is an extraordinary stuffed animal rescue services give children injured in accidents. PZU has sponsored thousands of these stuffed animals that are distributed to young kids by the Medical Rescue Service, the Police and the Fire Brigade. These teddy bears, however, are just a symbol. PZU also covers the costs of extended residential therapeutic treatment in the Center run by the "Teddy bears rescue children's lives" Association in Dźwirzyno in the vicinity of Kołobrzeg where they help attenuate the mental anguish children injured in accidents sustain. We have also supported the ONCOFund – a Polish nationwide social portal that helps people with tumors. This service brings donors and patients together who are looking for funds to take additional therapy and rehabilitation. We also help the Suddenly Alone Foundation that provides support to people who have lost their loved ones and the Spinka Association for Helping Disabled Drivers. We provided support to the Institute of Mothers and Children in Warsaw by transferring funds to buy the equipment it needed and build a playground for young patients.

What about safety-related issues?

Safety is an enormously important issue to us. We attach great importance to road safety. For instance, we supported the construction of safe pedestrian crossings and we ran an extensive social campaign entitled "Do you care for your loved ones? Say Stop to Reckless Driving". We have also implemented a system to help accident victims under the name of PZU Caretaker. This Team to Organize Assistance for Accident Victims has experienced experts who offer support to injured people so that they can quickly recover their mental and physical abilities. PZU Caretakers actively cooperate with non-governmental organizations and professional rehabilitation centers. In turn, we also care about the safety of Poles when they are in high mountains. At the end of 2016, we signed another agreement with GOPR (Mountain Rescue Service). For instance, thanks to PZU, GOPR's rescue workers can now utilize 7 quads. We are also educating children in an innovative manner. We have enlisted the assistance of five humorous though wise characters called Niestraszki (Fearless) who teach our youngest the rules of safety. PZU also very strongly supports institutions of culture. We do that because a civic society can draw an amazing amount of energy for development from its traditions and national heritage. PZU is the patron of an extensive array of institutions of culture in Poland. They include the Royal Castle in Warsaw, the National Museum in Warsaw, the National Museum in Kraków, the Warsaw Uprising Museum, the Grand Theater – National Opera in Warsaw and the National Theater. We have also been cooperating with the

National Library since 2017. Moreover, PZU also lent a helping hand to obtain the works of outstanding artists and make them available to the Polish public – they include works such as "Jewish Woman with Oranges" by Aleksander Gierymski. All these activities contribute more bricks toward building a culture of corporate social responsibility in Poland. Put simply, we support important efforts.



CHAPTER 1 OUR COMPANY

Put simply

– we support important efforts

1.1. WHO ARE WE?

We are the largest insurer in Poland with a market share of 36.2%. We provide insurance services, in particular motor, property, agricultural, travel and third party liability insurance. We exist to provide our clients with peace of mind and a feeling of security. Our insurance products are purchased by average Poles and small and large companies. We insure capital expenditure projects of great significance to the Polish economy, for instance, in the utility sector and the rail transport industry.

PZU SA (hereinafter also referred to as Powszechny Zakład Ubezpieczeń, PZU and the Company) is the flagship company of the PZU Group, which in turn is the leading insurance company in Central and Eastern Europe with nearly 16 million insurance clients in Poland alone. The Group consists of over 30 companies, with the largest being PZU SA, PZU Życie, TFI PZU, OFE PZU and Alior Bank.

The PZU Brand

is one of the most recognized brands in Poland. According to the research done by the GfK Polonia institute (in 2016), this brand's spontaneous awareness was 89%, while its aided awareness was 100%.



non-life insurance



life insurance



insurance sold through the direct channel by Internet /telephone

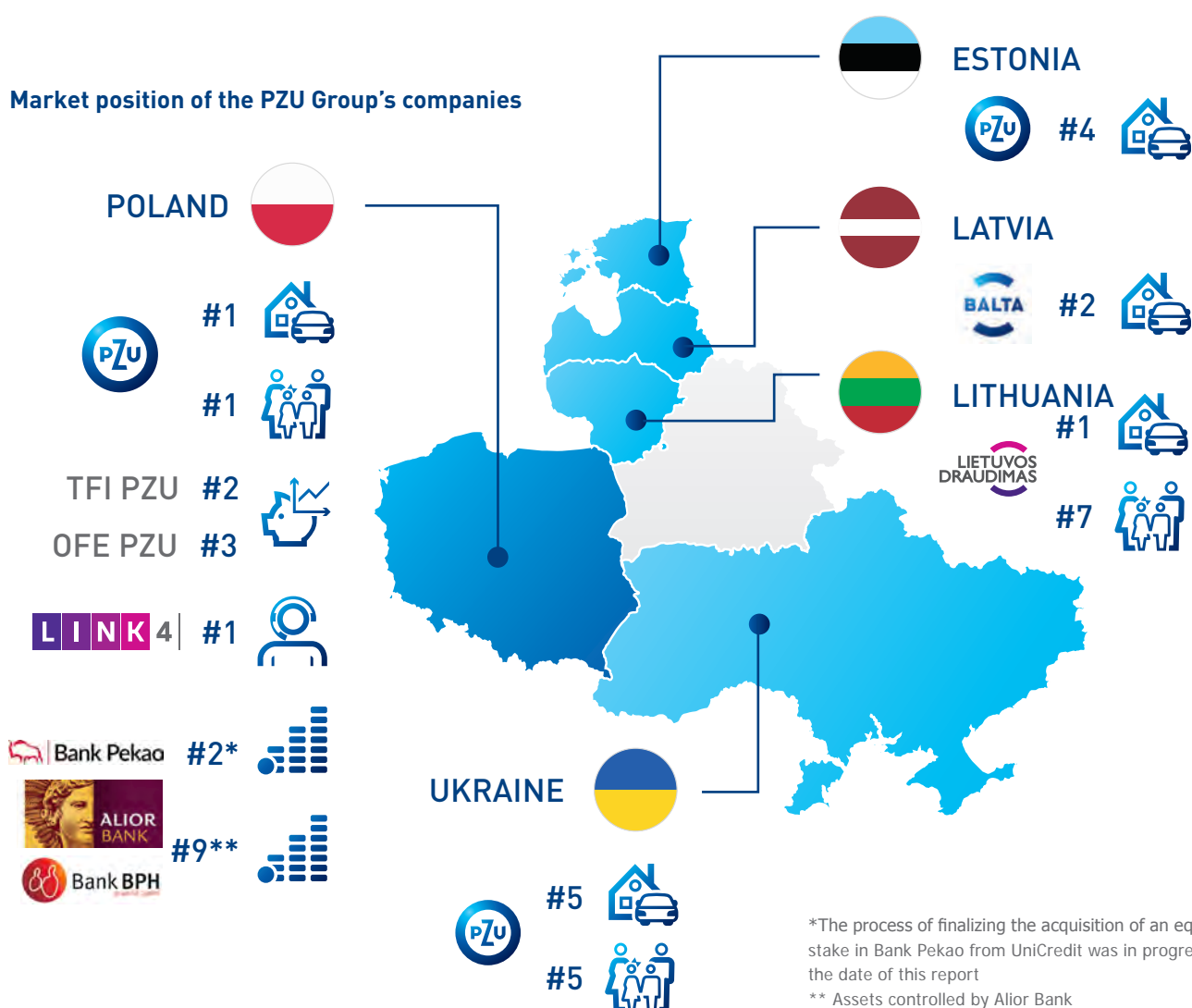


market position measured by assets under management

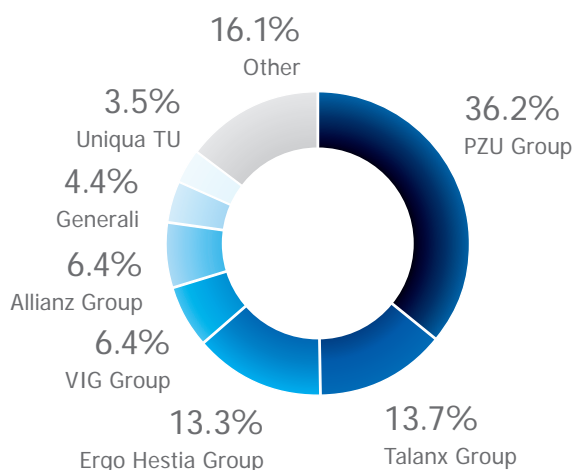


market position measured by assets

Market position of the PZU Group's companies



Non-life insurance companies – share of gross written premium in 2016 (in %)



Groups: Allianz – Allianz, Euler Hermes; Ergo Hestia – Ergo Hestia, MTU; Talanx – Warta, Europa, HDI; VIG – Compensa, Benefia, Inter-Risk

Source: KNF's Quarterly Bulletin. Insurance market 3/2016

* PZU Group's share calculated taking into account PZU's inward reinsurance in respect of Link4.

The Company has been listed on the Warsaw Stock Exchange since 2010.

More than 200 years of tradition:

16 million

number of the PZU Group's clients in Poland, including 9 million clients of PZU SA;

27,000

number of PZU Group employees, including 7,700 staff members in PZU SA;

PLN 51 million

the amount we donated in 2014 donated to social causes;

8

the average number of seconds between the claims we handle.

2

the average number of policies we issue every second.

8/10

the number of companies in Poland that insure their employees with us;

PLN 2.8–4.4 billion

the valuation range of the PZU brand in the "10 most valuable Polish brands" ranking compiled in 2015 by the Wprost weekly.

PZU Group highlights

The most extensive client service network: **414 branches.**



8,758 agents – tied agents and persons performing agency activities.



200 – the number of insurance products offered by the PZU Group.



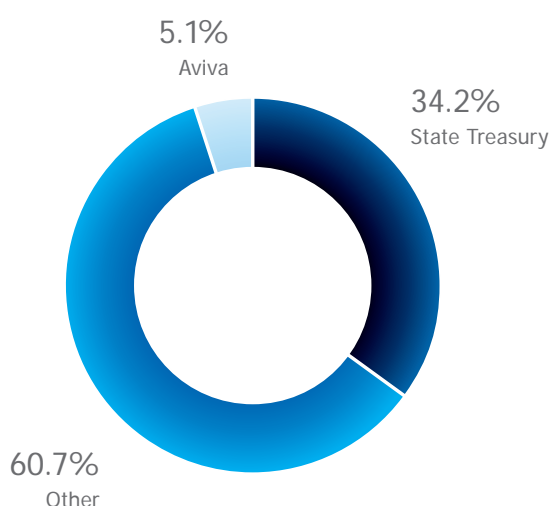
Electronic distribution channels (helpline, Internet).



3,232 multiagencies.

The Company has been listed on the Warsaw Stock Exchange since 2010.

PZU shareholder structure as at 31 December 2016



Rzeczpospolita daily's "Polish Brand 2016" ranking
Rzeczpospolita, 26 January 2017

PZU SA's financial highlights

PLN 10,682 million*

gross written premium

PLN 1,593 million*

net profit

13%*

return on equity (ROE)

250%*

Solvency I – the PZU Group's solvency ratio

* Data for 2016

No.	Brand name	Brand value (PLN m) 2016	Brand value (PLN m) 2015	Change in brand value 2015/16	Rank in 2015	*calculations based on estimated sales	*different source of data	Industry	Owner
1	Orlen	3,935.0	4,503.8	-13%	1	•		Fuel	PKN Orlen
2	Biedronka	3,821.0	3,689.7	4%	2	•		Retail grocery	Jeronimo Martins Polska
3	PKO Bank Polski	3,240.1	3,605.5	-10%	3	•		Banks	PKO Bank Polski
4	Play	2,677.0	2,263.5	18%	6	•	•	Telecommunications	P4
5	Plus	2,524.2	2,618.2	-4%	4	•	•	Telecommunications	Polkomtel
6	PZU	2,278.9	2,400.9	-5%	5			Insurance	PZU
7	Mlekovita	1,790.3	1,735.3	3%	7			Milk and dairy products	SM Mlekovita
8	Lotos	1,351.5	1,408.6	-4%	8			Fuel	Lotos Group
9	TVN	1,079.2	1,013.6	6%	11	•		Television	TVN
10	Bank Pekao	1,044.2	1,339.7	-22%	9	•		Banks	Unicredit Group
11	Bank Zachodni WBK	1,017.4	1,052.9	-3	10	•		Banks	Santander Group
12	mBank	1,006.5	820.7	23%	15	•		Banks	mBank
13	Reserved	1,006.2	981.6	3%	12			Apparel	LPP
14	Lotto	984.7	804.3	22%	17			Games of chance	Totalizator Sportowy
15	Sokołów	902.0	976.9	-8%	13	•	•	Meat products	Sokołów
16	Cyfrowy Polsat	721.0	816.8	-12%	16	•		Cable television	Cyfrowy Polsat
17	Cedrob	715.1	–	–	–	•		Meat products	Cedrob

How do we care for the highest standards in external communication?

To ensure the highest standards in external communication, we formulate our communication based on the following:

- "Best Insurance Practices";
- "Code of Ethics in Advertising";
- "Rules for advertising insurance services" developed by KNF.

Due to our conscientious observance of these rules, in the reporting period we did not receive any notifications of non-compliance in marketing communication, including advertising, promotion and sponsorship.

Objective 2: We have achieved this by implementing client service standards with tied agencies that are consistent with the ones we observe in our branch offices. The fundamental assumptions underlying these standards are as follows:

- effectiveness – we provide our clients exactly with what they expect;
- attention – we build an atmosphere of trust and client focus;
- professionalism – we care about our appearance, knowledge and the workplace we share;
- empathy – we show clients our care and understanding;
- reaction – we help our clients in every situation.

Adopting the right attitude when serving our clients in accordance with the SUPER principles allows us to build long-lasting and positive relationships with our clients.

In 2015, PZU continued to introduce uniform visual standards for tied agencies concerning signage and interior design. The external signage process in multiagencies is currently underway. The signage was modified in nearly 250 multiagencies in 2015.



1.1.1. MANAGEMENT

PZU SA (as at 9 August 2017)



Paweł Surówka,
President of the PZU SA

In charge of the following areas: corporate governance and supervision, corporate communications, internal audit, legal advisory and services, security, compliance, reinsurance, strategies and projects, PZU Group business development, marketing, client relations management, innovation, administration, procurement, sales support, HR management, employee operations, investments, claims and benefits handling, assistance, remote channels, client service, management of the PZU Branch network, IT, insurance operations, health products, organization of medical centers.



Roger Hodgkiss,
Member of the PZU

In charge of the following areas:
management of mass products and insurance programs, tariff actuarial services, direct sales, management of marketing and retail sales channels, corporate clients (management of sales and the sales network, underwriting, financial insurance).



Tomasz Kulik,
Member of the PZU

In charge of the following areas:
actuarial services, planning and controlling, taxation, information management, accounting, accounting operations, debt collection, insurance accounting and the Company's enterprise resource planning.



Maciej Rapkiewicz,
Member of the PZU

In charge of the risk area.



Małgorzata Sadurska,
Member of the PZU

In charge of the following areas:
bancassurance, strategic partnership programs, real properties.

The Shareholder Meeting is another corporate body in PZU. The operation of the Shareholder Meeting is governed by the Commercial Company Code. Among the powers of the Shareholder Meeting is to appoint members of the Supervisory Board, a body which exercises continuous supervision over the Company's activities. The Supervisory Board has three committees: the Audit, Nomination and Compensation and Strategic Committees. Among the powers of the Supervisory Board is to appoint members of the Management Board, including the President of the Management Board.

Supervisory Board (as at 9 August 2017):

Katarzyna Lewandowska

– Chairperson of the Supervisory Board;

Aneta Fałek – Deputy Chairperson of the Supervisory Board;

Alojzy Nowak – Secretary of the Supervisory Board;

Bogusław Marian Banaszak – Member of the Supervisory Board;

Marcin Chłodziński – Member of the Supervisory Board;

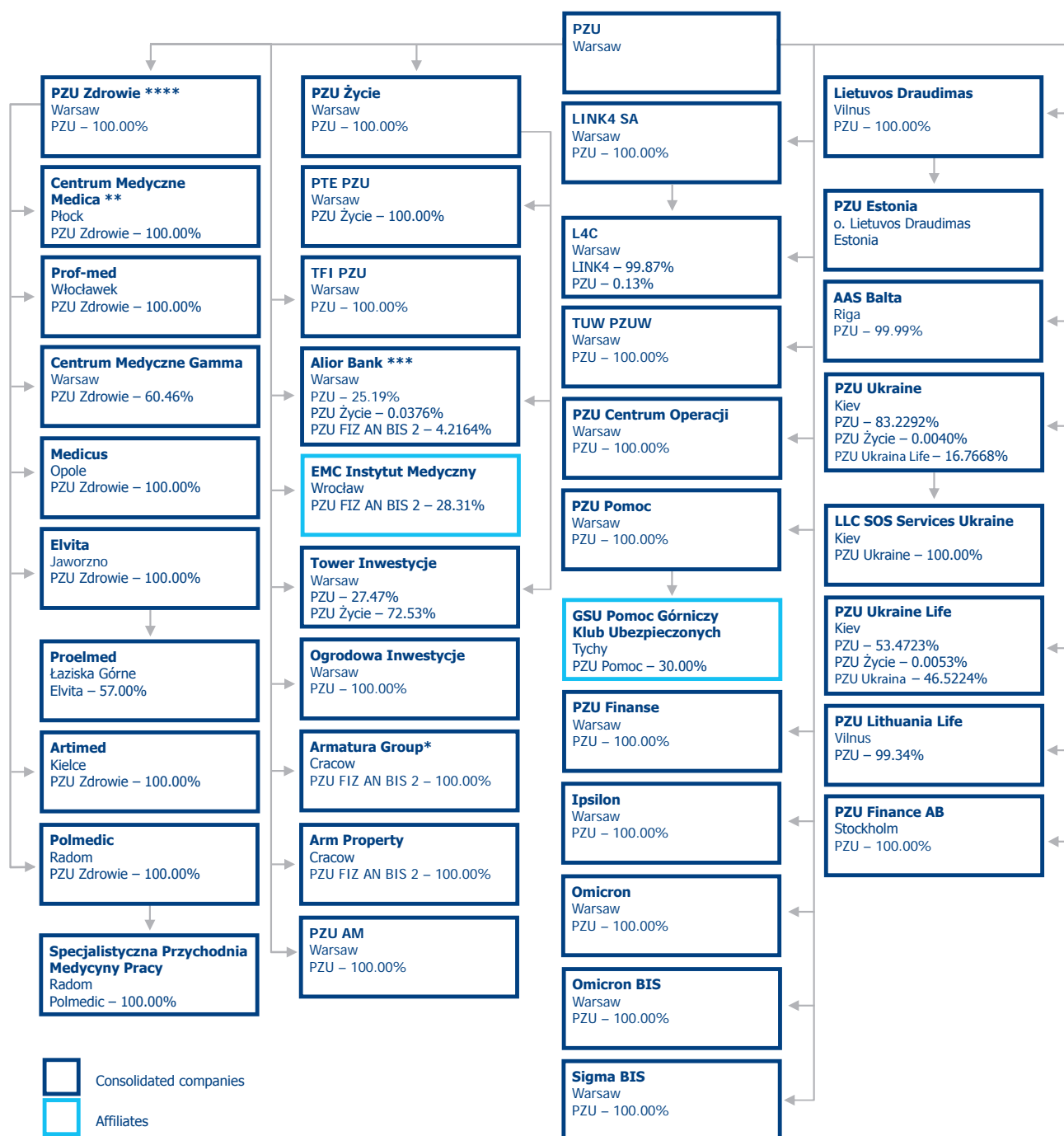
Paweł Górecki – Member of the Supervisory Board;

Agata Górnicka – Member of the Supervisory Board;

Robert Śnitko – Member of the Supervisory Board;

Maciej Zaborowski – Member of the Supervisory Board.

Structure of PZU Capital Group (as at 31 December 2016)



* Armatura Group included the following entities: Armatura Kraków SA, Armatoora SA, Aquaform SA, Aquaform Badprodukte GmbH, Aquaform Ukraine TOW, Aquaform Romania SRL, Morehome.pl sp. z o.o.

** Centrum Medyczne Medica Group includes the following entities: Centrum Medyczne Medica Sp. z o.o., Sanatorium Uzdrowskowie „Krystynka” Sp. z o.o. i Rezo-Medica sp. z o.o.

*** Alior Bank Group includes the following entities: Alior Bank SA, Alior Services sp. z o.o., Centrum Obrotu Wierzytelnościami sp. z o.o., Alior Leasing sp. z o.o., Meritum Services ICB SA, Money Makers TFI SA, New Commerce Services sp. z o.o., Absource Sp. z o.o.

**** within PZU Zdrowie 2 branches are operating: CM Nasze Zdrowie in Warsaw and CM Cordis in Poznan. The structure does not cover investment funds and entities in liquidation.

1.1.2. SELECTED AWARDS

Awards for PZU's marketing campaigns in 2015:

- **KTR** (Advertisement Creators Club), Platinum Magellan Award – social campaign “Do you love someone? Say STOP to reckless drivers” by the PZU Foundation;
- **KTR award**, silver – PZU home campaign of 2014 “TV set”;
- **KTR award**, 2 x bronze – “Favorite toy” project – (categories: Loyalty Program & Direct);
- **Innovation Award 2015** – distinction for the “Favorite toy” project (category: Insight).

Awards for PZU's campaigns in 2016:

- **Silver columns in the category** “Magazine for b2c clients” – circulation of up to 10,000 copies for “Together with PZU”, PZU Group's magazine – for its modern and inspirational communication dimension and correctly selected form.
- **Silver columns in the category** “Content marketing strategy for clients” for its consistency with effects and for its unconventional communication.
- **Bronze statuette in the Effie Awards 2016** contest for the “Niestraszki” (Fearless) campaign in the “Insurance and Investments” category;
- **6 awards in the KTR 2016** contest for the “Niestraszki” (Fearless) campaign:
 - silver in the campaign category,
 - bronze in the retail and public services category,
 - silver in the digital craft category,
 - silver in the audio/video category,
 - gold in the video category,
 - bronze in the product design category.

1.2. HOW WE RUN OUR BUSINESS

1.2.1. PZU 2020 STRATEGY.

Profitability, Growth, Innovation

INTRODUCTION

PZU 2020 Strategy. Profitability, Growth, Innovation calls for a fundamental alteration in the Group's profile from a pure dividend company into a combined dividend and growth company pursuing ambitious projects to grow revenues and net profit while leveraging the PZU Group's capital strength.

The key changes to the PZU Strategy 3.0 adopted in January 2015 pertain to the following:

- increase the focus on the profitability of the Group's core

business (insurance), while cutting fixed expenses by 400 m PLN within 3 years

- accelerate the PZU Group's growth, including the development of the Health and Investments pillars
- incorporate a plan for banking sector investments in the PZU Group's Strategy
- expand the role of innovation in the PZU Group as a tool to attain profitability and growth objectives

PZU MISSION



We exist to provide our clients with peace of mind and a feeling of security. Clients can always rely on us.



Because of our thorough knowledge of our clients, we are capable of responding to their needs and their reasonable expectations, and by leveraging our magnitude and effectiveness to deliver them the best quality services at an attractive price.



PZU is an inspiring place of work for people to do their best while striking a balance between their work and private life.



Having regard for its market position PZU is the "guardian of the market" – we take actions that are favorable to the overall market and clients; we actively contribute to its development and we set the standards for quality of service.



By leveraging our magnitude stemming from being the market leader in Central and Eastern Europe, we consistently deliver above average earnings to our shareholders.

OUR GUIDING VALUES

THE PZU GROUP'S STRATEGY IS CLIENT-FOCUSED

We accompany our clients throughout their path in life. We are changing to respond better to our clients' needs. We will continue to be their stable and trustworthy partner.

We develop the PZU Group with our clients in mind. Insurance will continue to be the Group's principal and most important business pillar.

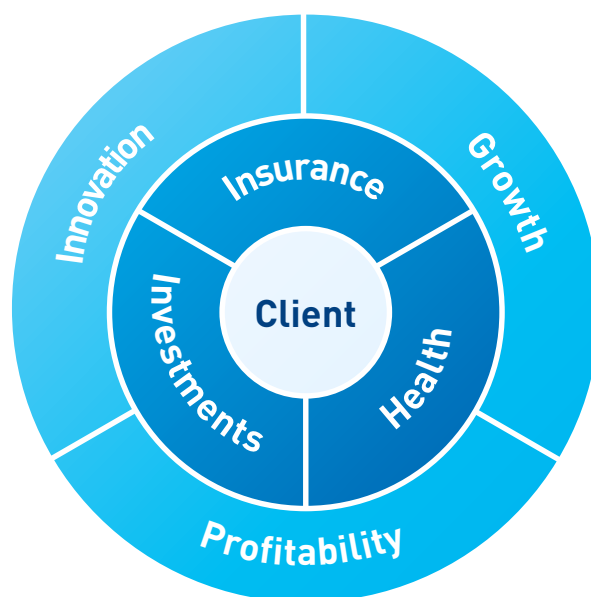
We will rapidly expand the scale of the PZU Group's activity in other business pillars (PZU Zdrowie, PZU Inwestycje).

We will pursue our strategic objectives while emphasizing profitability, growth and innovation.

Thanks to the magnitude and effectiveness of our insurance activity we will retain a high level of profitability.

In insurance we will grow in selected market segments in which PZU's share is below its natural market share (roughly 30%). Growth in revenues and profits will take place at a pace exceeding the market growth rate in the additional business pillars through organic growth and acquisitions.

By cultivating a culture of innovation we will support the attainment of our strategic objectives - Profitability and Growth. PZU will become one of the most high-tech insurance companies in Europe.



1.2.2. STRATEGIC OBJECTIVES IN THE INSURANCE SECTOR



1.2.3. KEY METRICS OF THE STRATEGY FOR 2016-2020

				ROE ¹						
				2016	2020					
				15%	18%					
BUSINESS SIZE	NON-LIFE INSURANCE		LIFE INSURANCE		INVESTMENTS		HEALTH		BANKING	
	PZU Group's market share ²		Number of clients in PZU Życie (million)		Assets under management for Third Party Clients (bn PLN)		Revenues (m PLN) ⁷		Assets (bn PLN) ¹⁰	
	2016	2020	2016	2020	2016	2020	2016	2020	2016	2020
	36%	35%	11.2	11.0	27.0	50	363.8	1 000	61	140
	Combined ratio ³		Operating margin in group and individually continued insurance		Net result on third party asset management (m PLN)		EBITDA margin		Net financial result attributed to the PZU Group (m PLN)	
	2016	2020	2016	2020	2016	2020	2016	2020	2016	2020
	95%	92%	25.8%	>20%	83.8	200	7.2%	12%	193	450
	Cutting fixed expenses (m PLN)		Surplus yield on its own portfolio above the RFR							
	2016	2018	2016	2016-2020 ⁴						
	78	400	0.6 p.p.	2.0 p.p.						
GROUP OBJECTIVES		Solvency II solvency ratio ⁵		NPS for Retail Client vs. competition		Number of products per Retail Client		Employee commitment index		
		2016	2020	2016	2020	2016	2020	2014 ⁶	2020	
		253% ⁹	>200%	+9.1 p.p.	>competition	1.51	1.64	49%	55%	

1 ROE attributable to the parent company

2 Direct business

3 PZU jointly with PZUW TUW and Link4

4 Average from 2016 to 2020

5 Own funds after subtracting anticipated dividends and asset taxes

6 Last year audited

7 Annualized; Branches - including revenues from PZUZDR

8 Net of transaction costs

9 Data for the first 3 quarters of 2016

10 Data in accordance with Alior Bank's financial statements

1.2.4. CORPORATE SOCIAL RESPONSIBILITY STRATEGY

Implementation of the "CSR Plan" adopted in 2013

PILLAR	AREA	STRATEGIC OBJECTIVES 2015–2016	ACHIEVEMENT
SOCIETY	Financial awareness	Effective implementation of a financial and safety education program for children and youth.	Completed
		Building and popularizing modern charity standards.	Completed
	Safety	Strategic review of socially beneficial projects in safety.	Completed

PILLAR	AREA	STRATEGIC OBJECTIVES 2015–2016	ACHIEVEMENT	
PLACE OF WORK	Employee commitment and results-oriented culture	Implementing a strategy for building a results-oriented and client-focused organizational culture based on employee commitment.	In progress – a new target for employee commitment	Strategy 2.0 has transformed our organization by focusing it on the client. More information about employee strategy and satisfaction is presented in chapter 1. In the new Strategy 3.0, we have set a target of >65% for employee commitment.
		Development of the employee volunteerism program.	Completed	2015 and 2016 were a period of development of the employee volunteerism program in the PZU Group. The PZU Foundation held subsequent editions of the contest entitled "Volunteerism means the joy of action". The volunteers focused mainly on children but also paid attention to elderly people in geriatric wards and abandoned animals in shelters. We have recorded more than 1,800 cases of commitment. More information about volunteerism is presented in chapter 3.
MARKET	High client service standards and business ethics	Implementation of a multi-channel, integrated sales and client service model based on these standards.	Completed	We managed to build a completely new sales and client service model in a short period of time. More information about this issue is presented in chapter 1 dealing with the strategy and in chapter 2 describing its implementation. We intend to strengthen the integrated model because it forms the basis for our new strategy. Our plan is also to switch to fully digital client service.
		Ethical cooperation as the foundation of our relationship with the environment.	In progress	In the reporting period, we were involved in a number of activities aimed at building a compliance culture in the PZU Group and promoting behaviors consistent with ethical standards. Our achievements in this area are described in chapter 1 in the section dealing with a culture of ethics.
		Completion of work on a vendor code of conduct and preparation of its implementation plan.	Cancellation	After internal discussion, we made a decision to discontinue work on the code. This resulted from the adoption of PZU's Best Practices as described in chapter 1. Another code dealing with these issues would be extraneous. In chapter 2, our procurement practices are described.
NATURAL ENVIRONMENT	Awareness of the environmental impact and employee education	Identification of key areas of direct and indirect impact on environmental protection.	In progress	We have identified the areas of the Company's business exerting the strongest environmental impact. Our actions taken in these areas are presented in the section devoted to environmental protection efforts.
		Development of assumptions for the corporate environmental management system.	In progress	We have defined the fundamental principles of the PZU Group's environmental policy defining the directions of action for our environmental protection efforts.

1.2.5. CORPORATE SOCIAL RESPONSIBILITY 2015-2020

Strategy 3.0 adopted in 2015 emphasizes the role of corporate social responsibility (CSR). This is an important

foundation for attainment of our key business objectives. In our CSR activities for 2015-2020 we plan to focus on three areas: workplace, entrepreneurship and innovation, and social issues. All these areas support our business activity and strengthen our reputation.

EMPLOYEE COMMITMENT AND CULTURE BASED ON EFFICIENCY AND INNOVATION	INNOVATION AND ENTREPRENEURSHIP	SOCIAL ACTIVITY
We want to employ the best employees and build a professional, committed and efficient team. As an employer, we will support the development of our employees in their professional and private lives by helping them pursue their passions. Strategy 3.0 sets the target employee commitment level at >65%.	We want to support development of Poland's entrepreneurship and innovation by supporting Polish entrepreneurs and scientists and by searching for and supporting initiatives related to the actions conducted by the PZU Group. We also intend to provide financial support to commercialize entrepreneurs' initiatives through venture capital funds.	Our social activity is well established. We intend to continue our activities in five important areas supporting our business and building social capital: 1. road traffic safety, rescue services; 2. health; 3. financial and insurance education; 4. culture – patronage of national heritage; 5. local communities.

Who coordinates CSR activities in PZU?

The overall CSR activities are managed by the Director of the PZU Corporate Communication Department. Decisions pertaining to PZU's involvement in initiatives in this area are taken by the Social Commitment Director of Sponsoring, Prevention and CSR Committee, composed of the following (as at 31 December 2016):

- Member of the PZU Życie Management Board and PZU SA Group Director supervising the Marketing Department – Committee Chairman;
- Managing Director on Corporate Sales in the PZU Group;
- Director of the Marketing Department – Deputy Committee Chairman;
- Director of the Security Department – Committee Member;
- Director of the Corporate Sales Department in PZU Życie SA – Committee Member;
- Director of the Sales Department in PZU SA;
- Director of the Claims Handling Department – Management Board Member;
- President of the PZU Foundation;
- Director of the Corporate Communication Department – Committee Member;
- Social Commitment Director in the Corporate Communication Department – Committee Secretary.

How do we communicate our CSR activities?

We publish a condensed corporate social responsibility report bi-annually according to the international Global Reporting Initiative standard. CSR issues are also discussed in our annual reports. You can also find a lot of information on our website. In 2013, we launched a blog entitled "Pomoc to moc" [Help is Power] (www.pomocmoc.pzu.pl) and the website www.dajemyrade.pl.

This blog's main objective is to present, in a modern way, the CSR issues and projects executed by the PZU Group and the PZU Foundation. For the past two years the site was visited by nearly 160,000 users and each of them spent more than a

minute there on average. The contents published in the blog are promoted on the Facebook site "Help is Power – PZU's Corporate Social Responsibility", where we communicate with a community of over 76 thousand people. PZU's "Help is Power" blog is the first CSR blog among big Polish corporations.

Launched in December 2013, the www.dajemyrade.pl portal, in turn, is a tool used for client education and popularization of knowledge about insurance matters. We have managed to build a site with big resources of diverse content presented in a digestible and interesting form. In 2015 and 2016, the portal was visited by over 923 thousand users who generated nearly 1.5 million hits. [1,398,566]

What important corporate social responsibility initiatives do we support?

Best Practices for WSE Listed Companies; partnership with the Responsible Business Forum; Road Safety Partnership; Diversity Card; partnership with the Association of Individual Investors – Program "10 of 10".

1.2.6. RISK MANAGEMENT

Risk management has two objectives: it allows us to define and change the level of accepted risk, and prevent the

acceptance of risk at a level threatening PZU's financial stability.

What key risks have we identified?

RISK	DESCRIPTION
Insurance risk	Risk of a loss or an adverse change in the value of insurance liabilities as a result of improper assumptions regarding valuation and the establishment of provisions.
Market risk	Risk of a loss or an adverse change in the financial situation, which directly or indirectly arises from fluctuations and changes in market prices of assets, liabilities and financial instruments.
Credit risk and concentration risk	Risk of a loss or an unfavorable change in the financial standing resulting from fluctuations in the trustworthiness and creditworthiness of the issuers of securities, counterparties and all debtors, materializing with a counterparty's default on a liability or a higher credit spread. Risk resulting from a failure to diversify an asset portfolio or from a significant exposure to a default risk on a liability by a single issuer of securities or a group of related issuers.
Operational risk	Risk of suffering a loss resulting from improper or erroneous internal processes, human activities, system failures or external events.
Compliance risk	Risk of legal sanctions, financial losses or a loss of reputation arising from non-compliance of the PZU Group with the law, internal regulations or standards of conduct adopted by the PZU Group, including ethical standards. These may be risks associated with failure to comply with social or environmental standards.

⁸ A detailed description of all risk types can be found at <http://raportroczny2013.pzu.pl/en/risk-management/risk-profile>.

Market, credit, concentration, insurance and operational risk management is the responsibility of the Risk Department. Systemic compliance risk management is the responsibility of

the Compliance Department. In addition, the risk management system structures include Credit Risk and Asset and Liability Management Committees.

What does the risk management process look like?

Risk identification	Risk measurement and assessment	Risk monitoring and controlling	Reporting	Replacement
The identification process starts from an event affecting the occurrence of risk, e.g. a proposal. Identification involves analyzing the sources of risk and estimating its impact.	Risks are analyzed from the standpoint of materiality and measured. A comprehensive assessment of the Company's risks is presented in the Risk Map. An assessment of measurable risks is carried out by the risk unit, and for non-measurable risks, by pertinent units on the basis of separate internal regulations.	Monitoring involves reviewing the risks and deviations with regard to assumed points of reference, e.g. plans, values from the previous period etc.	Reporting allows for communication regarding the risks and supports risk management at different organization levels – from the Supervisory Board to business lines.	Management actions are defined in risk management policies. These actions may include, in particular: risk avoidance, transfer, mitigation, acceptance and tools supporting these actions, i.e. limits, reinsurance programs and underwriting policy reviews.

PZU has in place an integrated risk management system consisting of 4 thresholds:

- **Supervisory Board** – supervises the risk management process and assesses its adequacy and effectiveness;
- **Management Board** – organizes the risk management system, inter alia, by adopting strategies and policies or defining the risk appetite;
- **Committees** – make decisions pertaining to mitigation of various risks within the framework outlined by the risk appetite;

• **three types of organizational units:**

- organizational units and cells managing risk on an ongoing basis, specialized units dealing with
- risk identification, monitoring and reporting (risk unit, planning and controlling unit, actuarial unit, reinsurance unit, legal unit, security unit, compliance unit, HR unit, technology unit),
- internal audit that, among others, conducts an independent assessment of risk management processes.

1.2.7. PZU'S CULTURE OF COMPLIANCE

PZU is not only a company you can rely on. It is also a dependable and reliable enterprise driven by ethical values protected by an effective compliance system. This is a very clear sign for our investors, shareholders, clients and business partners. Systemic compliance risk management means smaller losses and lower costs and, consequently, stable and sound earnings.

Marcin Góral – Compliance Department Director

Our mission “We exist to provide our clients with peace of mind and a feeling of security” is supported by three values we pursue on a daily basis.

What values do we pursue?

WE PLAY FAIR	WE ARE INNOVATIVE	WE ARE EFFECTIVE
↓	↓	↓
<ul style="list-style-type: none"> • Our offer is transparent and satisfies our clients' genuine expectations. • We apply clear principles. 	<ul style="list-style-type: none"> • We constantly adapt to our clients' changing needs. • We keep looking for improvements. 	<ul style="list-style-type: none"> • We offer our clients efficient and friendly service and competitive prices. • We control costs and care about efficient processes.

What are “PZU's Best Practices”?

The document entitled “PZU's Best Practices” is the PZU Group's code of ethics. It contains standards of conduct, including ethical principles applicable to all employees. The PZU Group's code of ethics helps to shape the organizational culture and employee attitudes, propagates and promotes a culture of compliance with the prevailing laws and making decisions based on ethical criteria.

Rules of conduct collected in “PZU's Best Practices” pertain to the following:

- client relations;
- use of sensitive/confidential information;
- work environment and human rights;
- fair competition;
- market communication and contacts with the media;
- compliance with law;
- conflict of interest;
- gift handling;
- reporting ethical problems.

In large organizations like PZU special attention is paid to issues such as conflict of interest management, prevention of corruption, rules for accepting and giving gifts and reporting irregularities, or whistleblowing. These issues are regulated in PZU by various documents: "Conflict of interest management principles", "Anti-corruption Program", "Rules for acceptance and giving of gifts" and "Whistleblowing procedure". The anti-corruption program and the whistleblowing procedure in place in PZU are described below.

Anti-corruption program

Based on internal regulations, when selecting business partners, we make an objective assessment of the proposed services, analysis of price and other terms and conditions of future cooperation.

We believe that maintaining transparent relations with business partners will allow us to monitor risk on an ongoing basis and ensure transparency in PZU's operations. The PZU Anti-corruption program emphasizes that "being fair" is the basic value in relations with our suppliers and clients.

How can you report a breach of principles?

The possibility for employees to report irregularities known as whistleblowing is an important solution in our company. Each notification is reviewed with a guarantee of confidentiality given to whistleblowers and the information they provide. Employees may report any concerns of an ethical nature and violations of provisions of law and internal regulations:

- by telephone or fax – to a dedicated contact number;
- by post – to the postal address of the PZU SA/PZU Życie SA - Compliance Department;
- by e-mail – to a dedicated e-mail address: zareaguj@pzu.pl;
- in person – during a conversation with an employee of the Compliance Department.

Reports given by specific individuals or anonymously are reviewed by a dedicated team in the Compliance Department. In 2015–2016, no corruption incidents were recorded in the register of irregularities.

Identical solutions in this respect have been implemented in the PZU Group entities.

How do we manage ethics and compliance issues?

Compliance monitoring in PZU in terms of the law, established standards of conduct and ethical issue management is the responsibility of the Compliance Department. It takes actions not only to promote ethical conduct in the organization but also to support it in the compliance risk management process. To ensuring a consistent compliance function in the PZU Group, the Department analyzes internal regulations, processes and systems in the compliance risk area. It also coordinates cooperation with public administration bodies and is responsible for the proper execution of its reporting duties as a listed company.

The Department cooperates with other PZU units, statutory bodies and PZU's direct and indirect subsidiaries.

Each PZU Group employee creates our culture of compliance. Employee actions determine how friendly and inspiring our internal environment will be and how, not only PZU, but the overall PZU Group will be perceived externally. The image and strong brand are based not only on its professional product offering but primarily on the people who design it. For this reason, we have undertaken a number of communication efforts promoting a culture of compliance in the PZU Group and the principles and values referred to in "PZU's Best Practices". The Compliance Department's communications bear the Compliance Owl sign.



What actions do we take to promote a culture of compliance in the PZU Group?

Compliance Week PZU

Internal event for the overall organization (Head Office, field units and PZU Group Companies) prepared and executed by BCM employees. The Compliance Week lasted for a whole week in October 2015 and 2016. During Compliance Week we organized compliance-related events. The purpose was to develop and improve the awareness of PZU Group employees concerning the local and European regulatory environment and convey key information about compliance in a digestible and understandable form, i.e. through lectures, knowledge contests, individual and group compliance knowledge tournaments. During compliance week, training courses were delivered on key changes in laws, outsourcing policy, cross-border activity, gift handling principles, competition and consumer protection laws and compliance issues related to the multi-FTE employment model used in the PZU Group.

Training promoting knowledge on individual compliance areas

In 2015-2016 dedicated training courses were conducted:

- Program of compliance with competition and consumer laws in PZU SA and PZU Życie SA (including training for Senior Management and a round of training courses in sales),
- marketing materials – managing the risk of misleading prospective clients through product advertising,
- complaints – compliance risk management – addressed to the Complaint Handling Teams,
- Compliance of a listed company – discussing primarily new EU regulations in stock exchange reporting duties prevailing as of 3 July 2016 (MAR Regulations, MAD Directive and Transparency Directive).
- Gift handling principles,
- Outsourcing policy,
- Conflict of interest management,
- Anti-corruption program,
- Whistleblowing system,
- Identification cards and risk assessment.

Biuletyn Compliance PZU

A quarterly bulletin presenting, in a digestible form, the current regulatory challenges faced by the PZU Group and selected market events that may be interesting and useful for all PZU employees in their daily work. All issues are available on the Compliance Department intranet site and are distributed by e-mail directly to several hundred subscribers.

Compliance Network

Regular meetings of the persons responsible for the compliance function in PZU Group companies, prepared and executed by the Compliance Department staff. These meetings present key current knowledge on compliance matters to the persons responsible for execution of compliance functions in PZU Group companies.

Obligatory training on compliance and ethics for new employees

In 2015-2016, we continued a series of training for new employees in PZU's Head Office and field offices (on-boarding training) on compliance and ethics.

In 2015-2016, 1,732 employee took part in the training.

E-learning courses

The e-learning course entitled "Compliance PZU", amended in 2015, was completed by 9,190 PZU Group employees, of which in 2015: 8,745 people and in 2015: additionally 445 newly employed employees.

Other communication and education activities

Film campaigns, compliance alerts, articles on compliance matters in the Newsletter, in Świat PZU and on the Compliance Department intranet website.

In the 2015-2016 reporting period, cases of incompliance were recorded in the delivery of products and services. Procedures are pending.

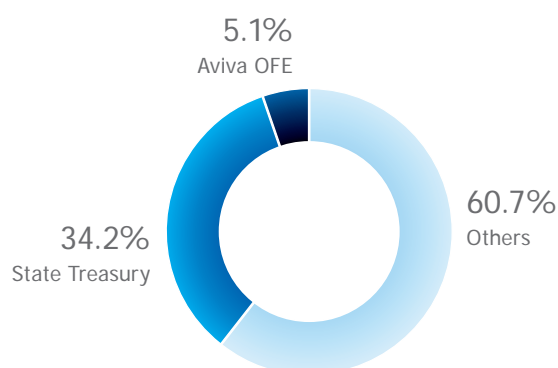
PENALTY AMOUNT	DECISION	PZU'S REPLY
PLN 1,643,557.80	The decision of the President of the Office of Competition and Consumer Protection RWR 41/2009 dated 30 December 2009 alleged: 1) Breach of collective consumer interests through inclusion in the GTCI of contractual clauses listed in the abusive clause register, involving the possibility of paying claims in a net amount – net of VAT and refusing to pay claims – in the illegal import of a vehicle into the EU customs area; 2) Breach of collective consumer interests through the use of contractual clauses breaching Article 813 § 1 of the Civil Code. For application of the aforementioned practices, a total fine of PLN 14,792,020.40 (PLN 4,930,673.40 for the allegations described in item 1 and PLN 9,861,347.00 for the breaches described in item 2) was imposed. In PZU SA's opinion, the decision was incorrect and was challenged in its entirety in 2010. As regards the allegations described in item 1, the decision was finally repealed by the judgment of the Appellate Court in Warsaw on 6 November 2013. As regards the allegations described in item 2, the decision became final on 6 November 2013 but the Appellate Court reduced the fine imposed on PZU SA to PLN 1,643,557.80, which was paid in 2013.	PZU SA's cassation appeal (to the extent to which the aforementioned decision was not repealed) was accepted for examination on 28 January 2015. We are waiting for the hearing date. Case closed: PZU SA's cassation appeal was dismissed.
PLN 150,000	KNF's decision of 3 September 2013 imposing a penalty on PZU SA totaling PLN 150,000 for failure to pay claims on time.	On 19 September 2013 we filed an application for re-examination of the case; A complaint against KNF's decision was filed with the Voivodship Administrative Court in Warsaw in 2016. Currently, we are waiting for the hearing date to be set.
PLN 150,000	KNF's decision of 4 November 2014 imposing a penalty totaling PLN 150,000 for failure to pay claims on time.	On 21 November 2014 we filed an application for re-examination of the case. We are still waiting for the above application to be processed. KNF's most recent letter indicates that KNF plans to close the proceedings no earlier than in March 2017.

1.3. WHO OWNS PZU?

We are owned by our shareholders. From the time of its IPO on the Warsaw Stock Exchange, PZU has consistently distributed earnings to its shareholders and makes sure they receive the best quality information at the right time.

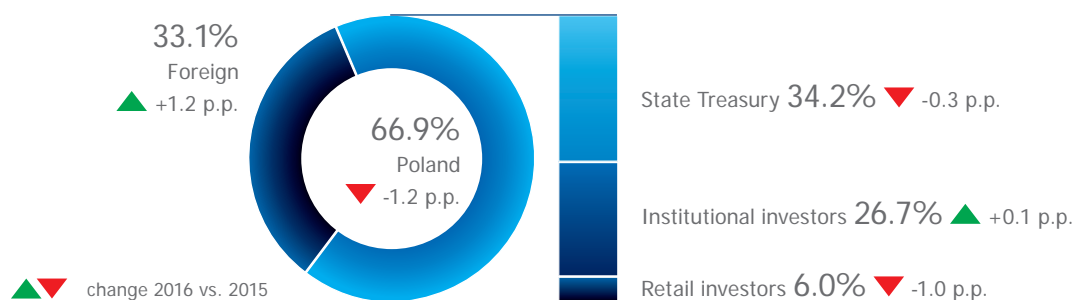
PZU SA made its debut on the Warsaw Stock Exchange on 12 May 2010 and since then it has belonged to the WIG20 Index. With capitalization of over PLN 28.7 billion as at the end of 2016, PZU was the sixth largest listed company in Poland with an 8.9% share of the trading volume on the overall stock exchange (4th place). PZU SA also belongs to the following Warsaw Stock Exchange indexes: WIG, WIG30, WIG-Poland and WIGdiv.

PZU shareholder structure as at 31 December 2016



Source: Current Report 17/2017

PZU shareholding structure – key investor groups



1.3.1. CSR INDICES

Investors appreciate companies that care about social corporate responsibility. ESG criteria supplement traditional analysis based on risk/profit analysis in picking companies for an investment portfolio. An investment in companies with a high level of sustainable development may in the long run produce better rates of return than the broad market index.

Piotr Wiśniewski – Manager of the Investor Relations Team

From 1 February 2012, PZU has been in the first RESPECT Index in Central and Eastern Europe consisting of listed companies on the Warsaw Stock Exchange. Membership in this index reflects not only the company's good financial standing and quality of corporate governance but also communicates to investors its high quality practices in the workplace, environment and social activities. It also means lower non-financial risks and investor access to extensive non-financial information.

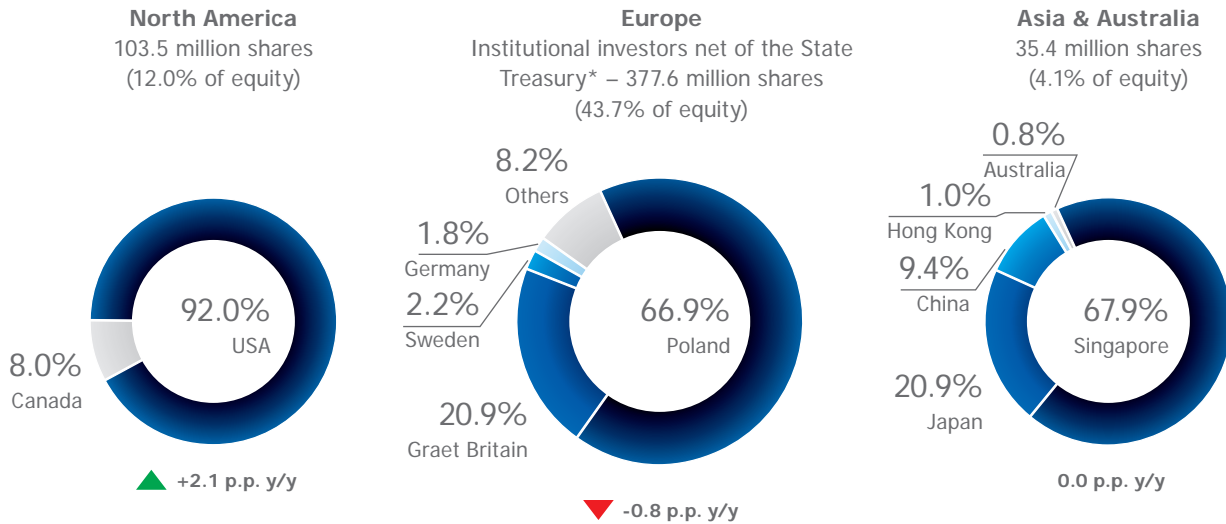
Investors pay increasing attention to analyzing issues associated with sustainable development and corporate social

responsibility. There are specialized funds for which ESG (environmental, social and governance) criteria are the basis for making investments. Companies managed in a sustainable manner, properly conducting social dialogue and maintaining investor relations are ranked higher. Espousing high criteria blended with membership in these indices is an element of building our shareholder value.

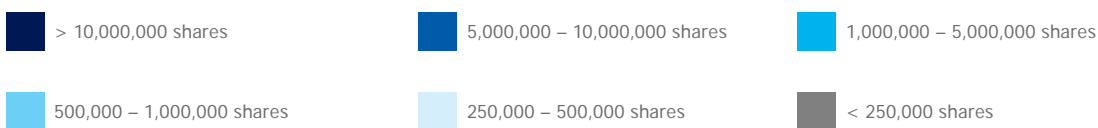
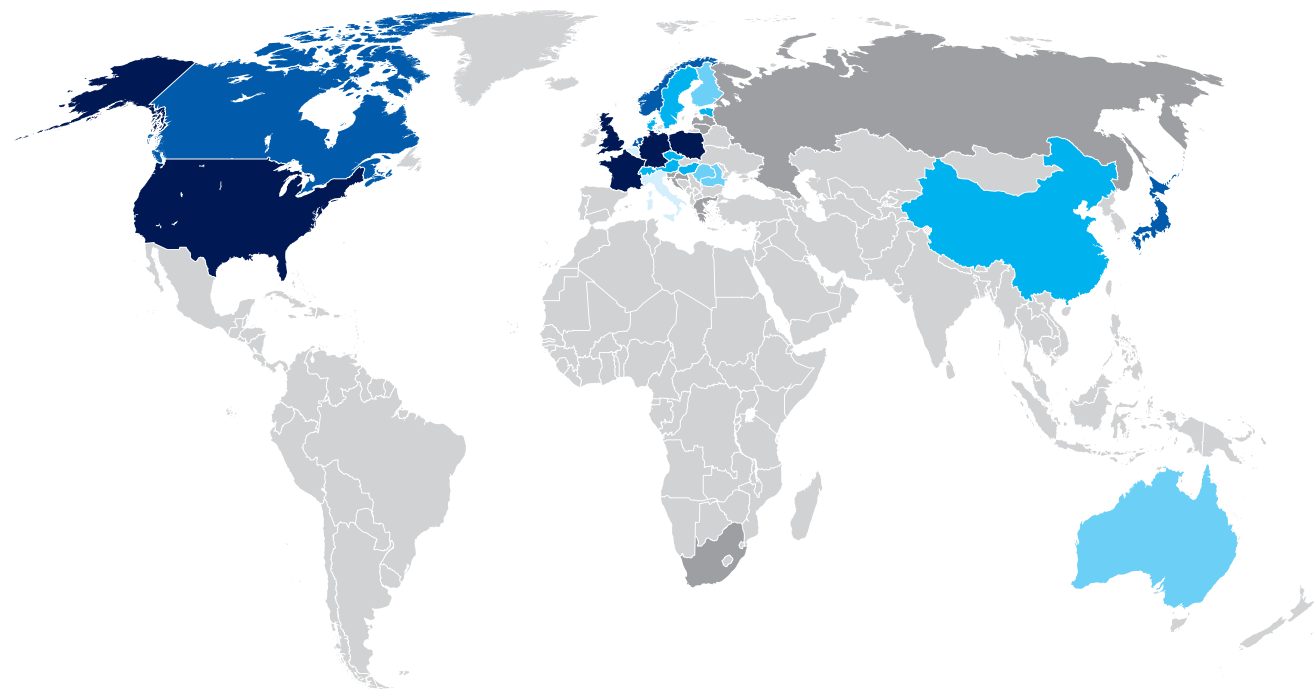
1.3.2. DIVIDEND

On 3 October 2016 The PZU Group adopted its new Capital and Dividend Policy for 2016-2020. In accordance with this Policy, the PZU Group endeavors to do the following: manage capital effectively by optimizing the usage of capital from the Group's perspective; 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 acquisitions; ensure sufficient financial means to cover the Group's liabilities to its clients.

Geographical structure of PZU's shareholders (institutional investors)



▲ ▼ Change 2016 vs. 2015 *State Treasury – 34.2% equity stake



1.3.3. COMMUNICATION WITH INVESTORS

The PZU Management Board makes efforts to augment the Company's transparency and ensure reliable communication with the investor community. The unit directly responsible for the performance of detailed tasks is the Investor Relations Team.

We are committed to applying the "Principles for PZU to Conduct its Disclosure Policy to Capital Market Participants" available on our website at www.pzu.pl.

We observe the "Code of Best Practice for WSE Listed Companies".

We also participate in a program conducted by the Association of Individual Investors named "10 na 10 – Komunikuj się skutecznie" (10 of 10: Effective Communication) aimed at developing high communication standards for listed companies to reach individual investors.

Our efforts in 2016 were recognized through numerous awards and distinctions:

First place for the best online annual report (for the second year in the row) among banks and financial institutions during The Best Annual Report contest organized by IRIP (Accounting and Tax Institute).

PZU ranked third in the general classification (The Best Annual Report 2015) consisting of the overall score for the consolidated financial statements, the management board's group activity report and its online report;

Third place for Michał Krupiński, CEO in the ranking of the best CEOs for investor relations in Poland and Central and Eastern Europe in the Extel 2016 study;

Third place (for PZU and personally for Piotr Wiśniewski, the investor relations team manager) in the ranking of the best investor relations in Poland in the Extel 2016 study.

The Extel study covered the investor community of 16 thousand people from 75 countries. Brokerage houses and investment analysts evaluated 5.5 thousand persons and more than 1.5 thousand companies in investor relations. All the data used in the ranking were externally audited to guarantee reliability and correctness;

Distinction awarded by the Association of Individual Investors in the "10 of 10: Effective Communication" Program for maintaining high standards of communication with the capital market;

Business Sharks Awards (in the first annual Capital Market Forum) in two categories: "Best IPO in 25 Years" and "Dividend Company".

1.4. WHAT KIND OF EMPLOYER ARE WE??

PZU is an employer that offers the opportunity to work on large and interesting projects. We like ambitious initiatives that allow us and our employees to consolidate our position in the insurance, investment, health and banking segments. In order to meet these ambitious challenges, we are committed to development. On average, our employees benefited from over 31 hours of in-service training between 2015 and 2016. As an employer we offer attractive salaries and an extensive package of perks. In addition to medical care, group insurance, insurance for medicine and access to a wide range of recreational, sports and cultural benefits, we also run an Employee Pension Plan. It provides a solid foundation by providing a future retirement pension to which we contribute 7% of an employee's monthly salary for each month of service.

Magdalena Sztajnberg – Director of the HR Management Department

Distinctions:

Top Employers Poland



Top Quality HR



Employer's Accreditation ACCA Poland

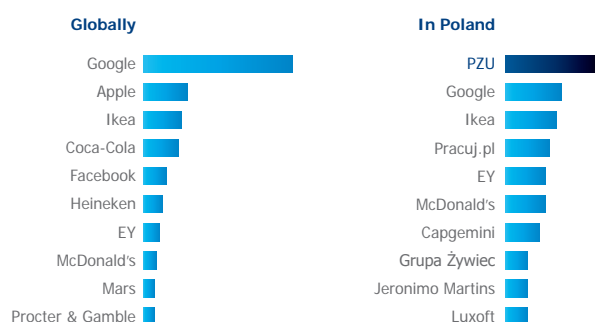


High Quality Internships and Apprenticeships



PZU is the leader in employer branding in Poland

Companies that are the best employer brand managers



Employer branding leaders in Poland, 2016



PZU – 33%



EY – 13%



Google – 10%

Employer Branding management awards:

EB Excellence Award – Awards in the Online Campaign Excellence 2015 and 2016 category and distinction in the Excellent Offline Recruitment Campaign 2016 category

EB Stars – Awards in the Best Use of Social Media 2015 and 2016 and Best Offline Activities 2015 categories and numerous distinctions, including the special distinction for 2015

EB Creator – Award in the Best employer branding Campaign 2015 category and nominations for the Best Social Media Campaign 2016 and Internal Employer Branding Campaign 2016 categories

Strength of Attraction – Award in the Best Employer Branding Campaign for Millennials 2016 category

What is our organizational structure?

Organization Structure Chart of PZU SA



How many people do we employ?

Headcount in PZU SA and PZU Życie in 2015-2016. The records do not include any people cooperating with PZU based on civil law agreements. In 2015, the headcount was 7,293 and in 2016 it was 5,141.

By gender:



Women: :
• 6,880 (5,912*) in 2016
 • 6,971 (5,971*) in 2015



Men:
• 4,133 (3,781*) in 2016
 • 4,247 (3,881*) in 2015

By fraction of FTE::



Full-time work:
• 10,921 (9,641*)
of which women: 6,821 (5,872*)
in 2016
 • 10,721 (9,467*)
 of which women: 6,729 (5,797*)
 in 2015



Part-time work:
• 292 (226*)
of which women: 151 (115*)
in 2016
 • 297 (211*)
 of which women: 150 (99*)
 in 2015

By type of contract:

Indefinite term
• 9,525 (8,355*)
of which
women: 5,878
(5,020*) in 2016
 • 9,466 (8,280*)
 of which women:
 5,879 (5,000*)
 in 2015

Fixed term
• 836 (771*)
of which
women: 508
(464*) in 2016
 • 1,036 (941*)
 of which women:
 571 (512*)
 in 2015

Trial period
• 101 (91*)
of which
women: 64
(59*) in 2016
 • 120 (112*)
 of which women:
 68 (63*) in 2015

Replacements
• 551 (476*)
of which
women: 430
(369*) in 2016
 • 596 (519*)
 of which women:
 453 (396*)
 in 2015

Employment agreement
• 11,013 (9,693*)
of which women:
6,880 (5,912*)
in 2016
 • 11,218 (9,852*)
 of which women:
 6,971 (5,971*)
 in 2015

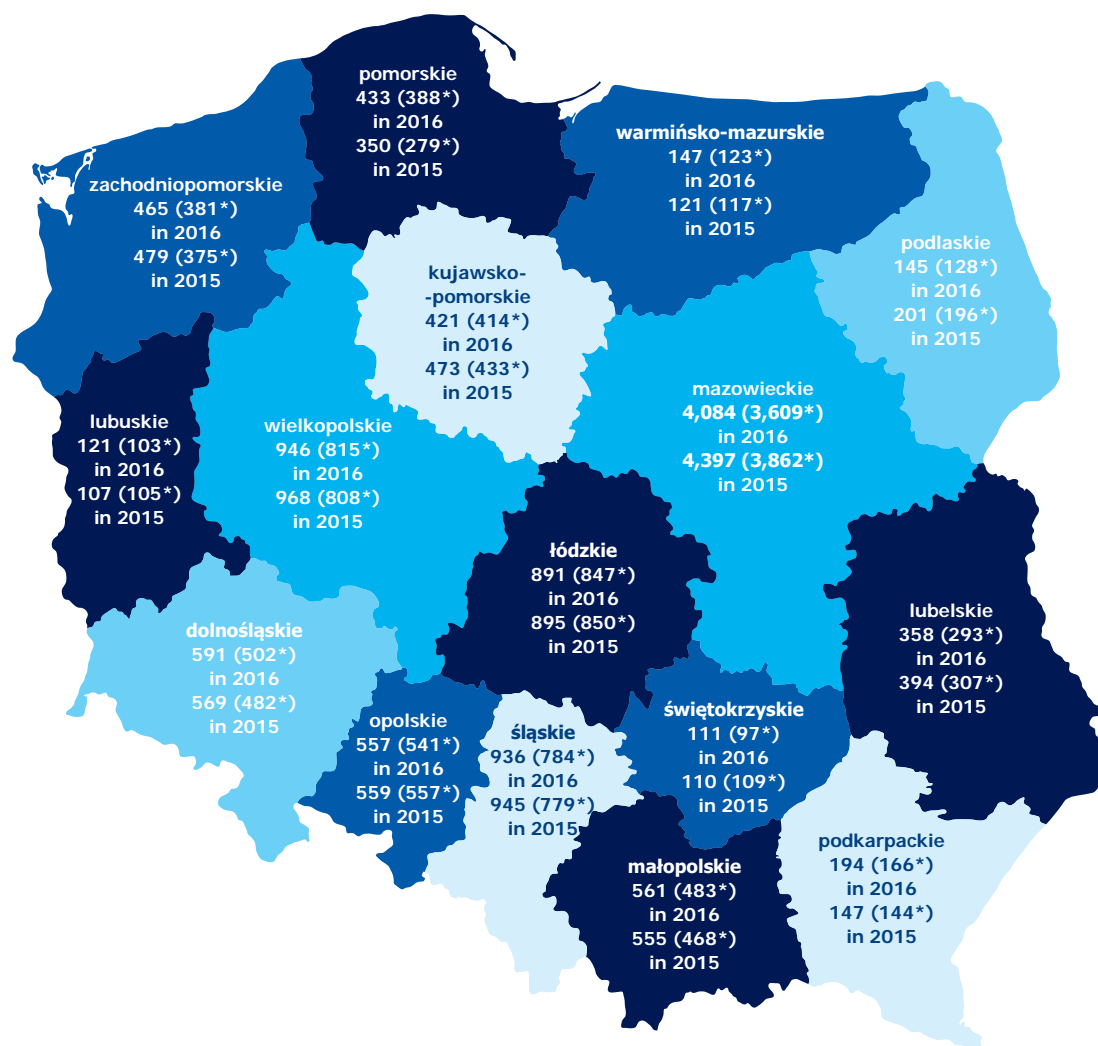
By position:



Employees
• 10,659 (9,422*)
of which women: 6,767 (5,824*)
in 2016
 • 10,852 (9,573*)
 of which women: 6,862 (5,886*)
 in 2015



Senior management
• 354 (271*)
of which women: 113 (88*)
in 2016
 • 366 (279*)
 of which women: 109 (85*)
 in 2015

By region:

* of which PZU SA ; aggregated data is stated for PZU SA and PZU Życie SA since most of our employees' positions are shared between the two companies. For the purposes of this report, we have also separated the number of persons whose position is linked to PZU SA, including shared employees.

1.4.1. RESTRUCTURING

We are changing and that requires personnel changes. On 10 April 2015, we signed an employment restructuring agreement with the trade unions that affected 267 employees in PZU SA and PZU Życie, of which 132 were dismissed. To redundant employees and those who did not accept the proposed change in the terms and conditions of employment,

we offered exit conditions more favorable than those required by law. The Company does not have a Collective Labour Agreement (ZUZP). No employment restructuring was carried out in 2016.

1.4.2. TERMS OF EMPLOYMENT

HR administers the employment and employee compensation policy in the PZU Group.

What are the main assumptions of the PZU Group's employment and employee compensation policy?



Reward and retain the best employees through a competitive compensation policy, training and professional development.



Plan succession for PZU Group positions through career paths and growth programs for employees and managers.



Attract the best employees by building a preferred employer's image and through effective recruitment and selection.



Support the PZU Group employees' activities outside the workplace, also by involving them in CSR efforts, e.g. employee volunteerism.

What are the main components of the employee compensation package?

1. basic salary depending on the valuation of a given job in accordance with the KF Hay Group methodology;
2. variable pay depending on the job group and the nature of business, but also on the evaluation of employee and organizational unit performance, considering the Company's overall performance;
3. broad range of benefits.

1.4.3. EMPLOYEE SATISFACTION

Activities resulting from the outcome of the employee opinion survey conducted in 2014 were continued. The next employee opinion survey is planned for 2017.

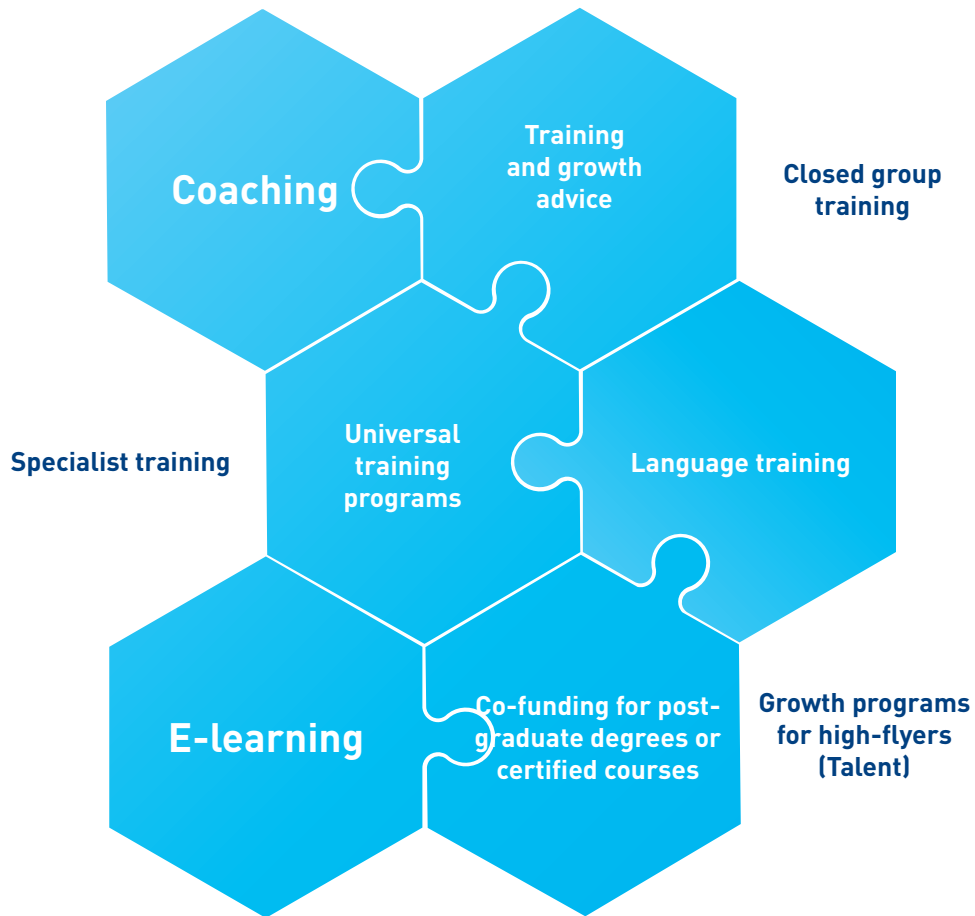
1.4.4. EMPLOYEE DEVELOPMENT

We provide our employees with space to develop their skills. The development of skills related to strategic goals is important to us. We offer our employees various forms of competence development. We help our senior managers develop versatile leadership skills and assist managers in developing managerial awareness, team commitment, team business efficiency and coaching skills required for their roles. Through dedicated training, we encourage other employees to develop competences related to communication, accountability, performance, cooperation and growth.

What benefits are available to our employees?

- Employee Pension Plan;
- medical care;
- insurance for medicine;
- Company Social Benefit Fund cafeteria (benefit amounts depend on the level of income per family member);
- investment loans for employees;
- discounts on products offered by the PZU Group;
- relocation benefit in case of a change of the place of work within the PZU Group at the initiative of the employer;
- managerial package for Senior Management
- support for extracurricular activities, including the option of practicing sports in the specialist sections of the PZU Sports Team, free gyms available in Warsaw and Szczecin, employee volunteerism.

What development opportunities are available to our employees?



What are the key development programs?

Leader 2.0 – leadership development program for senior managers

Manager 2.0 – management competence development program for mid-level managers

Manager 2.0 Inspiratorium – gamified online platform supporting development of managers in the Manager 2.0 program and offering self-driven growth incentives

Talent programs as part of the PZU Talent network

TalentUP – development program for specialists with management potential

SmartUP – development program for managers in the form of General MBA courses combined with the implementation of innovative solutions in PZU

The program to develop our organization's DNA competence: PLUS (Professionalism, People, Skills, Training) prepared for all PZU employees in the form of a training cafeteria

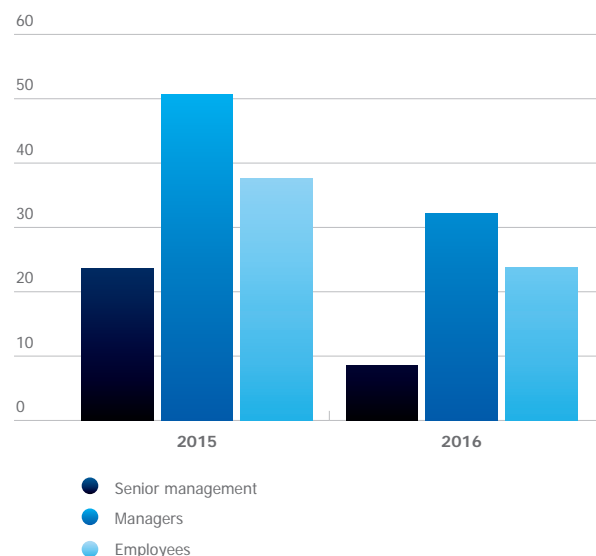
The rules governing the use of development opportunities are defined by three key procedures:

1. "Employee training and development procedure";
2. "Procedure for post-graduate courses and specialist forms of professional employee development";
3. "Employee language skills improvement procedure".

All employees are subject to the annual evaluation process, as a result of which the superior develops an "Annual Development Plan". In the plan we recommend using the 70-20-10 rule, which assumes that 70% of competence growth occurs as a result of experiences acquired at work, 20% through knowledge exchange and 10% through formal training.

The training ratios refer only to training courses that develop employee competences closely related to the employee's professional duties. They do not include mandatory training or training promoting the observance of OSH rules, management of general daily risk not specific to a given position and the company's general orientation training.

Average number of training hours*



* We do not record training hours broken down by gender. The number of hours was calculated on the basis of the HRM training management system. It was assumed that training participation is equal for both genders.

1.4.5. EMPLOYEE SAFETY

The OHS Team is responsible for supporting the employer in occupational health and safety. Activities that contribute to occupational safety are based on open and clear communication with employees. A safe and friendly workplace is our priority, which we provide to PZU employees, contractors and other people working for PZU.

The health and safety team is actively involved in first aid. As a follow-up to the AED project, it organizes a group of rescuers and promotes first aid. In the reporting period, we organized 192 first aid trainings, with a total of 1877 employees participating. At the invitation of external institutions such as kindergartens, schools, social organizations, the OHS Team conducted 246 first aid workshops for 11,000 people. In 2016, in order to enhance client and employee safety, we equipped PZU outlets and offices

Conducts regular inspections of the buildings where our employees work to ensure that working conditions meet OHS standards.

Conducts OHS and first aid training for employees to raise awareness and feel safer.



Advises on changes in the layout of office facilities to make them comfortable and safe.

Supports employees with reimbursement for the purchase of glasses, claiming accident-related compensation.

with 60 AED defibrillators. A total of 90 defibrillators are installed in PZU outlets throughout Poland.

In the reporting period, we trained 6,748 employees in 503 regular training sessions.

PZU SA has a health and safety committee consisting of two employee representatives and employer representatives. The commission meets once a quarter.

What health and safety principles do we observe?






Occupational health and safety principles are defined by law and by our internal regulations. The most important include:

- Resolution UZ/78/2014 adopted by the PZU SA Management Board in the matter of the Bylaws of management of

personal protective equipment and workwear and work shoes in PZU SA;

- Ordinance Z/31/2011 adopted by the President of the PZU SA Management Board in the matter of length and frequency of regular occupational health and safety training;
- Resolution UZ/131/2010 adopted by the PZU SA Management Board on 19 March 2010 in the matter of the rules for reimbursing the cost of corrective vision devices to PZU SA employees;
- Circular Letter No. 0/81/2011 in the matter of corrective vision devices in PZU SA;
- PZU Group's OHS Instructions (PZU SA/PZU Życie SA);
- document entitled "Assessment of professional risk in the PZU Group" (PZU SA/PZU Życie SA).

Number of accidents, lost working days, injuries, occupational diseases and absenteeism rate in PZU SA:

	2015	2016
Total number of accidents	48	52
 – including fatal accidents	0	1
– including serious accidents	0	0
– including collective accidents	1	0
 Number of working days lost	2,279	1,686
Lost days rate LDR*	23.12	17.49
 Number of injuries	67	75
Injury rate IR*	0.48	0.53
 Number of occupational diseases	0	0
Absenteeism rate*	0	0
 Total number of accidents with subcontractors, including serious, fatal and collective accidents	0	0

* To maintain comparability of data, we used the formulas provided in the previous guideline version, GRI 3.1.

In 2015/2016, the number of accidents fell by 12% vs. the 2013/2014 period. We keep records of accidents in the Head Office and in each regional branch. The global register is stored in the Head Office to facilitate annual OHS analyses.

1.4.6. INTERNSHIPS AND APPRENTICESHIPS



As part of the PZU's paid internships and apprenticeships program, in 2015-2016 we enabled professional development for as many as 182 students and young graduates. In addition to the ongoing tasks and projects executed under the supervision of well-prepared supervisors, the program also included numerous training sessions and networking and integration meetings. The program is compliant with the Polish Quality Framework for Internships and Apprenticeships from the Polish HR Management Association.

- In 2015, we accepted 31 interns and 72 apprentices, of which 51 (55%) remained in PZU Group after the internship/apprenticeship ended,
- In 2016, we accepted 22 interns and 57 apprentices, of which 25 people* (45%, as at 1 February 2017) stayed in the PZU Group after the internship/apprenticeship ended,

* These data do not include the 24 people who completed their apprenticeships in March 2017;

The program as assessed by the interns and apprentices:

- 96% of the program participants confirmed that they gained valuable knowledge and skills;
- 92% of the program participants believe that the program met their expectations;
- 93% of the program participants would recommend the program to their friends.

Some of the internships were funded as part of the "You Are Competing for an Internship" contest (Polish Association of HR Management and PwC Polska) and "Karierosfera" (WIGGOR Student Association), the Career Program (Polish Business Council), Capital Market Leaders Academy (Lesław A. Paga Foundation), Go4Poland (WSE Foundation) and the apprenticeship program of the Economy and Public Administration Faculty of the Krakow University of Economics.

Employer branding in PZU:
open, direct communication
with candidates and
development of active
students

- National program of paid internships and apprenticeships for about 80-100 people annually
- Ambassador program for more than 20 students annually; financial and substantive support for more than ten student organizations
- training and workshops for students conducted by PZU employees
- financial scholarships for active students - winners of the Investment in the Future project with a prize pool of PLN 60,000
- financial and substantive support for the most popular student projects – winners of the Student Project of the Year with a prize pool of PLN 35,000
- competition PrzyciągamyNajlepszych.pl with engaging educational materials and prizes
- on-line image campaigns and promotional events on university campuses
- direct communication with candidates on the social media – Facebook, LinkedIn, Instagram and Snapchat logos



CHAPTER 2 OUR BUSINESS

Our client numbers are growing because clients are more frequently giving greater consideration to the quality of service and the services they receive, and not just the price of insurance.



Our business looks totally different from several years ago. We have changed our logo, we are changing our branches, we are strengthening our cooperation with agents, **we have launched a revolution in TPL, we are the leader in direct claims handling.** We listen to our clients. We organize our work around client segments. We are computerizing PZU to provide the best service. Does that sound like climbing Mount Everest? That is precisely the name of our new IT system.

In this chapter:

- you will learn what services we propose;
- we will surprise you with the actions we are taking in quality of service;
- you will see that PZU consists not only of branches but also a more extensive network of business partners – that is at your disposal;
- we will show you how our clients – people whose opinion we value the most – assess the changes we are making

2.1. WHAT PRODUCTS DO WE OFFER?



In PZU's strategy, the client is always in the center of our attention; this is why we focus on building and strengthening the client-company relationship. Today, no one wants to buy just products that are frequently very similar to one another. How can we differentiate ourselves? Today, how we do things is as important as what we do. Client service, the way how the company communicates with clients and how it reacts to critical situations is often how we decide whether to buy or continue cooperation. Clients expect positive experiences and emotions and they build loyalty. In order to achieve our goal, we have launched a number of projects that focus on designing and delivering positive and consistent client experiences, regardless of the contact channel.

Anna Janiczek

We offer a broad range of non-life insurance products to individual clients, small and medium-sized enterprises, group clients and corporations.



Motor insurance – In this group, the key products are mandatory third party liability insurance for motor vehicle owners and motor own damage (autocasco) insurance. They are the most numerous products in terms of the number of agreements and gross premium expressed as a percentage of total gross written premium.



Property insurance – Protects the insured's property in the event it is damaged by fire or other elements.



Personal insurance – Provides cover in the event of an accident (or some other event explicitly subject to cover under an insurance agreement) that causes bodily injury, health impairment or death. Cover takes the form of a guaranteed payment of post-accident benefits specified in the agreement.



Travel insurance – Provides insurance coverage to the insured during travel by reimbursing the insured for treatment costs (or sudden illness) as well as organization of assistance services (including medical transport).



Agricultural insurance – Has an important economic and social role. It allows farms that suffer as a result of natural disasters to regain their productivity.



Liability insurance – Protects the insured's property against the liability to rectify the damage caused by the insured. It protects the injured party against the possible insolvency of the person causing the damage.



Legal insurance – One of the elements that build legal awareness among Poles by providing protection against the risk of legal disputes and incurring the related costs. It provides suitable protection of legal interests of insurance companies' clients. It helps abolish the barrier posted by legal costs.



Financial insurance – Is an important risk management factor. The main product lines include insurance bonds, bank portfolio insurance and insurance of receivables.

2.1.1. INNOVATION LABORATORY

Innovation Laboratory

The laboratory implements innovations focused on ensuring the best possible experience for PZU clients. In our activity, we are trying to look at the overall financial market, seeking interesting areas for innovation. We follow the trends to keep up with the directions in which the financial sector is developing. The ideas we are implementing are based on the latest technology solutions to ensure that the company is perceived as modern and dynamic. The mission of the Laboratory is as follows:

- Continuously seek for ideas tailored to the needs of clients and organizations,
- Translate concepts into specific ideas to be subsequently implemented in pilots,
- Test different solutions while accepting the risk of failure,
- Implement solutions across the organization if our tests are positively received in a selected sample.

What are some examples of the Laboratory's initiatives that have received a positive recommendation for a pilot?

- **Migam (*I sign*)** – customer service for the deaf in branches. Since the end of 2015, 8 branches serve deaf and hearing-impaired clients in Warsaw, Gdańsk, Szczecin, Augustów, Rzeszów, Krakow and Wrocław. At a specially-marked position, a client may use a tablet and an Internet application to connect to an interpreter and talk to a PZU employee with an interpreter's help. But that's not all. PZU went one step further. Soon the first deaf and hearing-impaired clients will be able to get assistance from a consultant through a hotline.
- **Mobile app for agents**
In a pilot program launched for a selected group of users, a dedicated application has been developed for agents using tablet-type mobile devices. With this solution, an agent was able to automate the process and close sales using a single mobile device. The key advantages of the app are as follows:
 - The sales system operates with full compatibility on a dedicated platform: a tablet with a data transmission feature allows the agent to use the sales systems after logging in, even when the agent is outside the office.
 - Electronic signature may be affixed to a policy using the tablet – the electronic signature on the tablet made it easy for both parties to sign an insurance agreement.The app has gone through the pilot phase with a selected group of agents. It is currently in the development phase.

2.2. WHAT ARE OUR COMMUNICATION AND MARKETING PRACTICES?

2.2.1. CLIENT COMMUNICATION

Client voice

Listening to clients is an important aspect of our activity; clients communicate through the complaint process, through consultants and employees and feedback may also be gathered in direct meetings with clients. We make it a standard in our company; as a result, we are able to respond to client expectations and change for our clients.

We make sure our communication is simple and comprehensible. Communication should be tailored to the needs and capabilities of our clients; otherwise, as authors we are responsible for any communication failures.

That is why, together with the Studio of Simple Polish Language at the University of Wrocław, we conduct audits of the language of our communication with clients. We examine whether our communication with clients is effective, friendly and understandable and whether we speak the same language as clients who write to us. A study of communication through social media, an increasingly popular contact channel, is an important element of these efforts.

Client communication

For years, PZU has been satisfying client expectations by providing a wide range of communication channels from traditional ones such as letters and hotlines, to contemporary channels available on mobile devices, such as chats, video chats and social media. Even though clients most frequently still call us, we are observing growing interest in remote channels via the web.

In 2015-2016, we focused on strengthening relations with our clients by developing communication through remote channels. Social media have become more important. Client contacts via Facebook and Twitter shot up almost 500% year on year. We have also diversified the way we present information by preparing and posting video tips on the PZU YouTube channel. We have used this accessible form of communication, for example, to discuss why it is beneficial to have car insurance, how to read cost estimates and what a deductible is. We also focus on the FCR (First Call Resolution) approach, whereby we attempt to close each client's case during the first contact.

USE OF CONTACT CENTER CHANNELS IN 2016



Calls handled

14,910,798



SMS

3,613,673

Structure of different hotlines:

- 34%** claims handling
- 24%** product hotlines
- 14%** help desks for agents and employees
- 12%** medical center hotline
- 12%** assistance
- 4%** other



Traditional mail



Received by the Central Mail Office

4,674,546



Sent to clients (massprinting)

23,170,000



Incoming electronic correspondence;
kontakt@pzu.pl

3,400,431



Mass e-mailing to clients

7,178,632



Social media

7,237 cases



Video chat

11,973



Chat

78,421



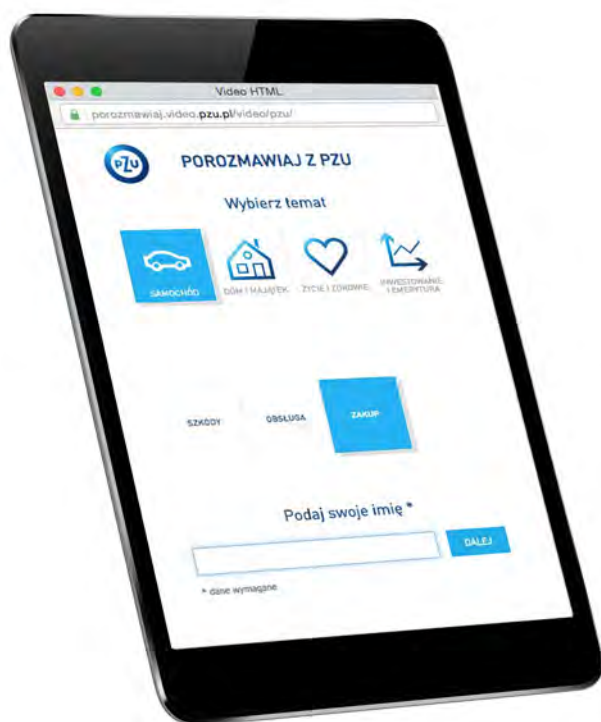
Handling of forms WWW

1,457,100

One connection – comprehensive service

FCR Focus – the percentage of client cases resolved during the first contact is stable at about 90% of clients serviced.





One connection – comprehensive service (First Call Resolution focus)

Since 2016, we have been cultivating client satisfaction by focusing on resolving client issues during their first contact with the contact center. We have worked intensively on a project in claims handling. We have implemented the capability to determine the cost of repairing a property during loss notification by telephone and video chat. A client notifying, for example, an apartment flood is able to specify the detailed nature and level of damage during the first call. The consultant provides the client with a detailed cost estimate of repair or refurbishment. This means the claim may be paid within 3 days of notification. We went one step further and in November we implemented another solution named Calculate the damage. Clients receive a link to a dedicated calculator to prepare a repair cost estimate themselves on a mobile device or personal computer. All of this has made it possible to prepare further development plans in claims handling in coming years. In 2016, we also tested a solution in which a dedicated group of clients was serviced without IVR. After a welcome message, the client is connected directly to a consultant who has very broad powers to handle cases from very diverse areas ranging from product information to claims handling. In this FCR process, the percentage of client cases closed during the first call remains stable at about 90%.

“Superior” Video Chat and Chat

We are one of the first companies on the Polish market to have introduced customer service by video. As time passed and market trends changed, we decided to add the functionality of a simultaneous chat and video call. This solution allows both sides to send chat messages during a call, which saves time and eliminates the need to take notes. We continued our search for further improvements and consequently we made it possible for clients to call PZU free of charge from any location in the world. For this purpose we prepared a tab on the www.pzu.pl website that is also supported by mobile devices. In 2016, we launched the Click to Call option. From that moment, a client with Internet access may choose the contact option he/she feels is the most convenient: call a consultant, use a Video connection or Chat.

Clients like it!

Since December 2015, Facebook and Twitter have become official contact channels with PZU. Currently, there is an official PZU fanpage devoted mainly to the products and services we offer. There is also a PZU Pomoc fanpage devoted to PZU's social commitment and PZU Kariera, an employer branding fanpage. The Contact Center has a dedicated team of specialists providing customer service through this channel. We select people who understand new media, are customer service practitioners and have high empathy levels. The team solves client issues and monitors the Internet on an ongoing basis. We build relations with Internet users through discussions or tips offered on social forums where insurance is discussed, e.g. often on parenting forums. The team is supported by tools such as the Centrum Pomocy (*Help Center*) application. Throughout 2016 we observed more and more clients choosing this form of contact. 2016 saw a nearly 500% increase in the number of cases and the number of our fans continues to grow.

INSTITUTION OF THE YEAR ranking

For two years now, the mojebankowanie.pl portal has prepared an independent ranking of insurance companies. The main objective of this ranking is to offer an independent quality audit and to promote companies with the best customer service.

The ranking is conducted regularly and is divided into editions. This makes it possible to recognize a company that maintains high quality of service throughout the year. The audit is carried out by industry experts with many years of experience who use, among others Mystery Caller and Mystery Mailing techniques.

In this ranking companies can receive two distinctions: **"Best Client Service Quality in the Branch"** and **"Best Client Service Quality in Remote Contact Channels"**.

PZU as a leader among insurance companies

Best Client Service Quality in Remote Contact Channels

In 2015, PZU obtained 83.31% positive answers to all the questions in the research. In 2016, the company scored 84.85%, thereby defending its leading position among insurers.



INSTYTUCJA ROKU
2015



INSTYTUCJA ROKU
2016

In 2015, PZU ranked first, among 24 surveyed insurance companies in the **"Best Client Service Quality in the Branch"** and **"Best Client Service Quality in Remote Contact Channels"** categories.

In 2016, PZU maintained its leadership position in both categories.

Social Media Command Center

- We have established a Social Media Command Center responsible for the company's image in the web and warming it up.
- The team conducts daily monitoring of the internet and social media, gets involved in discussions on the forums, drafts posts on Wykop.pl, Twitter and Facebook, and answers clients' private queries through a dedicated Help Center application.
- It deals, among other things, with issues related to insurance sales, claims handling, assistance, communication, advertising and CSR initiatives.

Transpromo letters

- Mail correspondence in which we combine substantive elements (e.g. transaction-related) with promotional elements, offering measurable benefits to clients.
- The overall concept is based on the philosophy of simple language, and its overriding motif is building positive relations in contacts with clients. Therefore, our letters are more of personalized nature and the client will find in them information shown using infographics or prevention elements associated with safety.

Central address for paper and electronic correspondence

- Centralization of these functions has made it possible to implement uniform service standards and tools to control the process of answering client queries.
- That means clients are certain their cases will be processed.

The research evaluates 3 areas:

- The website and forms of contact (chat, video chat, contact forms),
- Answering questions asked by e-mail,
- Contact with the hotline.

Experts research in detail all available contact channels. They assess whether the home page and the contact tab have the required information. They also assess the contact form. In each edition they send up to 5 questions to each company, directly to the contact e-mail address or through a form on the website, and assess the waiting time for the answer and evaluate the answer from an aesthetic and quality perspective. Contacting the company by telephone, video or chat, experts verify the easiness and speed of connection, quality of connection and conversation with the consultant.

PZU's main asset is availability practically in all the contact channels on the market. Our main advantage across the board is the speed of reply – 80% of telephone calls are answered within 5 seconds and the maximum waiting time for a chat or video chat did not exceed 30 seconds. In each case we also used clear and understandable language. Among all contact channels, PZU's hotline received the highest scores with a total score of 93%.

Why do we simplify communication?

As insurance specialists we are responsible not only for well prepared products but also for client communication. We believe our clients should understand every sentence we write. That is why we strive to translate texts full of insurance and legal terms into wording that is understandable to everybody. From 2013 we have been implementing the rules of simple language (following the plain language popular in the west). When writing our materials, we delete all elements that hinder communication (e.g. difficult terminology, long and complex sentences, specialized terms).

Because we handle everything professionally, we have established cooperation with the Studio of Simple Polish Language at the University of Wrocław. At the outset, we carried out an audit of our communication and drafted rules for writing marketing texts. The new rules are communicated to employees at training courses that have so far been attended by several hundred people from more than ten departments.

To popularize the rules of simple language in PZU even further, we have organized a train-the-trainer course. Tens of employees have completed this course. For those who write texts for clients on a daily basis we have also devised guidebooks to familiarize them with the rules of linguistic accuracy.

We constantly develop. We implement new rules in practice – in leaflets, brochures, internet texts, campaign texts and others.

It is hard to calculate the volume of materials we have translated into simple language. We want our clients not to have any doubts when signing an agreement with us. Therefore, in 2016 we also undertook an effort to simplify our general terms and conditions of insurance (GTCI).

What initiatives have we introduced to communicate better with clients?

Four initiatives deserve special attention. They result from an audit we carried out. They are as follows:

- devising and implementing "Client correspondence standards";
- devising and distributing materials on the rules of simple Polish language, e.g. "Simple language in PZU" or "Correct Polish language guide";
- e-learning training on the rules for writing in simple language completed by over 7,500 people;
- off-site training for employees of different departments in the Head Office and in regional offices.

How do we ensure the highest standards in external communication?

To ensure the highest standards in external communication, we formulate our statements based on the following:

- "Best Insurance Practices";
- "Code of Ethics in Advertising".

Due to our conscientious observance of established rules, in the reporting period we did not receive any notifications of non-compliance in marketing communication, including advertising, promotion and sponsorship.

2.3. WHAT DO WE DO TO ENSURE HIGHER STANDARD OF SERVICE THAN OTHER INSURANCE COMPANIES?

All our strategy and organizational changes are focused on clients. Therefore, ensuring high standards of client service is our priority.

Paweł Menkiewicz – Managing Director

We are the leader of client service quality among insurers. To maintain this position, we have to remember that all other companies are trying to catch up with us. Therefore, we continue to focus on quality and look for areas that still need work because improvement is an ongoing process. We owe our success primarily to the huge commitment and day-to-day work done by our employees and agents – we support them with training and development efforts so they can develop. One should remember that the PZU's largest Branches are visited by as many as 500 clients a day. It is a challenge to provide each of them with personalized and top quality service. Our employees and agents are able to address these challenges while executing their sales plans.

Paweł Menkiewicz – Managing Director

2.3.1. CLIENT SERVICE IN BRANCHES

Branch highlights

Why do we change PZU Branches?

In top quality client service, every detail matters. Therefore, we start our actions by creating a good first impression when the client looks for our branch and finally crosses its threshold. For several years we have been renovating and improving our branches and, if we find it necessary, we change their location to be more accessible and recognizable to clients. The changes introduced in the branches are based on four assumptions:

1. functionality;
2. easy access;
3. modernity;
4. convenience.

These assumptions are the main guidelines for designing our branches, preparing them to operate and furnishing them. They have been drafted to address the needs of client service and ensure PZU's modern image.

We make sure every detail works. This applies for example to legible branch signage, construction of ramps for disabled persons and changes of branch opening hours adapted to the expectations in a given venue. We do not forget about our youngest clients – in several branches we have created special playground corners where children can play with environmentally-friendly jigsaw puzzles and color pictures while their parents are having a meeting with a relationship manager.

Summing up the changes made to the branch network infrastructure since 2014-2016, one should note that by 31 January 2017, branch modernization has covered over 98% of the properties where we conduct statutory activity.

In peak months, on average,
**one client enters each
PZU branch every minute**

Some branches are
visited daily by
**more than
2,000 clients!**

On average **over 50 persons**
are directly involved in opening a new
PZU branch.

We do not forget about the client service standard used by our tied agents. What does the Agent 2.0 program mean?

Our clients have not only our branches at their disposal. They are supported by nearly 5,500 PZU SA tied agents, 1,000 of whom operate offices in the "Agent 2.0" standard.

The "Agent 2.0" standard is a unique offer in the insurance market addressed to agents conducting tied offices. As a standard, PZU provides its agents with full furnishings and marketing signage, whereby the PZU tied agent network is the only network that is fully standardized.

The offices of PZU tied agents are consistent not only in terms of visualization. Consistency of quality is equally important. PZU is the leader of the insurance market in the category of client service in branches. This success was possible thanks to implementing uniform client service standards in our tied agencies that are consistent with the standards offered by our branch offices. The fundamental assumptions underlying these standards are as follows:

- **effectiveness** – we provide our clients exactly with what they expect;
- **attention** – we build an atmosphere of trust and focus on clients;
- **professionalism** – we care about our appearance, knowledge and the workplace we share;
- **empathy** – we show clients we care and understand;
- **reaction** – we help our clients in every situation.

The right attitude in client service, according to the SUPER principle, helps build long-term positive relations with clients.

How do we ensure competent client service in branches?

After crossing the threshold of our branch, client satisfaction is determined primarily by the attitude and competence of our employees and agents. Therefore, we put a lot of work into preparation and delivery of training programs to improve the qualifications and professionalism in client service.

We organize training courses, especially on our product offering, using modern teaching methods. We develop materials designed not only to make the training more attractive but, primarily, to support quick knowledge transfer. Each training is supplemented by knowledge tests and attention tests whereby the trainer can verify the participants' knowledge absorption.

Another form of knowledge transfer is e-learning. It is available to employees and agents on a training platform. It

allows them to solidify and deepen the knowledge acquired during off-site training. We also improve the competences of our employees through on-site support in the Branch as part of the Quality Trainer program. Thanks to the involvement of Chief Network Development Specialists, our employees and agents improve their qualifications through interesting development activities thereby translating into improved client service quality.

The Film Studio of the Central Training Branch is another attractive form of supporting employees in developing their skills and knowledge. As part of the project, we make instruction films to present sales and service models consistent with client service standards.

In 2015-2016:

- in 2015-2016, over 6,300 employees and agents participated in training courses,
- from the beginning of the STARTER program we have onboarded over 1,000 new employees to work in Branches,
- 1,400 employees and agents have been onboarded for operation of Sezam Plus (new application for enrollment and administration of IK),
- we have implemented 9 e-learning training courses, including inter alia "Aim for the Future" (completed by 1,010 persons), "ADPK in sales calls" (completed by 1,900 persons) and regular insurance (completed by 1,006 persons),
- we have made 32 training and instruction films for training needs.

Special training projects for PZU employees improving client service standards:

1. Managerial training for branch directors:

- ULTIMA 1.0 – training to implement a uniform sales model in all PZU Branches; during the training we teach branch directors how to give feedback to their employees,
- ULTIMA 2.0 – training for branch directors developing the skill of building accountability in the team by using selected coaching tools,
- STARTER 2.0 – training for branch directors following the Starter training, to strengthen the skill of giving feedback to employees and implement coaching sales training,
- ADO, or Branch Director Academy – it has raised awareness of the internal control concept among managers and its impact on the daily processes,
- EXPERIO DO/DOG – training for branch directors strengthening the skill of addressing convictions that limit employees.

2. Training courses for employees and agents:

- ULTIMA 1.0 – training to implement a uniform sales model in all PZU Branches; during training we solidify and deepen client service standard knowledge and skills.
- STARTER – onboarding training for new regular and own branch employees; we teach them not only the rules of talking to clients, assumptions of our insurance products but also operation of the systems used in daily work in Branches.
- STARTER AGENT – training for new employees of partner branches and office agencies during which employees learn about products in the life and non-life offering, learn how to operate the systems used in the daily work in the Branch and learn the prevailing client service standards.
- STARTER 2.0 – the training is a continuation of the STARTER program; participants deepen their knowledge of life and non-life products based on the client service standards.
- Everest – training devoted to the new IT system supporting our employees and agents in their daily work as regards service for non-life products.
- EXPERIO DK – training for branch relationship managers selling non-life products during which we equip participants with sales arguments and the skill to respond to client objections.
- PRiMUS – training for Client Service Specialists; we improve their sales skills and enrich their knowledge of life and non-life products.
- PRiMUS Property – training for employees onboarded for sale of non-life products; during the training we prepare employees to work in the new Own Branches.

3. Other projects:

- QUALITY TRAINER – partner support for employees through visits in the Branches, aimed at improving the results of Mystery Shopping research, and thus improving client satisfaction with the service in branches.

How will computerization give us one of the best client service standards?

The last two years (2015-2016) in PZU Życie were marked by integration of the IT systems and implementation of the Sezam Plus application supporting client service processes. The integration has a direct impact on improving the level of client service in branches and the back-office. Sezam Plus standardizes the processes related to the administration and sale of individual continuation policies from two product systems (GURIK, KANGUR), ensuring at the same time development potential to service future PZU Życie products, which, combined with the data processing mechanism in the Focus system, will enable us to have complete information on each PZU client (360o view). Our new system also very broadly supports mass processing of payments made by our clients.

How do we care for relations with the client after they leave the branch?

We also make sure to maintain contact with clients after they take advantage of our service. This is supported by our service model made up of different service campaigns involving regular contact with clients who have acquired our key products in connection with different events on their policies. Sometimes, we just remind them about the premium, tell them about the results of their investments, and sometimes, on the policy anniversary, we present other solutions and propose extending the scope of the current insurance. Thanks to these regular contacts as part of campaigns, we want to build and strengthen our relations with clients. Clients feel that they get professional service and know we care about them.

2.3.2. CLIENT SATISFACTION

How do we verify client satisfaction with the service?

There is no better way to verify our clients' satisfaction than asking them a direct question. Therefore we regularly conduct satisfaction surveys which concentrate on obtaining information about client satisfaction with the service or offering. Their results are as follows:

- 76% of our clients were satisfied with our service and cooperation (general client satisfaction survey carried out by an external company).
- 95% is the satisfaction level of clients visiting PZU Branches and Office Agencies.
- 97% is the average assessment of service quality in mystery shopping. It involves auditing a branch by persons acting as actual clients. In the reported period we carried out several thousand such audits.
- 93% is the average level of satisfaction with our Contact Center. In 2013-2014 the research was carried out quarterly on a sample of 3,000 clients. It comprised assessment of the waiting time for connection with a consultant, friendliness of the consultant during the call, and comprehensibility and completeness of provided information.

Satisfaction survey

We regularly conduct extensive client satisfaction and loyalty surveys. We talk to clients in every process and sales channel. As a result, we are capable of understanding the market even better. In 2015-2016 we carried out surveys with the participation of nearly 100 thousand respondents and the results allowed us not only to understand client needs better but also to identify the strengths of the organization and areas in need of change and improvement. In 2015-2016 the surveys showed that:

- 79% of our clients were satisfied with our service and cooperation (general client satisfaction survey carried out by an external company);
- the client satisfaction level among clients who in the last 12 months participated in the claims handling process or had a benefit payment is 7 p.p. higher than with the competitors. The NPS (Net Promoter Score) among our clients was 9%. Among Link4 clients, the NPS was 8%, 4-3.5 p.p. higher than with competitors in the direct market;
- 95% is the average assessment of service quality in the mystery shopping research in PZU branches and office agencies. The research involves auditing a PZU branch by persons acting as actual clients. In the reported period we are proud to have conducted 40 waves of research;
- 82% is the average level of satisfaction with our Contact Center. In 2015-2016 the research was carried out quarterly on a sample of 1,000 clients. It comprised assessment of the waiting time for connection with a consultant and general assessment of the conversation.

2.3.4. COMPLAINTS AND GRIEVANCES

In each business activity a given product or service sometimes fails to satisfy client expectations and a complaint/grievance is lodged.

The role of a responsible enterprise is to design and conduct the whole service process in such a way so as to clarify the matter quickly and reliably. In PZU we are very committed to ensure that our actions are executed at the highest level and as quick as possible, that decisions are made objectively and explanations presented to clients in a digestible and clear manner.

Formally, the complaint and grievance handling process is regulated by external regulations (including EU guidelines) and internal regulations. From the end of 2015 detailed rules for complaint handling by financial market institutions have been additionally regulated by a special act that:

- introduces a uniform definition of a complaint
- defines rules regulating acceptance and review of complaints and answering clients
- defines the timeframes within which feedback should be given to the client and the consequences of actions inconsistent with the act.

This means that the process is very important and we make efforts to ensure that its parameters and quality are at the highest possible level.

In our approach we exercise the utmost diligence to satisfy the requirements imposed on us. However, it is equally important for us to learn lessons from complaints and grievances and improve our products and processes. The tools supporting the complaint and grievance handling process give us full knowledge about the areas causing the most complaints and in which we accept client claims the most frequently. This drives the future directions of development and helps us eliminate various sources of client dissatisfaction.

Ratios:

1. Complaints stated as a percentage of the number of clients – below 1%
2. Percentage of cases reviewed within 30 days (statutory deadline) – 97.3%

How do we inform our clients about the possibility of lodging a complaint or grievance:

- Information about the rules for acceptance of complaints and grievances are captured in all product GTCI, on PZU's website, in client service units, and contain information about the possible forms in which a complaint/grievance:
 - can be lodged, data that should be submitted in the notification, general assumptions of the subsequent handling process, and the complaint and grievance handling deadline.

In 2015 and 2016 we undertook a number of business initiatives to improve the process and enhance client satisfaction. By observing the trends in the data on complaints and grievances, we try to identify the specific causes of client dissatisfaction and successively eliminate them. Complaint findings are also used to modify and improve products and services.

We do our utmost to ensure that each PZU employee knows the rules of complaint and grievance handling and understands the role in the process of improving the operations of the overall company and improving client satisfaction. Clients indirectly show us the next steps we should take.

Client meetings

Nobody can tell us more about client expectations than clients. Therefore, we regularly meet with clients and ask them for their opinions about our products and services, service quality, client communication methods, marketing materials and social activity. In PZU, the clients' opinion is a very important element of building our offering and service standards.

2.3.5. DATA SECURITY

How do we protect the data of our clients in PZU SA?

Nowadays, protection of information determines to a large extent the quality of provided services. If we want

to strengthen our market leader position, we have to make sure that information security is at the highest possible level. Thanks to the actions taken in the reporting period we did not record any complaints regarding breach of the privacy of our clients or loss, leakage or theft of data.

Policies regulating data protection issues:

- Security policy of PZU SA and PZU Życie SA
- Information security procedure of PZU SA and PZU Życie SA
- Instructions concerning the detailed implementation of information security standards in PZU SA and PZU Życie SA
- Authorization management instructions in the IT systems of PZU SA and PZU Życie SA

They allow us to do the following:

- properly secure the data flow;
- make sure that the system correctly processes information;
- limit the possibility of unauthorized disclosure of data
- verify whether data security policies work correctly.

2.4. WHAT DOES THE CLAIMS HANDLING PROCESS LOOK LIKE IN PZU?



Claims handling is the "moment of truth" – it gives clients an answer to the question whether the insurance product they purchased satisfies their expectations. PZU's strategic objective is to offer the best claims handling in the Polish market. Therefore we invest in development and regularly implement new and innovative solutions in claims handling. They include direct claims handling, having our own fleet of replacement vehicles and offering a vehicle repair quality guarantee which PZU introduced as the first insurer in Poland.

Radosław Bedyński – Director of the Claims Handling Department

How do we understand responsibility in claims handling?

The moment of reporting and handling claims is very important to our clients. We are aware of this. Applying for compensation after a claim is a difficult moment. Fast closing of the case, good communication with the insurer and limitation of formalities are very important to our clients.

We believe that the actions of a responsible insurer should go beyond addressing these expectations and efficient organization of the claims handling process. Many needs cannot be satisfied just by paying the amount due. Consequently, we want to help those suffering a loss in finding their way in this new and sometimes challenging reality.

83%

of our clients are satisfied with the claims handling process.

What have we done to improve the claims handling process?

1. We were the first in the market to introduce direct claims handling (DCH).
2. We offer our clients fast claims handling.
3. We have introduced the PZU Relationship Manager function.
4. We have developed the Online Assistance platform.
5. We provide our clients with a fleet of our own replacement vehicles.
6. We have introduced a quality certificate in the PZU Pomoc repair shop network
7. We put stress on innovation – use of applications of smartphones, tablets and laptops to report a claim and in the follow-up claims handling process.

What is direct claims handling?

The idea of direct claims handling (DCH) is very straightforward: a client whose vehicle is covered by third party liability purchased from PZU facing a situation entailing damage to our client's vehicle inflicted by a person whose third party liability policy has been purchased from another insurer may report the claim and have it handled by PZU rather than, as was previously the case, the insurer of the party who caused the accident. We were the first company on the Polish insurance market to introduce DCH in April 2014, an approach that triggered a revolution in motor TPL insurance*. In April 2015, the Polish Insurance Association worked out an industry agreement on DCH. The agreement was joined by 9 insurers (including PZU), accounting for over 60% of the TPL insurance market, as measured by written premium. In the interests of our clients, we have decided to both accede to the market agreement and keep our own DCH solutions for those of our clients who have or suffer damage inflicted by persons whose insurers have not signed the DCH agreement.

What criteria should be met to join the DCH agreement?**

- Damage takes place in Poland.
- The event causes a claim resulting from damage to the vehicle or property in it.
- The event involves no more than two motor vehicles.
- There is a collision of motor vehicles or the motor vehicle of the person at fault crashes into the injured party's motor vehicle.
- The injured party is in possession of a statement naming the person at fault or the event is reported to the police.
- A damage notification is submitted to the injured party's insurer or transferred to the injured party's insurer by the insurer of the person at fault at the injured party's request.
- The injured party's claim is covered by the third party liability insurance agreement held by the party at fault, provided that it is valid on the date of the event and is purchased from another insurance undertaking operating in Poland.
- The injured party has signed a third party liability insurance agreement with PZU SA. The agreement is valid on the date of the event.

* Originally, we dubbed our innovative solution 'direct handling' (DH). The term DCH was introduced in April 2015 along with the industry agreement. For reasons of clarity, we consistently use the most up-to-date name of the solution: DCH.

** The criteria have changed slightly since 1 April 2015. In this report, we present the most up-to-date version (valid as at 31 December 2016).

Direct Claims Handling

106,000 the number of people who have placed their trust in our Company's brand and tradition by reporting their claim to us rather than to the insurers of the parties at fault.

79% the percentage of DCH clients satisfied with the manner in which their claim was handled.



Injured parties appreciate the **speed of claims handling and payment** as well as additional services associated with the **guaranteed quality of repair**, arranging the **rental of a replacement vehicle, towing and parking**, and offering the possibility of **selling the wrecked vehicle** following a total loss.

What is the fast claims handling track?

In addition to standard claims handling processes, we have introduced the fast claims handling track in order to remove as much of the burden associated with formalities from our clients' shoulders as possible. The fast track is very convenient for clients whose damage:

- is minor;
- does not require a visual inspection, medical examination and extensive documentation.

For this type of damage, we only need to obtain the required data from a client during a telephone call in which we estimate the claim value. Hence, one unquestionable advantage of the fast track is the minimum claims handling time and the client being relieved of the need to provide documentation. We have recorded a steady increase in client interest in this form of claims handling in all areas involving damage events.

What benefits does direct claims handling produce?



DCH benefits for clients

- no need to contact an unknown insurer;
- short time between reporting a claim and payment;
- higher quality of service;
- many additional services associated with the guaranteed quality of repair, arranging the rental of a replacement vehicle, towing and parking, and offering the possibility of selling the wrecked vehicle following a total loss.



DCH benefits for PZU

- greater client satisfaction;
- convincing clients it is perfectly reasonable to pay more for a good quality service;
- terminating the price war between competitors on the insurance market.

How do we apply innovations in our claims handling processes?



Our clients are the focus of the PZU Group's strategy, which is why we, as an innovative insurer, offer our tools to them in an attractive and modern form. We develop new ways of client service, placing emphasis on speed, effectiveness and satisfaction.

Our clients expect new and easy to use solutions. We have responded to their needs with an application that supports the process of handling ADD insurance claims PZU launched in 2015. This application is the easiest way to get an insurance claim paid. In the event of an accident, the client quickly receives a benefit payment proposal on his/her smartphone. The application is trouble-free and intuitive and the proposal is plain and comprehensible to the client. It also runs on laptops and tablets. There is no need to install any additional software – a web browser is all that is required. The application enables immediate transfer of indemnification to the client while keeping formalities to an absolutely bare minimum.

We introduced this tool for clients who are often unable to pick up a phone during working hours or need time to think about the proposed claim payment. The application can be used whenever and wherever the client is available.

Our clients appreciate the speed of service and claim payment and the ease of communication this tool provides. In 2016, the effectiveness ratio of the use of our app in ADD insurance claims and cases was 44%.

With innovation, effectiveness and quality of claims handling in motor and property insurance in mind, and responding to the client expectations, we created an application called

Self-Service. It is a modern solution that can run on mobile devices via a link, which means that no device installation is required. It enables the injured party, in a straightforward and intuitive way, to carry out a visual inspection of damaged property, such as a vehicle, apartment or house. Based on data the user enters, the application automatically calculates the claim amount.

Who is the PZU Caretaker?

Victims of accidents caused by holders of TPL policies purchased from PZU SA receive comprehensive support from the Organizational Team Helping Accident Victims (PZU Caretakers). They are mobile staff members who visit accident victims in their homes to determine their actual standard of living and their needs stemming from the accident. PZU Caretakers are deployed across the country to make it easier for them to establish personal contacts with clients and provide them with comprehensive support in returning to normal life. For severely injured accident victims, PZU Caretakers arrange medical, social and occupational rehabilitation and psychological support. They explain to clients their accident-related benefit entitlements from PZU and state institutions. They provide advice on how to adapt the closest environment to their needs as a disabled person and how to select properly devices to compensate for dysfunctions or disability.

The extent of support provided by PZU Caretakers is adjusted to fit the challenges and needs of every single accident victim.

What kind of assistance can a PZU Caretaker provide?

PZU's tasks Caretakers



Diagnosing the needs of the accident victim.



Arranging the treatment process, medical and social rehabilitation, occupational mobilization and psychological support.



Providing the accident victim with reliable information about his/her rights and with support in preparing the documentation.

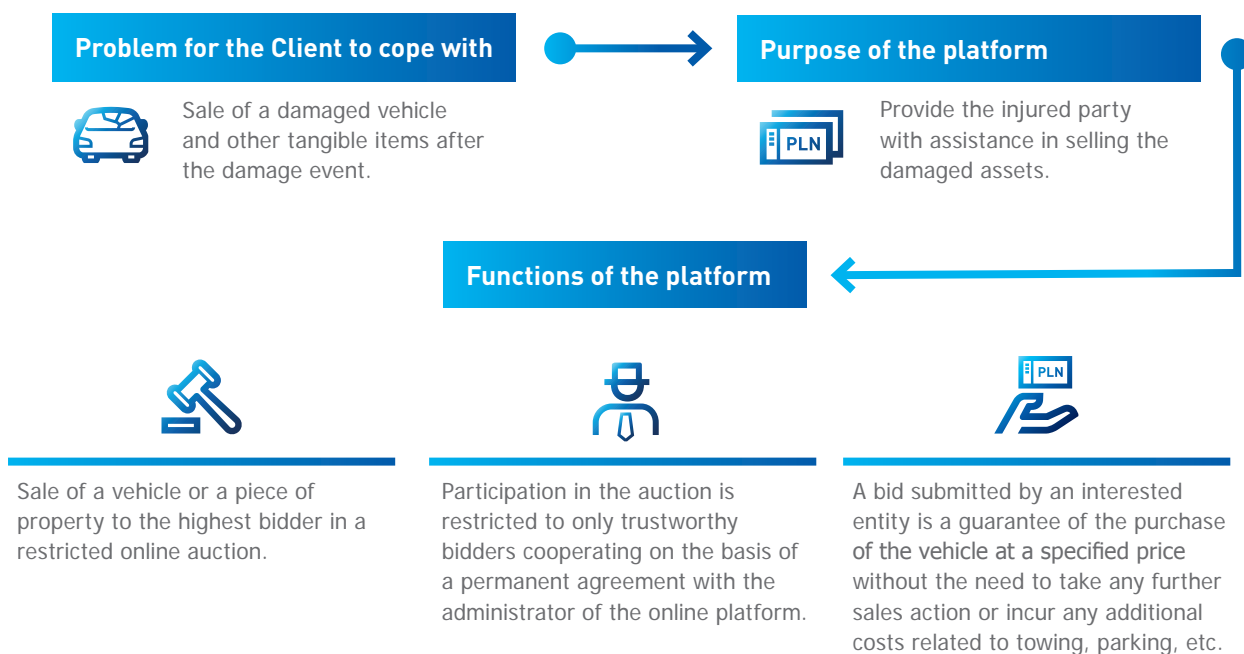


Providing information on how to obtain systemic assistance from state institutions, foundations and associations operating for the benefit of accident victims.

The website www.opiekun.pzu.pl contains information about the following aspects:

- scope and method of assistance provided by PZU Caretakers;
- important information required in the claims handling process;
- Caretakers' bios and areas of activity;
- professional advice, interviews and articles by experts in the areas of rehabilitation, social and occupational mobilization and psychology.

How does the Online Help platform work and how do we use it to assist our clients?



Since the launch of the service (2011), we have offered assistance in selling over 361,000 vehicles and nearly 13,000 pieces of property.

How do we help injured parties and our business partners in arranging the rental of replacement vehicles?

In 2014, as the first insurer on the Polish market, we created the largest own fleet of replacement vehicles. We have provided our business partners with a total of 400 Toyota Auris hybrid vehicles injured parties may rent as replacement vehicles. In December 2016, the size of this fleet expanded to include 100 Opel Astras. As a result:

- we have created the first fleet of hybrid replacement vehicles in Poland;
- we have provided injured parties with comfortable and eco-friendly vehicles bearing the PZU logo;
- we offer the highest standard for a reasonable market price, no higher than PLN 100 net per day of rental (for a Class C vehicle);
- we offer cashless service settlement.

Moreover, as part of our comprehensive service, since December 2014 we have been proactively offering every injured party notifying a claim under a motor TPL policy the opportunity to arrange the rental of a replacement vehicle. For a number of years, we have been developing cooperation with car rental networks across the country.

How do we assist injured parties in repairing their vehicles?

For many years, we have been developing cooperation with repair shops in post-accident vehicle repairs. That is how we have created the PZU Pomoc Repair Network comprising a group of repair shops providing assistance to clients who have suffered damage to their vehicle. We are required to pay indemnification under the client's insurance policy. Our assistance involves providing the client with support from the very beginning of the event so that the client does not have to worry about what, where or in which order to notify or what documents to deliver. The purpose of cooperation with the PZU Pomoc Repair Network is to guarantee the highest standards of service and repair to the client.



Quality certificate

Confirms the completion of the repair in accordance with the highest quality standards

Offers the ability to notify any claims resulting from an improperly performed service directly to PZU Pomoc, thus relieving the client of the necessity to get involved in the complaint process with the repair shop

Valid for 2 years from the date of completion of the repair

In 2014, we introduced a new solution. Every client who orders a repair in one of “our” repair shops will receive a Quality Certificate guaranteeing that the repair was performed in accordance with the highest quality standards.

Are our clients satisfied with the claims handling process?

To assess our actions, we use a variety of client satisfaction measurement methods, including:

- telephone interviews;
- focus groups;
- one-on-one interviews;
- online surveys;
- Client Council meetings.

We also carry out regular satisfaction surveys with the quality of services provided by the PZU Emergency Center and our partners.

index of satisfaction
with our Assistance is in excess of

90%*

net promoter score (NPS)
of our Assistance is above

53%*

*Data for 2016

Among the parameters we monitor are the following two main metrics in motor insurance: client satisfaction index and (since 2014) net promoter score. The effective performance of assistance services by PZU is confirmed by the high levels of the two parameters we monitor.

2.5. WHAT PARTNERS DO WE COOPERATE WITH IN ORDER TO ENHANCE OUR CLIENT SERVICE?

To ensure the best possible and most accessible client service among all insurers on the market, our branches cooperate with an extensive network of business partners.

What are our principles of cooperation with our business partners?

Our principles of cooperation with our tied agents are defined in the agency agreement. The issues it governs include the following:

- rules applicable to agent segmentation by sales performance and career path development;
- rules for setting commission fees and additional pay components (bonus system);
- development and product training;
- sales competitions.

The pertinent cells operating in the respective Departments of the Sales Division are responsible cooperation on PZU's side: the Tied Sales Department and the Sales Department. Appropriate agreements have been signed with other partners.

How do we care for relationships with our tied agents?

In our everyday work, we care about shaping proper relationships with all our business partners. Due to our special relationship with tied agents, we make every effort to support this particular group in the performance of its daily tasks.

We have created a comprehensive incentive system for them including the following elements:

- commission and bonus system;
- training in soft skills (e.g. sales skills) and hard skills (product and IT-related);
- sales competitions giving the winners the opportunity to visit a number of attractive places all over the world and win attractive prizes and cash awards;
- we invite our top agents, members of the Elite Agent Club selected during a year-long sales competition to the Sales Congress;
- benefit program under which agents may purchase products and services from branded suppliers on preferential terms;
- sales support elements (benefit program and loyalty program);
- we provide sizeable support to run an office and reward high standards of client service quality.

Our business partner network:



* Data for PZU SA.

We support our agents with modern IT systems used in everyday work in the insurance sales process and in the provision of broadly construed support to sales-related processes. We also provide sales support in the form of various kinds of electronic and printed advertising materials and gimmicks for our clients.

2.6. HOW DO WE COOPERATE WITH SUPPLIERS?

Who are our suppliers?

Contemporary procurement has significantly changed the role of suppliers who also affect our Company's competitive advantage and play the role of an invaluable source of market information. This means that suppliers of goods and services form an important stakeholder group for PZU. The selection of goods or services we end up purchasing significantly affects the level and shape of services we provide to our clients, and that is why our cooperation with suppliers is the object of continuous evaluation aimed at improving its quality. Moreover, with our key business partners we have worked out forms of cooperation that in the long term ensure the development of innovative potential.

The Procurement Department operates on the basis of partner relationships with verified suppliers, and the PZU Code of Best Practices forms an integral part of agreements entered into with those suppliers. What this means is that each one of our suppliers declares that in its operations it complies with the standards defined in the Code pertaining to a friendly working environment, respect for human dignity, integrity and reliability.

What does the procurement path in PZU SA look like?

The Procurement Department arranges purchases of goods and services for the PZU Group's administrative, corporate, construction and renovation-related and IT needs. In the supplier selection process, we always follow the principle of competition, hence the majority of our purchases are made under a tender process. The Procurement Department strives to be an innovative partner caring for continuity, flexibility and optimization of business expenses. The transparency of our procurement process is rooted in the PZU Group's internal regulations defining the organization of the procurement process, the decision-making levels and the role of each participant in the process. When selecting our suppliers, we are guided by the "Supplier selection procedure", "Contract execution rules", "PZU's Best Practices" and safety and compliance principles. Their application is a guarantee that purchases in each of our companies will be carried out in a transparent and optimal manner. We exert a conscious influence on the market and shape business standards in our environment. We acquaint our business partners with our standards of conduct and evaluate their proposals solely on

Currently, the Company cooperates with

4,500 counterparties.

Every year, we organize

over **270** tender procedures

and **700** bid collection processes for existing contracts with a total purchase value of

over PLN 1.6 billion.

Every month, we register approx

1,220 contracts.

the basis of substance and business value. We deliver what we promise, making sure that our payment commitments and other liabilities are settled in a timely manner and in accordance with agreed contractual terms and conditions.

How do we build relationships with our suppliers?

We attach great importance to establishing rapport with our business partners based on mutual trust, respect and a professional approach. We consider it very significant to build high-quality, long-term relationships, which is why, in most cases, rather than signing one-off agreements we opt for multi-year contracts instead. We value cooperation with those of our suppliers who apply proven market practices and represent the highest level of professional ethics.

What do we do to increase the efficacy of our procurement practices?

In our procurement practices, we consistently strive to improve efficacy. Our priority is to deliver the desired goods and services of the highest quality in a timely manner. For this purpose:

- by applying a coherent approach and integration of our companies, we strive for the development of the PZU Group and optimization of our procurement expenditures;
- we exchange experiences within the PZU Group in order to apply market-proven and the most effective procurement practices;
- every time we analyze the behavior of our suppliers in terms of timeliness, quality and cooperation in a given area;
- we regularly survey the satisfaction from the services provided by our suppliers to internal clients.

CHAPTER 3 OUR WORLD

The PZU Group spends over PLN 50 million each year on socially beneficial projects. This is our way of sharing our success and, concurrently, strengthening our business, building our reputation and enhancing social capital.





As a socially responsible organization, we subscribe to the concept that the value of our Company should be consistent with the interests of our environment and should be based on the sustainable and accountable use of the resources put at our disposal. We are convinced that a good understanding of the expectations of our clients and stakeholders, involvement in the development of our employees and engagement in socially beneficial activities are indispensable elements of a responsible business and pillars in building the value of a modern company.

In this chapter:

- you will discover who our stakeholders are;
- we will show you what we do to improve the level of safety in Poland;
- we will outline our socially beneficial activities in health, culture and education;
- you will learn about how we engage in employee volunteerism;
- we will present the PZU Foundation;
- we will disclose our environmental impact and tell you how we have reduced the 21.3 km of documentation created and archived in 2012.

3.1. WHAT DOES OUR ENVIRONMENT LOOK LIKE?

3.1.1. STAKEHOLDER MAP AND FORMS OF DIALOGUE WITH THEM

We are a large company and we interact on a daily basis not only with our clients, but also with social organizations, state administration and we also have an environmental impact. This is why we have created the Stakeholder Map to depict the chain of connections: our world and how we communicate with it.



PZU's social commitment that supports the company's business strategy and addresses the expectations of our stakeholders is based on enhancing Poles' level of safety. We focus mainly on road safety and public safety. We also try to change the lifestyle of Poles by promoting sports activities. We educate and encourage conscious use of the available ...

Dorota Macieja – Member of the PZU Życie SA Management Board and PZU Group Director

Stakeholder	Forms of dialogue	Purpose of dialogue
Employees	<ul style="list-style-type: none"> • annual/quarterly discussions; • internal meetings; • internal portal/intranet; • mailboxes to clarify reported concerns; • Employee Council and trade unions; • internal publications; • information campaigns expanding knowledge about the organization; • commitment survey. 	<ul style="list-style-type: none"> • listening to employee opinions; • providing growth opportunities to employees; • creating a satisfactory workplace.
Clients	<ul style="list-style-type: none"> • website; • satisfaction and opinion surveys; • Client Council; • financial and insurance education programs. 	<ul style="list-style-type: none"> • gathering client expectations and opinions; • taking client opinion into account when designing business solutions; • creating products and services aligned to client needs; • developing transparent terms and conditions of bids and contracts.
Suppliers	<ul style="list-style-type: none"> • meetings with new and current suppliers; • CSR questionnaire. 	<ul style="list-style-type: none"> • supporting the execution of the Company's strategy and access to innovation; • exerting influence on business standards in our surroundings and promoting best procurement practices.
Business partners: agents and brokers	<ul style="list-style-type: none"> • annual, monthly and ongoing meetings with agents; • satisfaction and opinion surveys; • internal communication portal for agents; • sales training and support programs; • Elite Agent Club and Elite Advisory Group. 	<ul style="list-style-type: none"> • presentation of strategic objectives; • addressing ongoing cooperation issues to ensure mutual benefits.

Local communities	<ul style="list-style-type: none"> • ongoing direct communication. 	<ul style="list-style-type: none"> • execution of sponsorship and prevention projects; • supporting the development of local communities; • being a responsible citizen.
Non-governmental organizations and public institutions	<ul style="list-style-type: none"> • building partnerships and conducting social diagnosis; • joint planning, implementation and evaluation of projects; • involvement in initiatives and projects to promote CSR and corporate foundation standards; • organization of joint conferences, seminars – activities benefiting the third sector and the academic community; • sharing know-how (training). 	<ul style="list-style-type: none"> • implementation of educational and social programs promoting health, safety, social aid, culture and protection of cultural heritage.
Investors and shareholders	<ul style="list-style-type: none"> • regular meetings during conferences, discussion panels (group meetings in the company and individual meetings); • quarterly reports, factsheets, and results presentations; • ongoing cooperation between Investor Relations and stakeholders (institutional investors, individual investors, analysts and capital market organizations); • meetings and conference calls with the Management Board; • Company's website; • electronic information channels. 	<ul style="list-style-type: none"> • ensuring information transparency; • creation of shareholder value; • distribution of profits to shareholders.
Public administration	<ul style="list-style-type: none"> • cooperation in debates and conferences; • answering inquiries and implementation of recommendations; • legislative cooperation with the Polish Insurance Association. 	<ul style="list-style-type: none"> • ensuring compliance with requirements and regulations; • support for the creation of new market principles, including best practices.

We developed this map during our work on the 2011-2012 report. It was based on the definition of a stakeholder as an entity that affects us and is affected by our activity. This is how we identified the main stakeholder groups.

To which organizations do we belong?

We are engaged in the activity of numerous organizations and associations. The most important ones are as follows:

Polish Insurance Association – since 1 January 2004;
 Insurance Indemnity Fund – since 1 January 2004;
 Polish Motor Insurers' Bureau – since 1 January 2004;
 Polish Association of Listed Companies – since 22 June 2010;
 Polish Institute of Directors – since 25 October 2012;
 Road Safety Partnership – since 7 December 2010;
 Compliance Association Poland – since 16 October 2013;
 Polish Marketing Association – since 2010;
 Responsible Business Forum – since September 2010.

Stakeholders about us



The main task of the National Library, Poland's central library, is to collect and archive the entire publishing output and protect the most valuable literary treasures related to Poland. With PZU's support in 2016 and 2017 the National Library was able to undertake numerous activities to fulfill its unique tasks. In 2016 the National Library added to its collection an extremely valuable and richly illuminated Renaissance manuscript entitled "Officium Beatae Mariae Virginis secundum usum Romanum" (Jakub Wargocki's Hours), a code which the National Library purchased at an auction in London with the support of the PZU Foundation.

In 2017 the National Library used funds donated by PZU to begin work to improve the safety of the collections stored in the National Book Collection by increasing the level of fire and theft protection. The commitment shown by PZU to culture and national heritage and its support for the most important cultural institutions is an expression of its responsibility for the common good.

dr Tomasz Makowski, Director of the National Library



The Kosciuszko Institute cooperates with PZU in its main area of activity, i.e. cybersecurity. PZU has shown its support for, and commitment to, the Institute's mission, i.e. building national capabilities to strengthen Poland's cybersecurity system and developing strategic recommendations to support effective and sovereign activities in cyberspace and enhance Poland's economic development. Since the first edition of CYBERSEC, the European CyberSafety Forum, PZU has helped develop a leading platform for cooperation between governments, international organizations and key private players.

Izabela Albrycht, President of the Kosciuszko Institute



I would be hard pressed to find a better and more sustainable creation of an image of an insurance company than one based on taking natural measures to prevent accidents, losses and chance events. And if we are dealing with a national insurer, it is impossible not to think about activities that may improve the health and well-being of as many Poles as possible. And since sport, activity and regular physical activity are things that have the greatest impact on physical and mental health, this is where PZU should be since running is an activity that prevents a range of civilization diseases. The Warsaw Marathon and Half-Marathon are the two biggest and most important mass sports events in Poland. It would be difficult for me even to imagine PZU not being involved. Runners are exactly of the same mind. PZU's participation in these events is not only a financial commitment. It mainly points out to all Poles that we can work to insure our own health ourselves by starting each day with a before-breakfast training. And that is the best health insurance you can get.

Marek Tronina, Director of the Warsaw Marathon Foundation



PZU gets involved in many cultural initiatives in Poland. We are happy and appreciate that they include various projects undertaken by the National Museum in Kraków. Our cooperation with PZU has been uninterrupted since 2007 and is of exceptional value to us. It gives us a sense of security in engaging in various endeavors and offers us an opportunity to disseminate the values in the art collections entrusted to our custody to the public at large. As part of its patronage, every year PZU provides support in various fields of our activity, thus facilitating the execution of many projects: campaigns promoting our exhibitions, prevention campaigns to increase the security of our collections, educational programs, publications and cultural events. Long-term relationships and a positive dialogue between the worlds of culture and business contribute to communicating the image of our Museum as a modern and dynamic institution open to the exchange of experiences and ideas related to the dissemination of culture and corporate social responsibility.

Andrzej Betlej PhD, Director of the National Museum in Kraków



The Teddy Bears Rescue Children's Lives Association supports victims of severe motor accidents. Our cooperation with PZU is of fundamental importance to us, because it lets us fulfill our biggest dream: to provide children with free medical treatment without having to place a financial burden on their parents or legal guardians. According to surveys, financial problems form the primary obstacle preventing victims from seeking professional assistance. In order to alleviate the post-traumatic syndrome in children affected by motor accidents, we distribute teddy bears, called "Teddy, the Rescuer", among state road emergency services. During a tragic event, when a child is under an enormous shock, the burden of the situation is relieved somewhat by "Teddy, the Rescuer", a symbol of domestic warmth and safety, received from a fireman or policeman. Thanks to the support we receive from PZU, we have handed out more than 100,000 of these stuffed animals. For children suffering from serious disorders or dysfunctions caused by post-accident trauma, we also arrange rehabilitation courses run by top specialists in the Psychological Aid Center in Dźwirzyno near Kołobrzeg. Thanks to our cooperation with PZU, every year we enrol more and more victims of motor accidents in our therapeutic courses and are able to maintain the Center throughout the year in full readiness to fulfill its institutional mission.

Edward Polek, President of the Teddy Bears Rescue Children's Lives Association



PZU's cooperation with the Mountain Rescue Service (GOPR) was established 11 years ago and has brought tangible benefits to rescuers and the whole mountain rescue service community. Judging by GOPR's example, I can confirm the observation that PZU builds long-lasting relationships with its partners and adopts an approach to cooperation that is based on partnership – by listening to its partners' expectations and the challenges posed by the constantly changing reality. Our cooperation with PZU involves, on one hand, the provision of support to educational projects that enable us to spread awareness of safety issues in the mountains. Our flagship project in this area is Safe Winter with GOPR which, thanks to our cooperation with a national television station, enables us to communicate our safety message to roughly 20 million people annually. On the other hand, we have received financial support for many years, which has helped us secure a very high level, indeed, of the necessary specialist training and equipment for GOPR rescuers. Under the agreement signed for 2017-2019, we have already received the keys to 7 new four-wheel vehicles for all Regional Groups of GOPR. PZU recognizes the significance of social problems and invests in safety. Even though this investment does not generate any direct financial return, it profits all Poles. On behalf of the rescuers of the Mountain Rescue Service and on my own behalf, I wish to express our gratitude and thanks for the assistance our organization has received for years.

Jacek Dębicki, Head of GOPR

How do we share our expertise with our environment?

As an important player in the Polish economy, we are involved in sharing experiences and expertise with the business environment. We attend the country's most important conferences and business forums. The following events are organized with our participation:

- Economic Forum in Krynica;
- Congress 590;
- Congress of the Management Boards of Stock Exchange-Listed Companies;
- WallStreet Conference;
- Professional Investor Conference;
- European Economic Congress;
- Congress of the New Industry;
- International Sea Congress in Szczecin;
- Baltic Business Forum;
- Warsaw Security Forum;
- European Cybersecurity Forum – CYBERSEC;
- ImpactCEE;
- Techno Business;
- Wrocław Global Forum;
- "Poland as a Great Project" Congress;
- "Patriotism on the Web" Conference;
- Business Gazelles;
- "Time for patriotism in the economy" debate;
- "Polish Compass" – a yearbook of financial institutions and joint-stock companies.

We are very actively involved in the work of the Polish Insurance Association. In its forum, we discuss and participate in work of material significance to the sector, such as regulatory changes and the industry-wide agreement on direct claims handling.

As one of the largest Polish companies, we support debates on key drivers of economic development and growth as one of the organizers for the platform to discuss these issues. As the leader of the country's insurance market, we want to exert an impact on the social and economic changes taking place in Poland. Our experts also run a specialist blog

(www.blog.pzu.pl). The blog is a clear signal to our investors and shareholders that PZU has the best specialists in the country – and is willing to share their knowledge and experience in a modern manner, open to opposing views. In selecting our activities, we are guided by the scale and importance of the event, the available resources and the consequences for the brand. Decisions regarding PZU's participation in events serving the purpose of sharing expert knowledge are made in the Corporate Communications Department based on recommendations and support provided by relevant units.

3.2. WHAT HAVE WE DONE TO ENHANCE SAFETY

Our socially beneficial activities are based on the assumption that they should result directly from our business and lie within our sphere of influence. On a day-to-day basis, we insure the property and activities of our clients, providing them with peace of mind and a feeling of security. That is why it is natural for us to make a commitment to improve safety across Poland and promote responsible and safe behavior. Changing attitudes and mentalities is a long-term process. That is why we recognize prevention-related activities as our strategic objective and intend to pursue them on a long term basis. We believe that through our involvement in these activities we will gradually contribute to attaining a very significant social benefit: a higher level of safety. At the same time, we contribute to the process of augmenting social capital, comfort and quality of life in Poland.

What is the prevention fund?

In accordance with the Insurance Activity Act, each company in our sector is required to establish a prevention fund and contribute a portion of its income to it.

The money collected in the prevention fund is used to

Our spending from the prevention fund in 2015 and 2016

Activities	2013	2014	2015	2016
Accident-prevention activities	17,774,202	16,639,771	15,702,606	10,754,572
Theft-prevention activities	4,236,283	4,948,011	3,997,447	2,264,114
Fire-prevention activities	3,977,323	3,110,327	3,349,601	3,273,738
Other	1,100,743	2,232,014	2,972,306	2,007,963
Total	27,088,551	26,930,123	26,021,960	18,300,388

reduce risks to human life and health and to protect property. In other words, the main purpose of the prevention fund is to enhance safety. As the insurance

industry leader in Poland, we allocate the largest pool of funds to prevention efforts.



Road traffic safety



Support of local campaigns to enhance safety



Cooperation with rescue organizations, professional and volunteer organizations alike



Nationwide prevention campaigns

Whom have we supported as part of our prevention and safety improvement activities?

Prevention activity areas in the PZU Group: as part of our prevention activities, we care for safety in every dimension: we support local communities in endeavors they consider important, every year we spend tens of millions of Polish zloty to support the Police, the State Fire Department, the Voluntary Fire Department, the Mountain Rescue Service (GOPR) and the Water Rescue Service (WOPR), and we fund social campaigns to promote road traffic safety. Below you will find descriptions of some of our initiatives. Detailed information is available on: www.pzu.pl/grupa-pzu/dzialalnosc-spoieczna/programy-i-projekty.

3.2.1. SELECTED SOCIAL CAMPAIGNS CONCERNING PREVENTION AND SAFETY

“Do you love someone? Say STOP to reckless drivers” Campaign

In the reporting period, we inaugurated a new edition of the social campaign entitled “Do you love someone? Say STOP to reckless drivers” run by the PZU Foundation. This time we focused our attention on pedestrians and their safety. As part of the campaign, we cooperated with the Police, local governments and schools across Poland.

We promoted road safety with a nationwide campaign, distributing scented hearts among drivers, reminding them that the person on the pedestrian crossing may be their closest relative and building 20 active crossings to improve the safety of pedestrians and drivers. We also handed out 620,000 safety reflectors to first graders throughout Poland. As the insurance market leader in Poland, we provide the largest contribution to prevention activities in the country.

“PZU Safe Fleet” program

According to statistical data, every year roughly 1,800 individuals die in road accidents in Poland while at work. That is why we continue the “PZU Safe Fleet” training program addressed to the car fleet sector. In this edition of the program:

- we extended the scope of training to include drivers with C and D category licenses due to the greater size variation of these vehicles than those in category B;
- we introduced an 8-hour training course in first aid;
- we started teaching defensive driving techniques combined with elements of environmentally friendly driving.

“Teddy Bears Rescue Children’s Lives” Association

Since 2010, we have consistently cooperated with the “Teddy Bears Rescue Children’s Lives” Association (www.misie.sos.pl), involved in the prevention of motor accidents and the provision of therapeutic assistance to victims of tragic incidents. Children are the main recipients of the Association’s activities. The main project executed by the Association was the construction of the Teddy, the Rescuer Center in Dźwierzyno near Kołobrzeg. It houses the Therapeutic and Training Center that offers: group and individual therapy courses for victims of motor accidents and their families; psychological and legal assistance for children orphaned as a result of an accident; training courses for rescue services concerning a modern model of arranging assistance for accident victims in consideration of their psychological status, first aid training courses.


68%

of Poles interacted directly with the campaign's advertising message

2,510,000

scented hearts were distributed to drivers

4,470,940

votes were cast in the competition for pedestrian crossings

"The Life of Others" Exhibition in the Royal Łazienki Park

At the Plenary Gallery of the Royal Łazienki Park, we presented an exhibition entitled "The Life of Others – Safe in the Mountains, Safe by the Water". It is a unique story about the daily work, dedication and heroic mindset demonstrated by GOPR, WOPR and MOPR rescuers. The exhibition was part of a larger project entitled "The Life of Others" by Jakub and Anna Górnicki from the podroznicy.com blog, supported by PZU.

PZU has been a partner of GOPR for ten years and has been supporting MOPR rescuers and selected WOPR groups for five years. We express our care for the safety of Poles by supporting those who rescue them in challenging and sometimes unpredictable situations. We support them by providing equipment, financing training courses and co-financing their statutory duties. Whenever they are on

a mission to help others, we don't want them to stress about defective equipment. We would rather have them focus on what is the most important, saving the lives of others. "The Life of Others" is their choice, their commitment, but also a great passion. Today we work with the authors of the podroznicy.com blog to show you the life of those who have devoted themselves to others. 10 blogged interviews share the stories of 10 extraordinary GOPR, MOPR and WOPR rescuers. They all share a passion for their profession, but each of them focuses on different facets of rescue work. And so we have experienced instructors and rescuers at the very beginning of their journey, mountain climbing and cave exploration experts, dog trainers specializing in search and rescue operations and those who have already saved many lives. Each story takes the form of a long interview with 6 additional articles presenting the unique nature and difficulty of these professions. They were published on the podroznicy.com blog in September.





NIESTRASZKI (FEARLESS)

In December 2015, the first annual motor insurance campaign named “Niestraszki (Fearless) in a package” was launched. This is how PZU introduced Niestraszki: five funny but wise characters with an educational mission.

It quickly turned out that children love Niestraszki. Through them, they learn the principles of safety while having fun.

Today, “Niestraszki” is a broad educational program. We impart knowledge that is usually boring for the youngest children in special workshops where children can create animated fairy tales with morals and meet their favourite characters. The niestraszki.pzu.pl platform also contains audiobooks, coloring books, games and fun activities and also contests and guidance for parents.

PZU has continued its safety awareness campaign by participating this year in the “Cultural Scenes” as a partner. It executed the largest and most visible summer project on the Polish coast. In the project, more than 28,000 people saw 70 free, educational theatre performances entitled “The

Adventures of Niestraszki”. Additional attractions included the Niestraszki-themed playground, safety lessons, meetings with rescuers and firefighters and, of course, with the Niestraszki themselves.

At the same time, we carried out a very important campaign on Polish beaches: a nationwide safety test among parents and children entitled “Safe Holidays”. In the largest seaside resorts, our pollers interviewed 3,600 parents of children aged 3-15 and 1,073 children aged 5-10. During the campaign, 1,055 surveys were conducted with parents of children aged 3-15, 524 beach surveys with children aged 5-10 and 1,467 surveys on the PZU Niestraszki FB fanpage with parents of children aged 3-15.

PZU helps parents keep their children safe

PZU has an innovative approach to safety: it not only educates on how to act, but also helps parents keep their children safe.

In the summer, PZU handed out special wristbands synchronized with a mobile app in seaside resorts. At the same time, we conducted a poll on how Polish people care for their children, what their approach to safety is and how much children know about safety.

We used a survey to learn about how aware children and their parents are about the threats posed by ordinary and extraordinary situations. Those who took part in the survey, received a unique "lose-me-not" wristband for children. It is waterproof and has a built-in transmitter. A special smartphone app (available for Android and iOS systems) monitors the child's location. If the child strays too far, the app alerts the parent immediately. This method of supporting child safety will be useful all year round, whether on summer or winter holidays, in shopping centers, playgrounds or other crowded places where it is easy to lose sight of a child. The motto of this activity is "Thinking about safety" (Z myślą o bezpieczeństwie).

The study was conducted on beaches as well as online, on PZU's Facebook profiles, *Niestraszki* (Fearless) and *Pomoc to moc* (Help is Power). The activity is carried out as part of the "Safe Holidays with PZU" campaign. The activity ended with a report presenting the study's findings.



3.3. HOW DO WE PROMOTE HEALTH AMONG POLES?

Health is very important in PZU's business activity. The Group Strategy for 2016-2020 assumed dynamic growth in the Company's activity on the health insurance market. This is why we continue to promote active lifestyle as part of our social commitment.

In our activities, we focus on the following:

- supporting mass and amateur sports events;
- co-financing institutions involved in health care.

The support for healthy and active lifestyle is financed by PZU Życie SA but it is an important area of the overall Group's social commitment. This is why it is mentioned in this report.

What sports events do we support?

Running has recently become the most popular mass physical activity of Poles. Therefore, we decided to support events promoting healthy and active lifestyles, in particular running events. The most important ones are as follows:

- PZU Warsaw Marathon;
- PZU Warsaw Half-Marathon;
- PZU Cracovia Marathon;
- PZU Cracovia Royal Half-Marathon;
- Wolf's Trail – Cursed Soldiers Memorial Run.

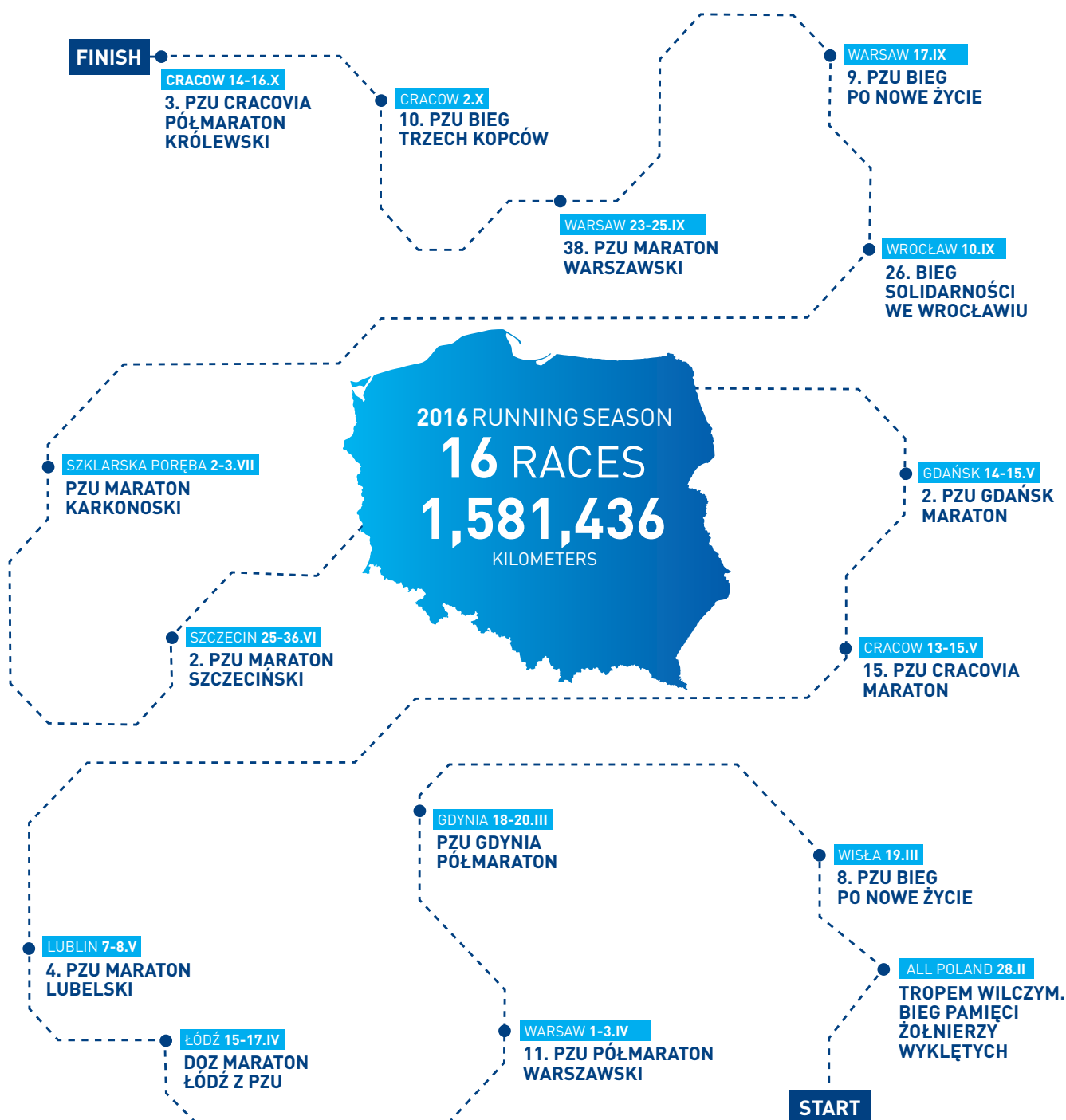
We started our involvement with running with the 35th PZU Warsaw Marathon in 2013. The success of that event encouraged us to become involved in other mass sports events. In 2015-2016 we supported more than 50 sports events, most of them running events. They included the PZU Half-Marathon, the largest mass run in Poland, PZU Bieg po Nowe Życie (PZU Run for New Life) promoting the concept of transplantation or a historical running event organized across Poland called "Wolf's Trail – Cursed Soldiers Memorial Run". In 2015, PZU was a strategic sponsor of park-run Polska, an organizer of free runs held every Saturday in 40 locations across Poland. In 2016, we supported the organization of the Onco Olympics, the only international sports games for youth fighting with neoplastic diseases. We also sponsored the National Sports Day.

PZU running map in 2016

PZU's running events in 2016:

"Share a kilometer" promoting physical and charitable activity. Since 2014, the running events supported by PZU have been accompanied by the "Share a kilometer" campaign in which PZU pays PLN 10 to a selected charitable organization for each kilometer on a treadmill, stationary bicycle or an

orbitrec. This way, in 2015-2016, in more than 40 outdoor events, runs and picnics, the participants ran more than 36,500 km, as a result of which we were able to support 45 organizations with more than PLN 373,000.



Share a kilometer **2015**

Together we ran

20,904.8 km

and collected

PLN 215,618**31** runs accompanied by the **Share a kilometer** campaign**32** charitable organizations received help through our campaignShare a kilometer **2016**

Together we ran

15,810 km

and collected

PLN 158,100**13** sports events accompanied by the **Share a kilometer** campaign**13** charitable organizations received help through our campaign**PZU Sport Team**

The PZU Sport Team initiative is a response to the outcome of the PZU employee commitment survey. The initiative was created by a group of sports aficionados. As a result, together we respond to the needs of PZU employees while promoting active lifestyle. Currently, the PZU Sport Team Association has seven sections: running, which is the most popular one, cycling, squash, skiing, football, volleyball, basketball and sailing; all the sections bring together 800 amateur athletes.

We collaborate with health promotion organizations

As part of our cooperation with the Polish Ultrasonographic Society, we co-financed ultrasound examinations to prevent various diseases with particular emphasis on abdominal cancer, cancer of the genitourinary system, thyroid, breasts and lymphoma.

We cooperated with the Suddenly On Our Own Foundation to implement a comprehensive assistance program for people who have lost their loved ones or were directly affected by an accident.

We also partnered with the Polish Union of Oncology in two editions of the "Healthy Township" project.

We supported educational prevention programs in cardiology

and oncology organized by the Polish Coalition of Oncological Patient Organizations and Telemedycyna Polska SA.

We co-financed the development of the "ONKOFund" portal by the Let's Win Health Foundation. It is a crowdfunding portal designed to support the treatment of oncology patients and educate the public on health care issues and patient rights.



3.4. HOW DO WE SUPPORT CULTURE AND NATIONAL HERITAGE?

We have a long-standing commitment to promote Polish culture and art by supporting numerous cultural initiatives and institutions. Learn about the cultural institutions and events we support.



Patronage of the National Museum in Krakow

PZU supports the Museum and all of its branches, not only financially. We strive to be a true patron and a force behind many ideas that help attract younger generations to the Museum.



Support for the Royal Castle Museum in Warsaw

The list of projects co-funded by PZU includes nearly 150 exhibitions, concerts, festivals and other cultural events organized by the Royal Castle. We insure its property and we have implemented a safety improvement program in 2014-2016.



Cooperation with the Royal Łazienki Museum in Warsaw

We prepared a safety improvement program for the Museum, which involved extension and installation of a technical safety system in museum buildings and physical protection of people and property on the premises. As a patron of the Museum, we were there for all the events held on its grounds. The Palace on the Isle in the Royal Łazienki Park may be visited with the Kulturysta app.



Support for the activity of the Warsaw Uprising Museum

In order to promote culture and history, we supported the celebrations of the 71st and 72nd anniversaries of the outbreak of the Warsaw Uprising. We cooperated with the Museum to prepare a "Memory of the City" mobile app in Polish and English language versions.

In 2015, we expanded our cultural activities by establishing cooperation with, and extending patronage to, the following institutions:



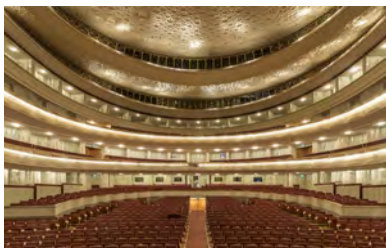
National Museum in Warsaw

Since 2015, PZU has been a patron of the 19th Century Art Gallery at the National Museum in Warsaw, a gallery containing the most beautiful 19th century works of Polish painting and sculpture and the largest and most popular place in the museum.



National Theater in Warsaw

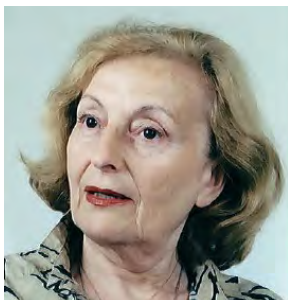
We also support the National Theater. In 2015, we supported the Theater's 250th anniversary event. Since 2016, we have been the Theater's patron and we have been taking actions to improve overall security of the building and fire safety measures.



Grand Theater – the National Opera House

We have been the patron of the Grand Theater – the National Opera House since 2015. We have also extended care for the institution by taking preventive measures and together we have been implementing the safety improvement program for 2015-2017.

3.5. WHAT DOES THE PZU FOUNDATION DO?



In 2015-2016, the PZU Foundation supported numerous initiatives in education, culture, art, history, health care, social welfare and aid. Guided by our motto, "Close to people and their needs", we go where social change must be made, supporting the activities of national and local organizations alike. We have been involved in projects on historical topics, promoting patriotic attitudes among the young generation. In the 17th edition of the "Poles for their Compatriots" activity, we engaged volunteers - PZU employees - to prepare more than 1,000 food parcels for our compatriots living in Ukraine.

Jolanta Zabarnik-Nowakowska – President of the Management Board of the PZU Foundation

The PZU Foundation, which is fully funded by PZU SA, relies on cooperation with community organizations and institutions from across Poland. Together with our partners, we diagnose social problems and strive to solve them. We focus on supporting projects that fall within our main areas of commitment, allowing us to make changes at different levels.

In what activities is the PZU Foundation involved?

Since 2004, the PZU Foundation has been carrying out the PZU Group's charitable activity, an element of its social commitment strategy. The Foundation's aim is to promote the education of children and youth, support talents and equalize opportunities for people who, for various reasons, suffer from exclusion, as well as to increase access to cultural and social goods, that is, to further the broadly defined development of civic society. We cooperate with non-governmental organizations, in Poland and abroad, institutions, sports clubs, schools and universities, supporting the implementation of projects in respect to their content, organization and

financing. We carry out social, educational and cultural projects and run an employee volunteerism program.

3.5.1 EDUCATIONAL PROGRAMS

Education in a broad sense is an important area of our commitment. We want to offer the most talented students the right conditions for scientific and artistic development.

Do wyróżnienia graficznego:

During the last two years:

We awarded more than 200 bridge scholarships (under the Entrepreneurship Education Foundation's Bridge Scholarship Program and EFC Foundation's "We Fulfill Dreams of Education"; we funded workshops for 1,000 talented young people (National Children's Fund); as part of the "With PZU after classes" contest, we funded 52 innovative educational projects.

In 2015-2016, we awarded grants totaling

PLN 38,553,945.08

The numbers of programs we support in various areas:

Education	247
Social care and assistance	236
Health care	149
Culture and art	170

Assistance program for the exceptionally talented
We are the partner of one of the oldest organizations in Poland, i.e. the National Children's Fund. During its 30+ years of operation, it has developed a consistent model of providing substantive support to the most talented students in all these areas. Under this program, talented youth participate in classes organized at the best universities and research institutes across Poland. Every year, thanks to partnership with the PZU Foundation, several hundred students have an opportunity to take part in activities that suit their talents: research workshops, general development camps, music workshops, concerts and exhibitions.

"BohaterON – turn history on" project

The goal of this campaign carried out in cooperation with the Rosa Foundation is to remember and honor the Warsaw Uprising insurgents. By engaging in such projects, the PZU Foundation pursues the opportunity of developing dialogue between generations and commemorating the Uprising

soldiers whose experience may serve as a valuable history lesson. It is also an opportunity to preserve the timeless nature of patriotism and to develop a national consciousness. BohaterON allowed everyone to send a special card to an Insurgent as a reminder we still remember... On one hand, the campaign promotes patriotic attitudes, national identity and educates the public, while on the other hand it pays a tribute to all those who fought for a free Poland.

The Zbigniew Herbert International Literary Award. The goal of this award is to highlight outstanding artistic and intellectual achievements in world literature, referring to the values that permeate Zbigniew Herbert's work. The Award also aims to promote Poland's cultural contribution – particularly in poetry – to the development of world culture as manifested in sharing ideas, values and contemporary experiences. The idea of the Award was born out of the conviction that Zbigniew Herbert's writing is a work of exceptional importance and should remain a living element of culture in Poland and globally. The award is given to writers whose work references the world of values permeating Herbert's work and resembles the message the poet left behind.

Searching for young athletic talents

The SKS - Queen of Sports School Program run by the Kamila Skolimowska Foundation in partnership with the PZU Foundation aims to find and support the development of talented children athletes.

It is an integral part of the flagship event Athletics Camp organized for several years by the Kamila Skolimowska Foundation. This series of events also offers a chance for children to pick up a shot, a hammer, a javelin or take off from a real starting block, often for the first time in their lives. Most Polish schools have no classes on the "queen of sports" and this project creates space to develop young talents showing promise for participating in athletic disciplines.

3.5.2. EMPLOYEE VOLUNTEERISM

Since 2012, the PZU Foundation has carried out an employee volunteerism program. In 2014, the "Employee volunteerism strategy in the PZU Group" was approved, setting out the

Foundation's area of operation	Support extended
Education	PLN 16,026,457.95
Social care and assistance	PLN 10,095,171.73
Health care	PLN 5,200,091.75
Culture and art	PLN 7,232,223.65

Below we describe selected projects in which the Foundation is involved. Detailed information is available on the www.fundacjapzu.pl website.

following areas of operation:

2015 is a time of accelerated growth of the employee volunteerism program in PZU. Numerous volunteering projects were executed. Additional program were launched in the areas listed in the Employee volunteerism strategy in the PZU Group.

What employee volunteerism activities did we carry out in the 2015-2016 period?

- Civic volunteerism is activity conducted by our employees where they identify social needs on their own, usually in their immediate environment. Two editions of the "Volunteerism means the joy of action" contest are organized in this area every year. In 2015-2016, as part of the contest, we financed 86 initiatives brought forward by our employees. More than 700 employees were involved in activities for the beneficiaries of these projects. The beneficiaries of our employees' volunteerism activities included children from educational care facilities, youth and children from schools and kindergartens, the disabled and elderly as well as animals from animal shelters. Additionally, during the fall edition of the "Volunteerism means the joy of action" contest in 2015, the employees executed 8 pedestrian safety projects in reference to the campaign "Do you love someone? Say STOP to reckless drivers."
- Educational volunteerism includes all the volunteerism activities that raise awareness and improve skills, mainly of children and the youth. PZU employees share their knowledge, competence and experience. In this area of volunteerism, the PZU Management Board Members participated in meetings with high school students in Warsaw and packaged holiday parcels that were later given to children staying in the hospital in

Zagórze. Some of the PZU management took part in the "Social Projects Olympics" program as mentors for high school teams that implemented their own social projects. Employees and agents taught more than 220 roomfuls of first to third grade elementary school students about safe behavior during winter and summer holidays using the "Safe Travels" educational game made especially for this project.

- Family volunteerism is the voluntary involvement of PZU employees' families in social activities. In 2015 we continued the "Local family volunteerism" program and we carried out the PZU Family Volunteerism program for the first time. The pilot was conducted in three regions: Katowice, Krakow and Wrocław. In each region, the program began with the InteGRA PZU Family Field Game, which was a proposal for the families and friends of PZU employees to become involved and also an idea on how to be active on Saturdays by helping others. Each point won by the families was converted into zlotys, which were then used to support the facilities where PZU employees and their families are involved. In total, 248 families and a total of 948 people took part in InteGRA games, including 183 PZU families. InteGRA games initiated the involvement of PZU family volunteers benefiting local non-government organizations.
- Health volunteerism was based on the promotion of healthy and active lifestyles, also by involving PZU volunteers in running events. In 2015, the volunteers helped the PZU runners in the safety deposit area during the 9th Warsaw Half-Marathon and the 37th PZU Warsaw Marathon.

What are the four employee volunteerism areas in PZU?



Every year, the PZU Foundation initiates cyclical volunteerism activities such as "Childrens' Day with PZU Volunteers" or "St. Nicholas Day with PZU Volunteers". In 2015 and 2016, 7 such meetings were organized in different cities of Poland and 27 non-contest projects were carried out at the initiative of PZU employees.



Volunteerism highlights in 2015-2016

1,878
PZU volunteers

committed to the execution of

168
volunteerism
projects

of which 86 were implemented
as part of the “**Volunteerism means the joy of**
action” grant contest

PLN1,437,077.49

– total amount of funds allocated to volunteerism

248 families

engaged in family volunteerism activities

PZU volunteers spent

11 thousand hours

in volunteerism activities

How do we promote volunteerism in our organization?

In order to promote the idea of volunteerism in PZU, we have established the Volunteerism Leaders Academy composed of Regional Volunteerism Leaders.

They include employees who carry out informational and promotional activities associated with employee volunteerism at the regional level. In 2015 and 2016 the Academy conducted a series of training sessions for the Leaders to improve their leadership competence and improve skills of communication concerning volunteerism opportunities. In each training course, a model volunteerism activity is organized with the participation of the Leaders and addressed to different beneficiary groups.

Evaluation

In November 2015, the 6th edition of the "Volunteerism means the joy of action" contest was evaluated from the perspective of our stakeholders. 97% of the beneficiaries rated the cooperation with volunteers as very good and 3% as good. 100% of the polled beneficiaries of volunteerism activities would recommend cooperation with PZU volunteers to other organizations. On the other hand, the employees believed that volunteering had helped them to develop many skills and competences that are useful in day-to-day professional work such as teamwork, communication, problem and conflict-solving, creative skills, project management, people management, negotiation skills. In addition, the volunteers especially appreciate the fact that through the grant contest they can help others and have an opportunity to meet their colleagues in situations other than in everyday professional life, as well as realize and discover new interests and passions. 80% of the surveyed employees claimed that employee volunteerism has an impact on how they perceive their employer and increases employee identification with the company. 88% of the beneficiaries see PZU as a socially responsible company and would like to continue the employee volunteerism cooperation.

3.5.3. THE FOUNDATION'S OTHER ACTIVITIES AND PROJECTS

The Foundation carries out more than 600 projects. In addition to the ones mentioned above we should also note grant contests enabling NGOs to run interesting and innovative projects for their local communities in small towns and villages. In these contests we support innovative educational ideas ("With PZU after school"), programs increasing the independence and social engagement of the disabled ("Young Disabled – Enabled with PZU"), initiatives increasing the access of children and youth to cultural goods ("PZU with Culture"); cooperation with the Verba Foundation in the educational project entitled "Extraordinary Meetings"

for preschool children; partnership with the GDZIE Foundation on "Rotmistrz Pilecki, the Unbeaten Hero"; involvement with the "Noble Parcel" program carried out by the WIOSNA Association. Detailed information on the Foundation's activities is available on its website at www.fundacjapzu.pl.

3.6. HOW DO WE THINK ABOUT NATURAL ENVIRONMENT PROTECTION?

The ecology and environmental protection criterion determines our decisions and actions in administration and logistics.

In the environmental policy the PZU Group has been implementing since 2013 we follow the following rules:

- sustainable development;
- high level of environmental protection;
- prudence and prediction of the adverse impact our actions exert, if any;
- prevention of pollution and elimination at source;
- inclusion of environmental protection elements in business policy and strategy;
- partnership – requirement to take joint environmental protection actions by all entities cooperating with us.





Doing business in an environmentally responsible manner is an inherent part of PZU's activities. As a company that specializes in making people safe, even in the most challenging situations, we are also obligated to give them the feeling of safety in the environment where they live. The first effort showing our care for the natural environment is appropriate communication and teaching the right habits to the PZU Group's several thousand employees throughout Poland. As part of our competence, we remind them about the use of the very effective rules of environmental conduct. They comprise, among others, the 3R principle (reduce, reuse, recycle) and reduction of the number of printouts. We make sure that the printing equipment we buy is environment-friendly. Our printers offer automatic double-sided printing and hold the Energy Star and Blue Angel environmental certificates. We reduce exhaust emissions into the environment through reducing fuel consumption. To this effect, we have imposed fuel limits on fleet cars; we increase the percentage of economy cars in the total fleet and promote

eco-driving. We gradually withdraw templates for insurance forms.

Wojciech Iwanicki – Director of the Administration Department

What do we do to limit or rationally use consumption of printouts, paper, drinking water, reduce the quantity of archival documentation and generate less exhaust emissions?

We constantly strive to limit the generation of unnecessary printouts and archival information, rationally using paper, and contribute to cutting exhaust emissions in the PZU Group. In this respect we focus on the following:



- Reducing the documentation subject to archiving. In 2016, the Company reduced the production of paper documentation subject to long-term archiving. From the 9.14 running km of documentation produced and archived in 2015, we reduced this figure to 8.67 km in 2016. We produced 0.47 km of documentation less.
- Each running kilometer of documentation comprises 2,500 boxes. Each box weighs on average 15 kg, meaning the Company saved 17.6 tons of paper. Additionally, in 2016 the Company disposed of 71,202 boxes with documentation, i.e. 28.48 running km of documentation, i.e. 1,068 tons of paper.
- The entire volume of archived documentation fell at the end of 2016 by 60,917 boxes, i.e. 24.4 running km of documentation (compared to 31 December 2015).
- In 2016 we stopped subscribing hardcopy journals – 116 newspapers, 48 weeklies and biweeklies, 79 monthlies and 11 quarterlies – thereby reducing the annual amount of paper by 13 tons.



- Continuation of the policy of using smaller and more economical cars such as Opel Corsa and Toyota Yaris. Fuel cards are blocked by the system on weekends leading to rational use of the Company's fleet and, as a consequence, to cutting the volume of fuel consumed and the number of kilometers driven. According to estimates, the environmental impact may be reduced by as much as 5% of exhaust emissions into the atmosphere. The Company continues to be the industry leader in terms of the share of hybrid cars in its fleet.



- Actions encouraging employees to travel by public transport – trains and airplanes exerting a significant impact on environmental pollution and exhaust emissions.



- As in previous years, we set up double-sided printing. The number of multi-function devices available to multiple users on individual floors in the Company's buildings has increased, thus reducing the number of printers connected to single computers.
- We have allocated out-of-date sales form templates for office printouts, thus saving printing paper.
- The volume of office printouts was reduced from 107 million in 2015 to 104 million in 2016. The number of devices was reduced from 5,470 in 2015 to 5,300 in 2015.
- As part of our monitoring tools (printer counter readings, analysis of user status), actions were taken to use our printing devices optimally so that each device works with an optimum load. These actions are taken on an ongoing to extend the average operating time of printing devices and minimize service (replacement of consumables), which is visible in reduced servicing costs.
- In 2016, PZU SA continued actions to reduce the purchase / consumption of sales forms (policies, applications, GTCI). These actions comprised the following:
 - 1) close monitoring of the issuance of forms to employees and agents and use of inventories;
 - 2) purchases of forms on the basis of sales plans and inventories held;
 - 3) enforcement of the form management procedure in PZU SA as the Regulation issued by the President of PZU SA on 13 June 2013 – among others by inserting automatic messages on order limits in the form and update of the limits.

As a consequence of these actions, the number of forms ordered in PZU SA has gradually declined and in 2016 was 19.99% lower than in 2014 and 9.41% lower than in 2015:

2014 = 59.68 million
 2015 = 52.71 million (-11.68% compared to 2014)
 2016 = 47.75 million (-19.99% compared to 2014, -9.41% compared to 2015)

Item	2015	2016
Paper and forms/ printouts	52,713,088	47,749,115



- In the KBC building (Konstruktorska Business Center) employees may now use latest generation water dispensers which, in addition to standard temperature adjustment options (cooling and heating) offer a sparkling water dispensing option. This has a significant impact on orders of bottled sparkling water in PET bottles (very long biodegradation period), which has a significant impact on environmental protection.



- We recycle all packaging (card boxes from stationary materials, toner packaging, card boxes with forms) we use as separators for boxes and packaging for agent forms.
- We continue to modernize the form of selective waste collection started a few years ago in the PZU Group's buildings. This initiative pertains to printer toners, furniture as waste processed in its entirety, electronic equipment (computers, memory boards, cables RAM, brown goods and white goods, monitors, files), HDD drivers and others.



- The company holds regular collections of used company mobile phones and modems. They are handed over to specialized entities collecting materials for recycling. In 2015, we handed over 3,000 pcs. The Company segregates and hands over used printing toners, faulty devices (plastic), such as printers and copiers, to appropriate entities for recycling. Internal procedures allow for the possibility of repurchase of used telephone handsets by employees to contribute to lower consumption of mobile phones in the market and, as a consequence, cutting electronic waste.

Being aware of the impact that the business has on the environment, including the natural environment, in our branches we focus on the environmental effects of our operations with a full commitment to actions to protect the natural environment.

According to the PZU Group's environmental policy in force since 2013, we follow the following principles in our actions:

- sustainable development;
- high level of environmental protection;
- prudence and prediction of the adverse impact our actions exert, if any;
- prevention of pollution and elimination at source;
- inclusion of environmental protection elements in business policy and strategy;
- partnership – requirement for all the entities cooperating with us to take joint environmental protection actions.

Our care for the natural environment has become an element of strategic and operational real estate management. In our daily business activity we take a number of actions focusing primarily on reducing our detrimental impact on the environment.



We reduce the consumption of electricity in the PZU Group office buildings through:

- consolidation of electricity supply agreements (process completed in 2016);
- optimization of the ordered capacity for the buildings in line with the needs and nature of conducted activity – the effects of these efforts are visible especially in large space buildings, e.g. the Head Office – the Tower building;
- modernization of electrical power equipment;
- gradual replacement of light sources with energy-saving light sources;
- keeping metering records to help us set specific consumption reduction targets for the years to come.



We reduce the consumption of gas and heating oil in the PZU Group office facilities:

- we gradually replace gas-fired boilers with energy-saving ones;
- we install weather controllers in boiler rooms and heating junctions;
- we replace radiator temperature control units;
- we carry out thermal modernization in buildings (among others, overhauls of central heating installations, facade insulation, window replacement).

Consumption of heating oil, gas, electricity and heat

Item	2015	2016
HEATING OIL (consumption of energy in GJ) data for the whole country*	8,941.0	10,212.0***
GAS (consumption of energy in GJ) data for the whole country**	2,5370.0	34,721.0***
ELECTRICITY (consumption in MWh) data for the PZU Head Office – the TOWER building	6,409.7	5,822.0
HEAT (consumption in GJ) data for the PZU Head Office – the TOWER building	21,549.0	20,893.0

* Conversion factor = 36,636 GJ/m³.

** Conversion factor = 0,0355 GJ/m³.

*** Increase of consumption results, among others, from lower temperatures in 2016; an additional cause is the aging heating installation (less efficient) which we gradually replace



We modernize air-conditioning installations through:

- gradual decommissioning of air-conditioners using substances depleting the ozone layer;
- disassembly and disposal of obsolete devices;
- installation of high energy efficiency devices taking into account the seasonal variability of the heating load.

The space in this building has been equipped with, among others, **attractive containers for selective collection of waste**





We conduct selective collection of waste
in this respect:

- we introduced a waste segregation process in approx. 50% of the PZU Group units;
- we monitor the quantity and type of generated waste and strive to reduce constantly the quantity of generated municipal and selective waste;
- we manage waste, we hand over waste for recycling / paper and cardboard packaging waste / (using a waste collection company).

Table: Collection of selective waste in the reporting period (weight in Mg)

Reporting period	2015	2016
Type of waste		
municipal, biodegradable, green waste (20 02 01, 160380)	1.87	4.12
plastic packaging (15 01 02)	4.22	6.89
metal packaging (15 01 04)	0.19	0.38
paper packaging (15 01 01)	50.33	43.13
mixed packaging (mix paper, plastic, metal) (15 01 06)	6.63	7.47
packaging glass (15 01 07)	11.60	16.74
Total	74.85	78.74

* According to the above data, a clear increase in the volume of selective waste collection can be seen

With our efforts, we also influence the **awareness and sense of responsibility for the environment among our employees**.

In the second half of 2015 we completed the process of relocation of 1,700 employees from several locations in Warsaw to the "green building" in the Konstruktorska Business Center. The building has a BREEAM certificate at the "very good" level. Except for modern open space, we provide employees with solutions that directly influence environmental protection.



To encourage employees to give up using cars as their primary means of transport, the building has **indoor parking spaces for bicycles** and access to social facilities.

There is also an employee bus which takes our employees to main means of city transport.



We **save electricity** together – in the KBC premises and several PZU Group buildings, we have installed wobblers reminding us to turn the lights off.

Additionally, in the toilets in the KBC building, motion sensors are installed.



PZU OUTLETS AND WORK ENVIRONMENT (except for part 3.6)

Our attention focuses on client needs and expectations. Therefore, by modernizing the PZU Branch network, we strive to make our outlets modern, free of architectural barriers, and visually friendly to clients.

We also care about employee comfort. In 2016, we introduced a new back office space standard in the PZU Group in which we focus on creative open spaces and rest and relax zones. We are aware that the appearance of the space surrounding us has a direct impact on the quality of our work, concentration level, and even the level of commitment to our duties.





CHAPTER 4 REPORT HIGHLIGHTS

We provide much more information than legal regulations require. This report evidences that statement.

We want for you to get to know us and our operations as best as possible.



Reporting Corporate Social Responsibility entails more than collecting data.

Above all, it involves analyzing the impact we exert on our surroundings and setting priorities in this area. Preparing each report according to the Global Reporting Initiative's guidelines is a process necessitating the involvement of many people.

In this chapter:

- you will learn how this report has been prepared;
- we will familiarize you with the stages of reporting;
- we will show you the most important issues in PZU's sustainable development reporting;
- we will present a list of indicators belonging to the GRI Index.

This report presents the results of PZU SA's operations from 1 January 2015 to 31 December 2016 unless a specific section of the text states otherwise (the report also contains information pertaining to the PZU Group, the PZU Foundation, PZU Życie and the PZU brand). In the report we use the names of PZU SA, PZU and Company interchangeably.

PZU SA publishes its Corporate Social Responsibility report bi-annually. The previous report for 2013-2014 was published in 2015. It is available in PDF format on the website: www.pzu.pl.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) G4 methodology while using the "Core" guidelines application option.

THE PROCESS OF PREPARING THE RAPORT

Who was involved in preparing the report?

Many people participated in preparing this report. We would like to thank them for their time, attention and commitment. These people including the following:

- **company stakeholders** who expressed their opinion regarding the report and the company in the course of ongoing cooperation and by voicing their statements in the report;
- **PZU SA employees**, managers and experts in all the company's key operating areas and its senior management.

PZU SA'S REPORTING ASPECTS

PZU SA's key reporting aspects

Aspect	Impact exerted by the aspect outside PZU SA	Impact exerted by the aspect in PZU SA	Place in the report
1. Transparency of PZU's offer and responsible sales process	•		Chapter 2
2. Client service standards, including the approach to handling complaints and grievances	•		Chapter 2
3. Product innovations responding to client needs	•		Chapter 2
4. Compliance – compliance with regulations	•	•	Chapter 1
5. Adhering to the highest standards of external communication	•		Chapter 2
6. Approach to claims handling	•		Chapter 2
7. Counteracting corruption	•	•	Chapter 1
8. Client communication channels	•		Chapter 2
9. Client data security	•	•	Chapter 2

10.	PZU's involvement in expert and research projects and projects of importance to the sector	•	Chapter 3
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Apart from the key aspects, in this report the company also depicts those aspects that received a slightly lower score in the process of defining materiality. Nevertheless, they are related to the key aspects and that is why they have been captured in this report. They include the following:

- financial performance reporting and market presence;
- cultivation of a culture of ethics;
- risk management;
- employee satisfaction and commitment;
- employment terms;
- employee development and education;
- employee safety and health;
- rules of cooperation with business partners;
- vendor selection criteria;
- prevention programs to enhance safety;
- local CSR activities/volunteerism/PZU Foundation's activity;
- environmental policy.

Some of them have not been described in the same level of detail as the key indicators. This results from the importance of the aspects.

GRI INDEX (CONTENT INDEX)

This table depicts the list of GRI indicators and states the page number in the report where a reference to an indicator is made. We have employed our own indicator in circumstances in which none of the indicators proposed by GRI was appropriate. This table also contains information on whether the data pertaining to an indicator has undergone independent verification.

GRI G4 Indicator	Guidelines	Reference in the report (page no.)
Strategy and analysis		
G4-1	Statement from the most senior decision-maker of the organization (e.g. executive director, CEO or some other persons of equivalent position) about the relevance of sustainability to the organization and its strategy	
Organizational profile		
G4-3	Name of the organization	8
G4-4	Primary brands, products, and/or services	8, 39, 90
G4-5	Location of organization's headquarters	
G4-6	Number of countries in which the company operates	8
G4-7	Organization's form of ownership and legal form	8
G4-8	Markets served with an indication of the geographic range, sectors served, description of clients/consumers and beneficiaries	8
G4-9	Scale of the organization's operations	8
G4-10	Total number of employees by employment type, employment contract, region and gender	30
G4-11	Percentage of employees covered by collective agreements	31
G4-12	Delivery/value chain	56
G4-13	Significant changes during the reporting period regarding size, structure and form of ownership	83
G4-14	Explanation of whether and how the precautionary principle is addressed by the organization	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	15, 20
G4-16	Memberships of associations (such as industry associations) and/or national or international organizations	
Identified material aspects and their boundaries		
G4-17	Information concerning all the entities included in the organization's consolidated financial statements or equivalent documents.	8
G4-18	Process for defining the report's content and implementing reporting rules to define the report's content	83

CHAPTER 4 KEY INFORMATION ABOUT THIS REPORT

GRI G4 Indicator	Guidelines	Reference in the report (page no.)
G4-19	Key reporting aspects	83
G4-20	Impact exerted by the aspect in the organization	83
G4-21	Impact exerted by the aspect outside the organization	83
Stakeholder engagement		
G4-24	List of stakeholder groups engaged by the organization	59
G4-25	Basis for identification and selection of stakeholders with whom to engage	59
G4-26	Approach to engaging stakeholders, including the frequency of engagement by stakeholder type and group	59, 83
G4-27	Key topics and concerns raised by stakeholders and the organization's response, also by reporting them	59
	Report's profile	
G4-28	Reporting period	83
G4-29	Date of publication of the last report (if published)	83
G4-30	Reporting frequency (annually, bi-annually, etc.)	83
G4-31	Contact person	
G4-32	Table identifying the location of indicators in the report	85-89
Organizational governance		
G4-34	Organization's supervisory structure along with the commissions responsible for the various tasks that report to the highest supervisory body	12
Ethics		
G4-56	Internally articulated mission statement or the organization's values, code of conduct and code of ethics	15

PERFORMANCE INDICATORS

GRI Indicator	Guidelines	Reference in the report (page no.)
ECONOMIC AREA		
Aspect: Financial performance reporting and market presence		
PZU's own indicator	Selected financial indicators	
Aspect: Rules of cooperation with business partners		
G4-DMA	Approach to management in the area of cooperating with business partners	54
Aspect: Risk management		
G4-DMA	Approach to risk management	21

GRI Indicator	Guidelines	Reference in the report (page no.)
Aspect: Vendor selection criteria		
G4-DMA	Approach to management in vendor selection	56
ENVIRONMENTAL AREA		
Aspect: Curtailment of resource/utility consumption		
G4-DMA	Approach to management of environmental impact	75
G4-EN3	Energy consumption in the organization	78
SOCIAL AREA – CLIENTS		
Aspect: Transparency of PZU's offer and responsible sales process		
G4-DMA	Approach to management in ensuring the transparency of PZU's offer and responsible sales process	40
G4-PR5	Client satisfaction and research findings	47, 49
Aspect: Client service standards, including the approach to handling complaints		
G4-DMA	Approach to management in client service standards, including the approach to handling complaints and grievances	45-48
Own indicator	Average time of claims handling	48
Aspect: Product innovations responding to client needs		
G4-DMA	Approach to management of product innovations	40, 50
Own indicator	Client satisfaction indicator concerning direct claims handling	49
Aspect: Approach to claims handling		
G4-DMA	Approach to management of claims handling	49
Aspect: Client communication channels		
G4-DMA	Approach to management of client communication channels	40-44
Own indicator	Utilization of Contact Center channels	41
Aspect: Client data security		
G4-DMA	Approach to management of client data security	49
G4-PR8	Total number of substantiated complaints concerning breaches of client privacy and data loss	49
Aspect: Adhering to the highest standards of external communication		
G4-DMA	Approach to management of adhering to the standards of external communication	44
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsoring by type of outcome	11, 44

CHAPTER 4 KEY INFORMATION ABOUT THIS REPORT

GRI Indicator	Guidelines	Reference in the report (page no.)
SOCIAL AREA – SOCIETY		
Aspect: PZU's involvement in expert and research projects and projects of importance to the sector		
G4-DMA	Approach to management of PZU's involvement in expert and research projects and projects of importance to the sector	63
No indicator		
Aspect: Prevention programs to enhance safety		
Own indicator	Amount of spending allocated to prevention measures	63
Aspect: Local CSR activities/volunteerism/Foundation's activity		
PZU's own indicator	Number of employee volunteers	74
SOCIAL AREA – ETHICS/COMPLIANCE		
Aspects: Counteracting corruption/cultivation of a culture of ethics		
G4-DMA	Approach to management of counteracting corruption and cultivation of a culture of ethics	22-23
G4-SO5	Number of confirmed incidents of corruption and the measures taken in this area	23
Aspect: Compliance – regulatory compliance		
G4-DMA	Approach to management in compliance (regulatory compliance)	22-23
G4-PR9	Cash value of penalties for failing to comply with the law and regulations concerning the supply and usage of products and services	25
SOCIAL AREA – EMPLOYEES		
Aspect: Employment terms		
G4-DMA	Approach to management in employment terms	28-29
Aspect: Employee satisfaction and commitment		
G4-DMA	Approach to management in employee satisfaction and commitment	32
Aspect: Employee safety and health		
G4-DMA	Approach to management in employee safety and health	34-35
G4-LA6	Rate of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by gender and region	35
Aspect: Employee development and education		
G4-DMA	Approach to management of employee development and education	32-33
G4-LA9	Average number of hours of training per year per employee by employment structure	34

* Indicator reported partially without a breakdown by gender and region.

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