

**Gruppo Generali**  
SUSTAINABILITY REPORT 2006



# Assicurazioni Generali

# SUSTAINABILITY REPORT

2006 175<sup>th</sup> YEAR

# CHAIRMAN'S LETTER



The year 2006 held special historical importance for our Group, marking the 175th anniversary of the Parent Company, Assicurazioni Generali. The Group has lived through Europe's history. Its strength and standing stem from its ability to perceive trends and adapt to continual changes on key markets, remaining faithful since its inception to a system of shared values.

In 2006, the Group achieved its best results to date, both in absolute terms and according to the indicators used in the insurance industry. However, in addition to these economic objectives, significant achievements were also attained from a social and environmental point of view. Indeed, the decision we made a few years ago to draw up a Sustainability Report triggered a learning process which enabled us to develop company resources and know-how on a number of levels.

We have expanded our social and environmental policies and made them more systematic to meet the expectations of our stakeholders. We have also fine-tuned and enhanced our accounting and reporting systems by developing an accounting process shared by all major Group companies in 40 countries. The Sustainability Report has also proven to be a useful tool for spreading and consolidating guiding values and principles among all companies, for developing policies aimed at stakeholders and sharing common elements, and for transferring the best practices developed by individual companies or countries to other Group companies, thus harmonizing certain management systems on a global scale.

Among the Group's significant results attained in 2006 within the framework of social and environmental policies, the numerous ecological initiatives deserve special mention. These initiatives were prompted by the creation of the Eco-Committee, the Group's renewed and extensive training efforts and the implementation of asset management policies in accordance with the guidelines adopted by Government Pension Fund - Norway.

Dialogue with stakeholders was enhanced and extended to a greater number of stakeholders, also through new forms of engagement, and has proven fundamental to the improvement processes. Through dialogue, we have identified opinions and suggestions that have helped direct action towards areas where needs and expectations are greatest.

With a view to enhancing transparency in the Group's social and environmental achievements, detailed information on the extent to which objectives have been achieved has been added to the Sustainability Report.

These objectives supplement the ambitious goals contained in the Group's Business Plan, thus helping develop a model that can generate sustainable value over time. Today as yesterday, our business is aimed at enabling the people who work with us to grow professionally, while meeting the expectations of our shareholders, clients, partners and the community we work in.

To officially mark our far-reaching commitment, we decided to adhere to the UN Global Compact, an international initiative to support 10 universal principles in the areas of human rights, labour, the environment and anti-corruption. Being universal principles, these were in fact already part of the Group's values and strategies. By adhering to the UN Global Compact, Generali is publicly expressing its commitment to apply these principles to company policies and everyday operations, testifying through concrete action the responsibility it feels towards the environment and the community. It is thus reaffirming its intention to combine long-term economic growth with social and environmental sustainability, always grounds for pride within the Generali Group, encouraging its partners to pursue the same objective and, consequently, contribute to a significant, universal achievement.

*Antoine Bernheim*

## The Sustainability Report: learning tool for the Group

The Generali Group Top Management's decision to draw up a Sustainability Report (SR) for the year 2004 triggered a learning process that has since developed Company resources and skills on a number of levels, namely:

1. the decision to draw up a SR brought with it the Company's commitment to progressively extend its **social and environmental policies**, making them more systematic to meet stakeholder expectations. In other words, the SR was an incentive to enhance the contents and form of social commitment that has set the Group apart since its inception;
2. preparing the SR required a gradual strengthening and fine-tuning of **accounting and reporting systems**. New indicators have been identified to measure the economic, social and environmental impact of company activity and, subsequently, an accounting process extending to all major Group companies in approximately 40 countries was established;
3. the drawing up of the SR marked a significant occasion for developing and consolidating **Group culture**. Indeed, it provided an opportunity to promote and consolidate guiding values and principles across Group companies, to develop common stakeholder policies, to transfer best practices developed by an individual company or country to other Group companies, and to harmonise certain management systems on a global level.

Therefore, for Generali adopting the SR was not only an important step forward in terms of communication policies, but also an opportunity to develop management systems and values.

## Progress of the SR in the Generali Group

Since **2004** (when the Generali Sustainability Report was published for the first time), the following advancements have been made. In view of the Group's complex structure, the first issue focussed on the largest companies, identified on the basis of:

- **relevance to core business**, namely insurance and insurance-related services;
- **company size**, based on the minimum threshold of 250 employees, the European Commission's baseline for identifying large companies;
- **location** in those countries whose volume of business is of primary importance for Generali strategy, namely Italy, Germany, France and Spain.

Identifying an area encompassing these four countries was, at the time the first Report was drafted, a bold move on the Group's part, and a reflection of its will to establish quality in sustainability reporting from the outset.

The second Report (2005), drawing on the experience of the previous year, presented numerous key improvements:

- **SR area** - The area was extended to include Austria, Switzerland and Israel; moreover, data pertaining to all Group insurance companies were presented for each country, regardless of their size.
- **Contents** - Many sections of the document were enriched with data; in particular, the section dedicated to the environment contained new information in terms of quality and quantity.
- **Layout** - For the purpose of easy reference, particular emphasis was placed on quantitative data, using many tables and graphs, with interpretation keys provided for each. Moreover, a graphical map illustrating the document structure was designed to accompany the reader through the volume. Stakeholders were divided into three categories on the map to underscore their relationship with the Group: "direct stakeholders", i.e. members of staff and shareholders; "competitive stakeholders", i.e. clients, suppliers and entities the Group invests in; and "social/environmental stakeholders", encompassing the community and physical environment where the Group operates.
- **Time scale** - Building on the quantitative information contained in the previous SR, the Report provided the benchmark for the first data analyses comparing accounting periods.

## What is new in the SR 2006

Generali's new SR presents yet a further significant improvement, made possible by a number of factors:

- the Group now has a central **dedicated team** appointed to draw up the SR. The team has - over time - built its know-how and gained an in-depth insight into challenges on a national scale. Moreover, the team closely monitors the evolution of best practices in Italy and around the world, particularly with regard to the insurance sector;
- each country included in the SR has set up a national work group that stays in contact with the central team. Its job is to implement guidelines issued by the central team and suggest improvements applicable Group-wide on policies as much as reporting;
- improved reporting is a direct consequence of the **intensification and improvement of social and environmental policies**. Examples include the development of ecological initiatives, the work of the Generali Group Innovation Academy - which is stepping up its efforts in terms of training initiatives - and capital management policies in accordance with the guidelines adopted by Government Pension Fund - Norway;
- the Sustainability Report 2005 was presented by Managing Director Mr Perissinotto at a round table at the University of Trieste, attended by representatives from the academic world and the press, experts, teachers and several students. This was also an occasion to welcome suggestions on how the Report can be improved. A **multistakeholder meeting** held behind closed doors had similar results; it was attended by leading representa-

tives of consumer associations (Federconsumatori, Movimento Consumatori) and environmental associations (WWF), social and environmental rating agencies (Vigeo - Avanzi SRI), sustainability assurance associations (Valore Sociale), industry associations (ANIA, AldAF), trade unions (UIL), associations committed to spreading socially-responsible practices in companies (Sodalitas), researchers and academics (Fondazione Eni Enrico Mattei, IEFE - Centre For Research on Energy and Environmental Economics and Policy – Bocconi University, Bergamo University, ALTIS – Postgraduate School Business & Society - Cattolica University in Milan).

The most significant changes to the Generali Group's third SR are:

- **SR area** - The Report focuses again on seven countries (Austria, France, Germany, Israel, Italy, Spain and Switzerland), and includes a number of insurance companies that had previously been excluded from the SR, such as Europ Assistance Group companies in Austria, Germany and Switzerland. For the first time, the report also covers the Group's **banking companies**: Banca Generali in Italy, Deutsche Bausparkasse Badenia in Germany and BSI in Switzerland. No other significant changes are reported, although some variations are witnessed in the Group's composition, mainly due to mergers in Italy, France and Germany. The Report is now representative of 72.8% of the Group's workforce and 90.8% of the Group's overall gross direct premiums. Moreover, two new sections have been introduced. They deal with countries in which the Group operates and where the protection of human rights is still a critical issue, namely **China and Colombia**. Qualitative and quantitative information is also provided on a worldwide level to illustrate the Group's global stature.
- **Contents** - The new information added to the SR includes: new environmental indicators (consumption of electrical energy, paper and water, number of business trips by air and rail), additional information on claims and equal opportunities policies. The "**Table of objectives**" - in the last section of the Report - is of particular importance, in that it provides a summary of:
  - 2006 objectives;
  - the extent to which these objectives have been achieved in the relevant year;
  - the objectives that are still to be pursued in the near future;
  - new objectives identified for upcoming years.The table, therefore, presents a critical appraisal of the path the Group has travelled in social and environmental policies as well as in sustainability reporting quality.
- **Layout** - The SR has become an increasingly important element of a larger communication system focussing on the Group's social and environmental policies. Thus, the SR supplements the **new section on the Group's website** [www.generali.com](http://www.generali.com) called "**Sustainability**". In this sense, the SR makes several references to the website that contains additional information and, in some cases, it provides over the year updating of the data published in the SR.
- **Time scale** - The new SR presents, as usual, data trends referring to the **past two financial years**. At times, 2005 data had to be recalculated for coherent comparison; whenever this is the case, the exact nature of the operation is explained. Data referring to more



years, even when available, are not included for graphics-related reasons. However, plans exist to make more detailed information on a wider time-scale available on the "Sustainability" section of the website.

## International standards and the reporting process

The Report was drawn up in accordance with most credited international standards, in line with international practices and as previous editions:

- the new edition of **2006 Guidelines of the Global Reporting Initiative (G3)** and the GRI Financial Services Supplement were used as reference for editing, structure and content;
- the **AccountAbility1000 (AA1000) standard** was used to collect information and draw up the document. This standard was developed by the Institute of Social and Ethical Accountability to ensure the accuracy, relevance and reliability of information gathered.

The reporting procedure was managed by a Generali Group work team again this year, coordinated by a Guideline Committee, including members of the Group's Top Management.

Closer ties were forged with stakeholders as a result of the Report preparation procedure, especially with regard to the involvement of members of staff, end clients, agents, investors and the community. As indicated in the Report, several methods of engagement were used, including: employee and customer satisfaction surveys, meetings with analysts and investors, focus groups with employees and the sales force.

Companies included in the 2006 Sustainability Report area:

**ITALY**

- Alleanza Assicurazioni S.p.A.
- Assicurazioni Generali S.p.A.
- Banca Generali S.p.A.
- Europ Assistance Italia S.p.A.
- Fata Assicurazioni Danni S.p.A.
- Generali Investments Italy S.p.A. SGR
- Generali Properties Asset Management S.p.A.
- Generali Servizi Amministrativi S.r.l.
- Generali Servizi Informatici S.r.l.
- Genertel S.p.A.
- Gruppo Generali Liquidazione Danni S.p.A.
- INA ASSITALIA S.p.A.
- Intesa Vita S.p.A.
- La Venezia Assicurazioni S.p.A.
- Risparmio Assicurazioni S.p.A.

**AUSTRIA**

- Allgemeine Immobilien-Verwaltungs- Gesellschaft GmbH
- Europ Assistance Gesellschaft
- Europäische Reiseversicherung-AG
- Generali Holding Vienna S.A.
- Generali Immobilien AG
- Generali Versicherung AG

**FRANCE**

- Assurance France Generali S.A.
- Europ Assistance France S.A.
- Européenne de Protection Juridique S.A.
- Generali Finances S.A.
- Generali Iard S.A.
- Generali Immobilier Conseil S.A.
- Generali Immobilier Gestion S.A.
- Generali Vie S.A.
- GFA Caraïbes
- La France Assurances Courtage S.A.
- L'Équité
- Prudence Créole
- Prudence Vie
- Trieste Courtage

**GERMANY**

- AachenMünchener Lebensversicherung AG
- AachenMünchener Versicherung AG
- AdvoCard Rechtsschutzversicherung AG
- AMB Generali Asset Managers Kapitalanlagegesellschaft mbh
- AMB Generali Holding AG
- AMB Generali Immobilien GmbH
- AMB Generali Informatik Services GmbH
- Central Krankenversicherung AG
- Cosmos Lebensversicherungs-AG
- Cosmos Versicherung AG
- Deutsche Bausparkasse Badenia AG
- Dialog Lebensversicherungs-AG
- Envivas Krankenversicherung AG
- Europ Assistance Services GmbH
- Europ Assistance Versicherung AG
- Generali Lebensversicherung AG
- Generali Versicherungen AG
- Volksfürsorge Deutsche Lebensversicherung AG
- Volksfürsorge Deutsche Sachversicherungen AG

**ISRAEL**

- Migdal Insurance Company Ltd.
- The Magen Insurance Company Ltd.

**SPAIN**

- Banco Vitalicio de España
- Cajamar Vida S.A.
- Europ Assistance España S.A.
- Generali España Holding S.A.
- Grupo Generali España A.I.E.
- La Estrella S.A.

**SWITZERLAND**

- BSI Group
- Europ Assistance (Suisse) Assurances
- Fortuna Investment AG
- Fortuna Investment AG. Vaduz
- Fortuna Lebens-Versicherung AG. Vaduz
- Fortuna Rechtsschutz-Versicherungs-Gesellschaft
- Generali (Schweiz) Holding AG
- Generali Assurance Générales
- Generali Investment Consulting AG
- Generali Personenversicherung



## The Toro Group

In October 2006, the Generali Group acquired the Toro Group - the fifth Italian operator in the non-life line of business with a 6.6% market share - and became leader in this sector, too.

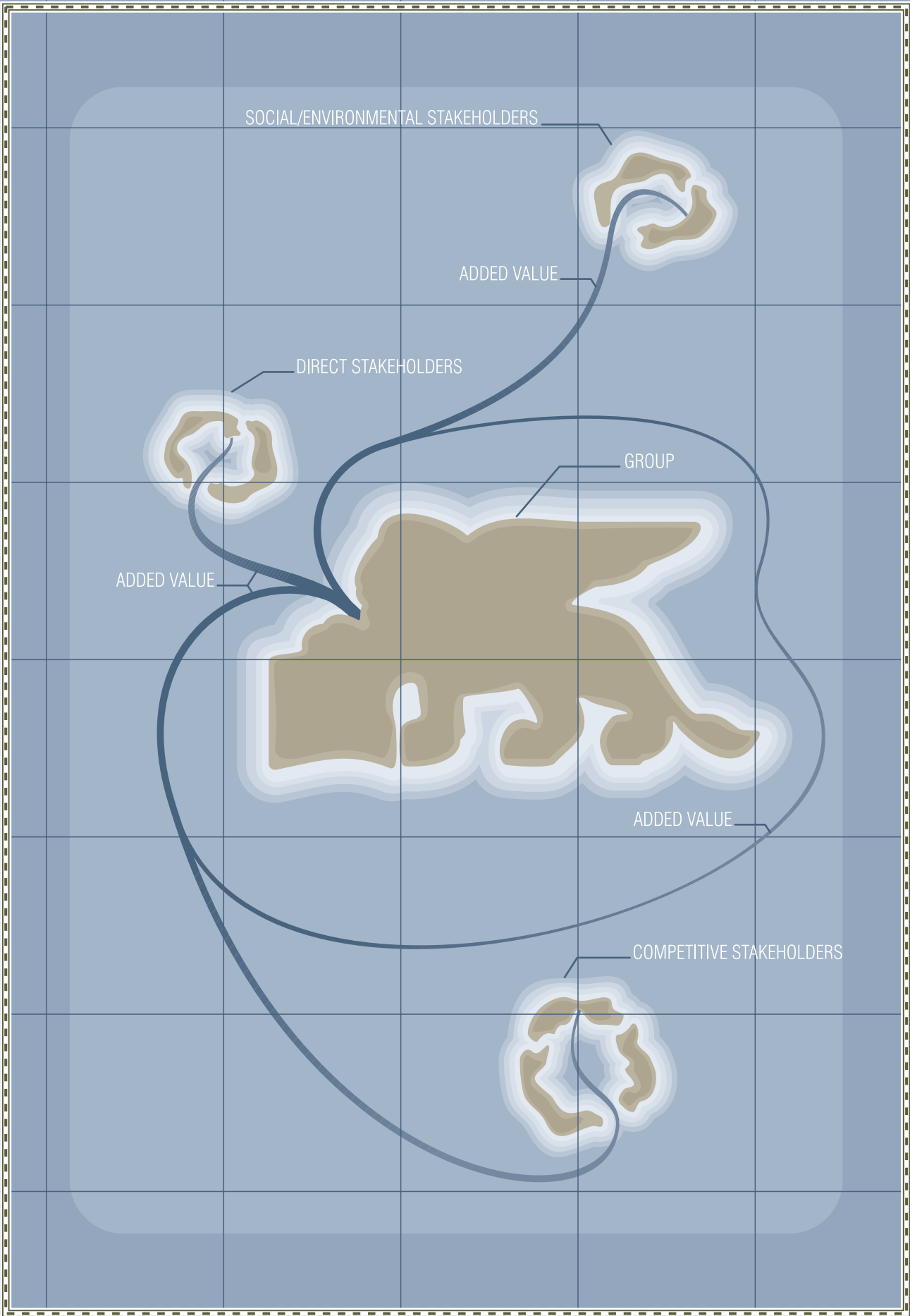
Considering that the acquisition was completed towards the end of the financial year and that an integration process is currently under way within the Generali Group, a decision was made not to include Toro Group companies in the Sustainability Report Area for 2006 (they will be included in the SR 2007). However, some information on the size and main characteristics of the Toro Group are provided hereunder, alongside data on the progress of the integration process.

The Toro Group is comprised of Toro Assicurazioni, Toro Targa, Nuova Tirrena, Augusta Assicurazioni and DAS. In 2006, overall premium income totalled 2,980.3 million euros, of which 2,436.6 million euros in the non-life line of business. As at 31 December 2006, the group's total workforce numbered 2,069, 1,995 of whom with permanent contracts. The business is mainly centred on the retail segment, where the Toro Group has approximately 2.6 million clients (mostly located in North-West and Central Italy). The sales network is based on the group's 1,126 agencies (comprising 1,521 agents and 11,938 sub-agents, independent sellers and other independent members of staff), whose presence on the Italian territory integrates that of Generali Group agencies.

Integrating the Toro Group with Generali's operational model (a process scheduled for conclusion in 2009) means creating significant opportunities for cross-selling and economies of scale, enhancing the experience of Generali common service companies as well as the know-how and skills of Toro Group management, agents and staff. As far as employees are concerned, before starting the integration process a significant framework agreement was signed with the Trade Unions whereby, should reorganisation require the reallocation of human resources, any secondment and mobility shall be agreed upon with employees.

The Groups' processes have already been aligned in terms of investment policies (asset management), HR administration and the management of relations with suppliers (renewed contracts shall be based on the Generali Group's quality and ethical standards). As for the other aspects, the integration process is either under way or its implementation method is being defined.

# CONTENTS



## GROUP



### 15 Identity

- 15 Mission
- 16 Guide values
- 18 Group history and social commitment
- 20 Group organisation - Corporate Centre
- 21 Parent Company structure - System of governance
- 23 Ethical Code
- 24 Internal control system
- 26 Privacy
- 27 Sustainability Committee
- 27 Eco - Committee
- 29 Strategies
- 29 The insurance industry
- 30 Group profile
- 38 Economic-financial performance
- 38 Insurance business
- 41 Investments
- 42 Shareholders' equity
- 42 Company value
- 43 Generali shares

## ADDED VALUE



- 45 Description
- 45 Calculating Global Added Value
- 46 Distribution of Global Added Value

## DIRECT STAKEHOLDERS



- 49 Employees
- 49 Dynamic workforce
- 51 Characteristics of the workforce
- 54 Equal opportunities
- 56 The workplace
- 57 Working hours and absenteeism
- 59 Human resources policies
- 64 Labour/management relations
- 66 Agents and other networks
- 66 Agency networks
- 68 Other insurance company sales networks
- 69 Bank sales networks
- 71 Employees and sales force
- 71 Training
- 77 Disputes
- 77 Dialogue with members of staff
- 79 2007 Objectives

### 81 Shareholders

- 81 Description
- 83 Policies for value generation
- 83 Dialogue with investors
- 85 2007 Objectives

## COMPETITIVE STAKEHOLDERS



### 87 Clients

- 87 Description
- 91 Product and service policies
- 95 Client services
- 96 Management of non-life claims
- 98 Services for policyholders in the life line of business
- 99 Complaints and disputes
- 102 Dialogue with clients
- 106 2007 Objectives
- 107 Suppliers
- 107 Description
- 108 Purchase policies
- 111 Evaluation and dialogue with suppliers
- 112 2007 Objectives
- 113 Candidates for investment
- 113 Investment policy
- 115 2007 Objectives

## SOCIAL/ENVIRONMENTAL STAKEHOLDERS

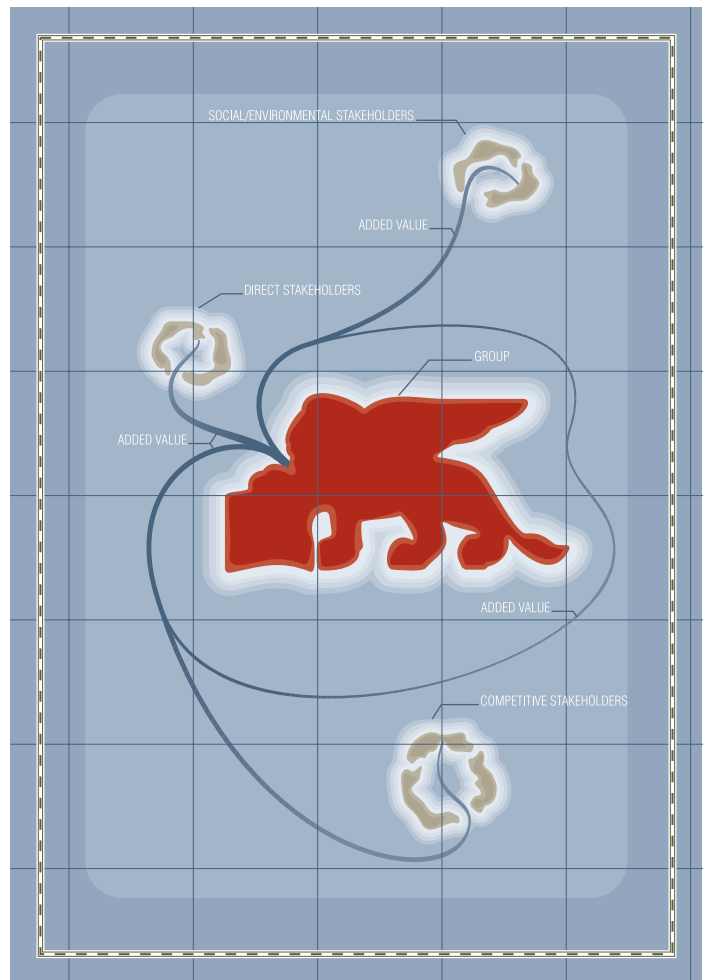


### 117 Community

- 117 Relations with the community
- 118 2006 highlights
- 121 Social area
- 128 Cultural area
- 133 Environmental area
- 135 Sports
- 138 2007 Objectives
- 139 Environment
- 139 Environmental policies and organisational structure
- 141 Direct environmental impacts
- 146 Indirect environmental impacts
- 148 2007 Objectives

### 149 Table of objectives

- 155 Glossary
- 159 GRI identification table



## 15 Identity

- 15 Mission
- 16 Guide values
- 18 Group history and social commitment
- 20 Group organisation - Corporate Centre
- 21 Parent Company structure - System of governance
- 23 Ethical Code
- 24 Internal control system
- 26 Privacy
- 27 Sustainability Committee
- 27 Eco - Committee

## 29 Strategies

- 29 The insurance industry
- 30 Group profile

## 38 Economic-financial performance

- 38 Insurance business
- 41 Investments
- 42 Shareholders' equity
- 42 Company value
- 43 Generali shares

## IDENTITY

### Mission

As one of the major insurance and financial actors on the international scene, the Generali Group has come to encompass the interests and expectations of a number of stakeholders with whom it interacts in the course of its activity. Generali companies have pursued the far-sighted objective of conducting their corporate business as part of a broader context. This approach encompasses social commitment, in the conviction that it is the responsibility of the business world to make such investment.

Where insurance business specifically is concerned, it is the Group's intention to consolidate its standing as one of the leading operators

- in direct life and non-life insurance in terms of profitability...
- focusing on continental Europe and international markets with a strong potential for development...
- primarily serving individual clients and small and medium enterprises...
- through a multi-channel and multi-brand distribution strategy, drawing on multiple sales networks and brands to offer clients a series of products and services suited to meeting a diversity of needs.

Group companies have historically recognized their responsibility towards social issues in their local community, and they continue to support many social relief, cultural and sports initiatives promoted by local institutions and associations through financial aid and other help.

In recent years, the Group has also become environmentally active, acknowledging the important role it can play by limiting the direct impact of its activities on the immediate environment, as well as the indirect impact its supply, product and investment policies may have. These policies are meant to encourage eco-compatible behaviour in suppliers, clients and in those companies in which the Group's resources are invested.

In pursuing these objectives, the Generali Group adheres to the values that have always distinguished its business and which are outlined in its Ethical Code: namely, those fundamental principles and rules of conduct towards stakeholders that take into account individual and collective interests and form an integral part of company strategies.



## Guide values

The Group's shared system of values has always upheld its capacity for development. These values have been enhanced over time to better guide its work in a sector that is increasingly dynamic and competitive.

### 1. Creating value for shareholders

The Group is primarily committed to ensuring fair, effective and efficient business operations, ensuring profit levels in keeping with investors' expectations of returns.

### 2. Professional skills and human resources

Human resources are the competitive factor *par excellence* in the insurance business. Thus, the Group is dedicated to developing its pool of competences, making the most of the experience of its employees and of the organisation as a whole in order to create industry-specific and distinctive expertise. In the careful assessment of its ever-changing organisational requirements, the Group is committed to: developing the key skills of managers and professionals, increasing the loyalty of key resources, and attracting the best talents by designing suitable career paths and incentives.

### 3. Pride in belonging to the Group

The Group promotes amongst its employees and other staff members a deep feeling of being part of a successful organisation with a great reputation based on the key role played by each individual.

### 4. Promoting diversity

The Group encourages mutual listening and the open, constructive exchange of ideas, essential for continual improvement and for guaranteeing company development and the attainment of business objectives.

### 5. Vision and flexibility

In today's competitive arena, the Group recognises the need to promote an innovation-oriented approach, research for new and better solutions, openness to changes and the ability to rapidly adapt to the ever-changing business landscape.

### 6. Social development

Whilst carrying out its business mission, the Group aims to provide total customer satisfaction and develop a harmonious relationship with the many stakeholders it deals with on a daily basis. In line with this goal, the Group supports numerous social, cultural and sports events and projects, playing an important role in the life of the local and national communities within which it operates.

### 7. Fairness and responsibility

The Group makes it a top priority to comply with the rules in its relations with all stakeholders, taking full responsibility for decisions made within the scope of its authority and responsibility.



## 8. Transparency and communication

The Group makes every concerted effort to ensure that the information it provides to institutional investors and all stakeholders is comprehensive, transparent, clear and accurate with a view to achieving the loyalty of customers, of staff members and of the community as a whole.

## 9. Environmental protection

The Group undertakes to safeguard the environment, which is seen as a primary asset. Compatibility between economic goals and environmental requirements is not only pursued by complying with current regulations, but also by encouraging Group companies, clients and suppliers to tailor their own behaviour to the most recent scientific achievements and to environmental best practices.



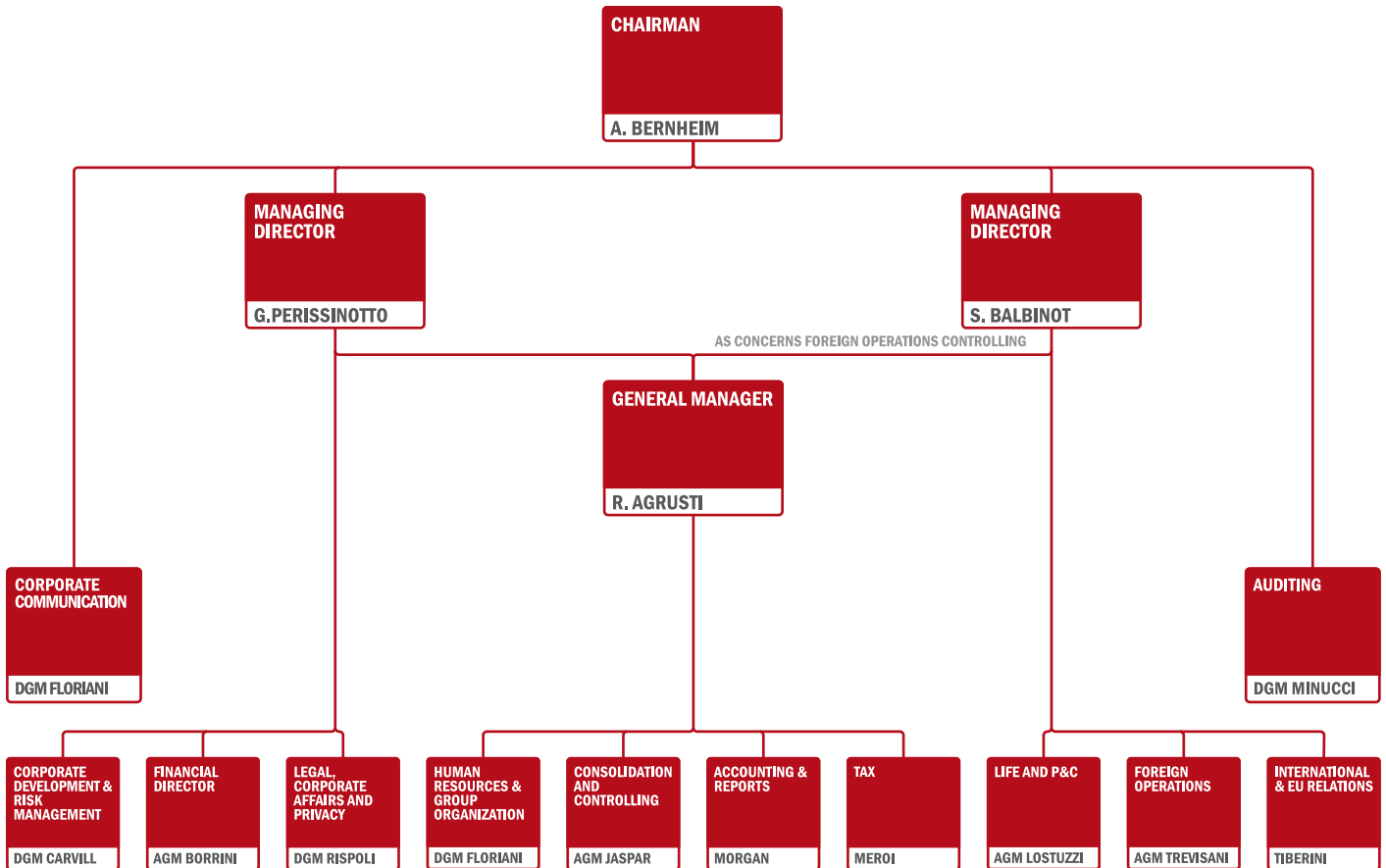
## Group history and social commitment

“Assicurazioni Generali Austro-Italiche” is founded in Trieste on 26 December.	1831
The Company adopts a dual management structure: the Central Head Office in Trieste and the Head Office in Venice.	1832
The Company changes its name to “Assicurazioni Generali”.	1848
The Company is listed for the first time on the Trieste Stock Exchange, where it remains until the early '90s.	1857
The Generali Group is founded, with its first subsidiary insurance company based in Vienna.	1882
Assicurazioni Generali, with a share capital of 40 million Lire, is listed on the Milan Stock Exchange.	1924
An electronic accounts department, equipped with modern Hollerith machines, is set up at the Head Offices.	1937
The Group loses its entire organisation and all its assets in Central and Eastern Europe. The registered office is moved to Rome.	1945
The new brand name abbreviated to “Generali” is launched.	1971
Generali is the first company in Italy to adopt a budgetary forecast and control system.	1975
Generali’s registered office returns to Trieste.	1990
Genertel is founded: the Generali Group is the first to launch direct insurance in Italy.	1994
Generali takes over Israel’s top insurance company and significantly increases its operations in Germany and France.	1997
Generali purchases BSI. Banca Generali begins operations.	1998
The purchase of INA is finalised. Generali becomes the number one life insurance company in Europe.	2000
Generali begins operations in China. Generali strengthens its presence in Central and Eastern European markets.	2002
Assicurazioni Generali’s 175th anniversary. By acquiring Toro, Generali achieves leadership status in Italy also in the non-life line of business.	2006

- 1831 The Company is founded. Its capital is ten times the average for other Trieste-based insurance companies.
- 1838 The Company stipulates a fire insurance contract with the Municipality of Trieste: the civil Fire Service is founded.
- 1851 Assicurazioni Generali begins the huge job of reclaiming the agricultural estate of Ca' Corniani (Venice).
- 1854 The Company sets up a pensions fund for agents and employees.
- Unity of Italy
- 1880 The first issue of "Mittheilungen", a German-language newsletter for members of staff and agents, is published.
- 1893 The first issue of "Il Bollettino", an Italian-language Company magazine for members of staff working in Italy, is published.
- First World War
- 1909 The Company's articles of association undergo radical changes, and the number of board members and directors is increased.
- Second World War
- 1946 Mutua Generali is founded: a cooperative pursuing a policy of solidarity and social equality among members of staff.
- 1954 The staff club is set up, which, supported by the Company, organises a number of cultural, sports and entertainment events for employees.
- 1958 The Senior Company Staff Group is founded to maintain active links with retired colleagues and provide assistance to those in need.
- 1969 The first six-monthly report is sent to shareholders to keep them up-to-date on the progress of business.
- 1970 The Company is awarded the "Oscar di Bilancio" for the publication of the Group's first consolidated financial statements.
- Fall of the Berlin Wall
- 1989 Generali is the first Western insurance company to start a joint venture in Eastern Europe: AB - Generali Budapest.
- 2002 The Assicurazioni Generali shareholders' association is founded to bring together and look after the interests of the private shareholders.
- 2004 The Ethical Code of the Generali Group is published.
- 2005 The first Group Sustainability Report for 2004 and the Code for Relations with Suppliers are published. The Eco-Committee is set up.
- 2006 The Generali Group's European Social Charter is published. The ethical guidelines adopted by the Government Pension Fund - Norway are applied to Group investments.

## Group organisation – Corporate Centre

The Generali Group has adopted a decentralized multi-local and multi-brand business model, granting significant responsibilities to local managers. The Corporate Centre has a planning, coordinating and controlling role for country-based operations. It supports the work of Managing Directors in connection with their respective delegated powers and areas of activity. The current structure of the Corporate Centre is illustrated in the table below.



The Corporate Social Responsibility Department - within the Consolidated and Controlling Area - compiles the annual Sustainability Report and coordinates a number of Group initiatives associated with Corporate Social Responsibility (CSR) and intended for the different stakeholder categories.

## Parent Company structure – System of governance

In keeping with the Articles of Association, the Company is managed by a Board comprising no fewer than 11 and no more than 21 members appointed by the Shareholders' Meeting, which also establishes the number of Board Members. Applications for membership are suggested and accepted by the Board of Directors - coordinated by the Chairman of the Board.



OTHER PROVISIONS OF THE  
VOLUNTARY SELF REGULATORY  
CODE OF CONDUCT

	YES	NO	REASONS*
<b>PROXIES AND OPERATIONS WITH RELATED PARTIES</b>			
HAS THE BOARD OF DIRECTORS ASSIGNED POWERS AND DEFINED THEIR			
A) LIMITS	✓		
B) PERFORMANCE MODALITIES	✓		
C) AND FREQUENCY OF REPORTING?	✓		
HAS THE BOARD EXAMINED AND APPROVED MOST SIGNIFICANT ECONOMIC, FINANCIAL AND ASSET OPERATIONS (INCLUDING OPERATIONS WITH RELATED PARTIES)?	✓		
HAS THE BOARD DEFINED GUIDELINES AND CRITERIA FOR THE IDENTIFICATION OF "SIGNIFICANT" OPERATIONS?	✓		
ARE THE ABOVE MENTIONED GUIDELINES AND CRITERIA DESCRIBED IN THE REPORT?	✓		
HAS THE BOARD DEFINED PRECISE PROCEDURES FOR EXAMINING AND APPROVING OPERATIONS WITH RELATED PARTIES?	✓		
ARE THE PROCEDURES FOR APPROVING OPERATIONS WITH RELATED PARTIES DESCRIBED IN THE REPORT?	✓		
<b>PROCEDURES APPLYING TO THE MOST RECENT APPOINTMENT OF DIRECTORS AND AUDITORS</b>			
WERE THE LISTS OF CANDIDATES FOR THE OFFICE OF DIRECTORS SUBMITTED AT LEAST TEN DAYS BEFORE THE MEETING?		✓	**
WERE ALL DIRECTOR CANDIDATE RECOMMENDATIONS ACCOMPANIED BY EXHAUSTIVE INFORMATION?		✓	**
WERE ALL DIRECTOR CANDIDATE RECOMMENDATIONS ACCOMPANIED BY AN INDICATION OF ELIGIBILITY AS INDEPENDENT ACTORS?		✓	**
WERE THE LISTS OF CANDIDATES FOR THE OFFICE OF AUDITORS SUBMITTED AT LEAST TEN DAYS BEFORE THE MEETING?	✓		
WERE ALL AUDITOR CANDIDATE RECOMMENDATIONS ACCOMPANIED BY EXHAUSTIVE INFORMATION?	✓		
<b>MEETINGS</b>			
HAS THE COMPANY APPROVED ANY MEETING REGULATIONS?	✓		
ARE THE REGULATIONS ATTACHED TO THE REPORT OR IS THERE AN INDICATION OF WHERE TO OBTAIN/DOWNLOAD THEM FROM?	✓		
<b>INTERNAL CONTROL</b>			
HAS THE COMPANY APPOINTED PERSONS ENTRUSTED WITH INTERNAL CONTROL?	✓		
ARE THOSE PERSONS HIERARCHICALLY INDEPENDENT OF THE PERSONS RESPONSIBLE FOR OPERATIONAL SECTORS?	✓		
ORGANIZATIONAL DEPARTMENT ENTRUSTED WITH INTERNAL CONTROL (PURSUANT TO ART. 9.3 OF THE CODE)	GROUP INTERNAL AUDIT		
<b>INVESTOR RELATIONS</b>			
HAS THE COMPANY APPOINTED PERSONS ENTRUSTED WITH INVESTOR RELATIONS?	✓		
ORGANIZATIONAL DEPARTMENT AND CONTACTS (ADDRESS/TELEPHONE/FAX/E-MAIL) OF THE PERSON ENTRUSTED WITH INVESTOR RELATIONS	INVESTOR RELATIONS - DR. PEDRO MARTINS PIAZZA DUCA DEGLI ABRUZZI, 2 - 34132 TRIESTE TEL: 040671876 - FAX: 040671260 PEDRO_MARTINS@GENERALI.COM		

[\*] BRIEF EXPLANATION OF THE REASONS FOR ANY INOBSERVANCE OF THE RECOMMENDATIONS OF THE CODE.

[\*\*] THE CORPORATE GOVERNANCE SYSTEM IS BEING UPDATED ACCORDING TO THE CHANGES TO THE RELEVANT LEGAL FRAMEWORK.

On June 20, 2007, the Company held an extraordinary Shareholders' Meeting to amend, among other things, the provisions contained in the Articles of Association and governing the appointment of the Board. This was aimed at aligning the Articles of Association to Italy's "Savings Protection Act" (Law no. 262 of December 28, 2005). The legislation requires listed companies to introduce the so-called slate voting system for the election of the Board of Directors.

Before enacting the amendment, the Company appointed the new Board of Directors by conforming as closely as possible to the measures contained in the Voluntary Self-Regulatory Code of

Conduct. This ensured transparency in appointing Board members by submitting a list of candidates to the registered office prior to the date of the Shareholders' Meeting, including information on the candidates' personal and professional characteristics and indicating whether they are suitably qualified as independent. As soon as it was available, the document was also published on the Company Website.

The Board is made up of three executive Directors and sixteen non-executive Board Members, eleven of whom have been found to meet the independence requirements based on the new criteria contained in the above-mentioned Code of Conduct as amended in March 2006. According to the new edition of the document, the Board of Directors shall assess the independence requirements for each Director "with more regard for substance than for form". The new Code of Conduct has also broadened the number of situations whereby, generally, the Director does not hold the requisite of independence. The Board shall periodically evaluate the independence requisite, taking into account the information provided by interested parties.

STRUCTURE OF THE BOARD  
OF DIRECTORS AND  
OF COMMITTEES



BOARD OF DIRECTORS							COMMITTEES					
OFFICE	MEMBERS	EXECUTIVE	NON		[****]	NO. OF OTHER OFFICES [**]	INTERNAL CONTROL COMMITTEE		REMUNERATION COMMITTEE		EXECUTIVE COMMITTEE	
			EXECUTIVE	INDEPENDENT			[***]	[****]	[***]	[****]	[***]	[****]
CHAIRMAN	ANTOINE BERNHEIM	✓			100%	14					✓	100%
VICE-CHAIRMAN	GABRIELE GALATERI DI GENOLA		✓		100%	6			✓	100%	✓	100%
MANAGING DIRECTOR	SERGIO BALBINOT	✓			100%	20					✓	100%
MANAGING DIRECTOR	GIOVANNI PERISSINOTTO	✓			100%	17					✓	100%
DIRECTOR	LUIGI ARTURO BIANCHI		✓	✓	89%	3	✓	100%				
DIRECTOR	ANA PATRICIA BOTIN		✓		67%	2			✓	100%		
DIRECTOR	GERARDO BROGGINI		✓	✓	100%	4	✓	100%			✓	50%
DIRECTOR	CLAUDIO CONSOLO		✓	✓	89%	-						
DIRECTOR	LAURENT DASSAULT		✓	✓	67%	5						
DIRECTOR	DIEGO DELLA VALLE		✓	✓	33%	4			✓	100%		
DIRECTOR	PIERGAETANO MARCHETTI		✓	✓	89%	2					✓	100%
DIRECTOR	KLAUS-PETER MÜLLER		✓	✓	67%	6						
DIRECTOR	ALBERTO NICOLA NAGEL		✓		100%	1					✓	100%
DIRECTOR	ALESSANDRO OVI		✓	✓	100%	3	✓	100%				
DIRECTOR	ALESSANDRO PEDERSOLI		✓	✓	78%	3	✓	100%				
DIRECTOR	REINFRIED POHL		✓		33%	6						
DIRECTOR	VITTORIO RIPA DI MEANA		✓	✓	89%	1						

NUMBER OF MEETINGS HELD IN THE REFERENCE FINANCIAL YEAR  
BOARD: 9 INTERNAL CONTROL COMMITTEE: 6 REMUNERATION COMMITTEE: 1 EXECUTIVE COMMITTEE: 2

[\*\*] THIS COLUMN SHOWS THE NUMBER OF DIRECTOR OR AUDITOR OFFICES HELD BY THE PERSON IN OTHER FIRMS LISTED ON ITALIAN OR FOREIGN REGULATED MARKETS, IN FINANCIAL, BANK, INSURANCE OR LARGE COMPANIES. THE REPORT ON CORPORATE GOVERNANCE CONTAINS A COMPLETE LIST OF OFFICES.

[\*\*\*] "V" IN THIS COLUMN INDICATES THAT THE MEMBER OF THE BOARD BELONGS TO THE COMMITTEE.

[\*\*\*\*] THIS COLUMN SHOWS THE PERCENTAGE OF MEETINGS OF THE BOARD AND OF THE COMMITTEES ATTENDED BY DIRECTORS.

OFFICE	MEMBERS	PERCENTAGE OF MEETINGS OF THE BOARD OF AUDITORS ATTENDED	NUMBER OF OTHER OFFICES [**]
CHAIRMAN	GIANFRANCO BARBATO	100%	-
PERMANENT AUDITOR	PAOLO D'AGNOLO	100%	1
PERMANENT AUDITOR	GAETANO TERRIN	89%	3
SUBSTITUTE AUDITOR	GIUSEPPE ALESSIO-VERNÌ	-	-
SUBSTITUTE AUDITOR	PAOLO BRUNO	-	-

NUMBER OF FURTHER MEETINGS ATTENDED DURING THE FINANCIAL YEAR:

12 (1 IN SHAREHOLDERS' MEETINGS - 9 IN THE BOARD OF DIRECTORS - 2 IN EXECUTIVE COMMITTEE)

INDICATE THE QUORUM REQUIRED FOR THE SUBMISSION OF LISTS BY MINORITIES FOR THE ELECTION OF ONE OR MORE PERMANENT AUDITORS (PURSUANT TO ART. 148 TUF): 3/100 OF THE SHARE CAPITAL

[\*\*] THIS COLUMN SHOWS THE NUMBER OF DIRECTOR OR AUDITOR OFFICES HELD BY THE PERSON IN OTHER FIRMS LISTED ON ITALIAN REGULATED MARKETS. THE REPORT ON CORPORATE GOVERNANCE CONTAINS A COMPLETE LIST OF OFFICES.

For additional information on the Company's Corporate Governance, please refer to the latest version of the Corporate Governance report, also available on the Internet site [www.generali.com](http://www.generali.com).



BOARD OF AUDITORS

## Ethical Code

The Generali Group Ethical Code was approved in May 2004 by the Parent Company's Board of Directors, and was adopted by all major Italian and international companies. It defines the ethical and conduct standards to be adopted across the Group, establishing the values Generali considers fundamental and essential and on which all company relations must be based.

Specifically, the Ethical Code sets out:

- **the Group's general principles:** fairness and honesty, impartiality, professionalism and enhancing human resources, privacy and transparency;
- **the guidelines** for the Group's relations with stakeholders: clients, shareholders, staff, contractual partners, public institutions and other external entities, press and external communication;
- **applicable regulations.** It is the task of the Parent Company's Board of Directors to define and - where necessary - update the Ethical Code. Reports of infringements are sent to the Group Internal Audit Department, where the alleged violations are assessed; should these be corroborated, the Department will take steps to inform the Executive Management of the company in which the alleged infringement took place so that the appropriate measures can be taken.

In 2006, nine reports of alleged infringement on the Ethical Code were made or verified, seven in Italy (all concerning subsidiaries, not the Parent Company), one in Spain and one in Switzerland. Following investigation, seven were rejected as groundless. Nearly all the reports were made by employees who had already initiated disputes against the Company and regarded alleged infringements to the Code in terms of staff relations (discrimination, abuse of authority, de-skilling, and failure to enhance resources); only one report - later rejected - was made by a policyholder and concerned a case of alleged non-transparency.



The Ethical Code has been extensively distributed: it is published on the Generali Group's website and on websites belonging to the major subsidiaries, and is also distributed to all members of staff.

## Internal control system

The internal control system consists of all the directives, procedures and techniques used to plan and then check the execution of Company operations. The Internal Audit Department is responsible for monitoring and assessing the effectiveness and efficiency of the internal control system. Furthermore, it is also responsible for checking the Company management processes, the regularity and functionality of information flows between Company sectors, the adequacy and reliability of information systems, and the conformity of the administrative/accounting processes with correct and regular accounting procedures.

In compliance with the regulatory standards in place for the insurance sector, the notion of internal control adopted by Assicurazioni Generali particularly focuses on the process nature of the internal control system. Within the Group, the latter is divided into two different types:

- **First level controls**, comprising all the control operations performed by the individual operating units or Group companies on the respective processes. These activities are primarily the responsibility of the operational management and form an integral part of all company processes. Through the process analyst, who is specially identified and trained within the organisational structure, the manager is responsible for implementing continual self-assessment activities on the degree of efficiency and effectiveness of processes falling within his competence, as well as on the quality of the relevant control points, introducing the necessary improvements. The identification of processes and, in particular, the traceability of the complex process of self-assessment are ensured by a specific company database - known as Library of Corporate Processes -, which is managed with one of the most widespread and practical software packages available on the market.
- **Second level controls**, essentially designed to identify and contain company risks of all kinds, by means of auditing actions performed by the Internal Audit Department on Group company processes.

The Board of Directors is ultimately responsible for the internal control system; its task is also to set guidelines on the subject, while periodically checking the adequacy and effectiveness of the system. The Top Management, on the other hand, is called upon to identify the main company risks and implement strategic guidelines.

The Parent Company Board of Directors has delegated the Company Chairman to take responsibility for internal controls.

The Internal Control Committee is part of the Parent Company Board of Directors and comprises three independent, non-executive directors. It has an advisory and recommendatory role.

The Internal Audit Department manager, identified as the person in charge of internal control, must provide information on his work to the Board of Auditors, the Internal Control Committee - which he is invited to participate in - and the Chairman of the Company.

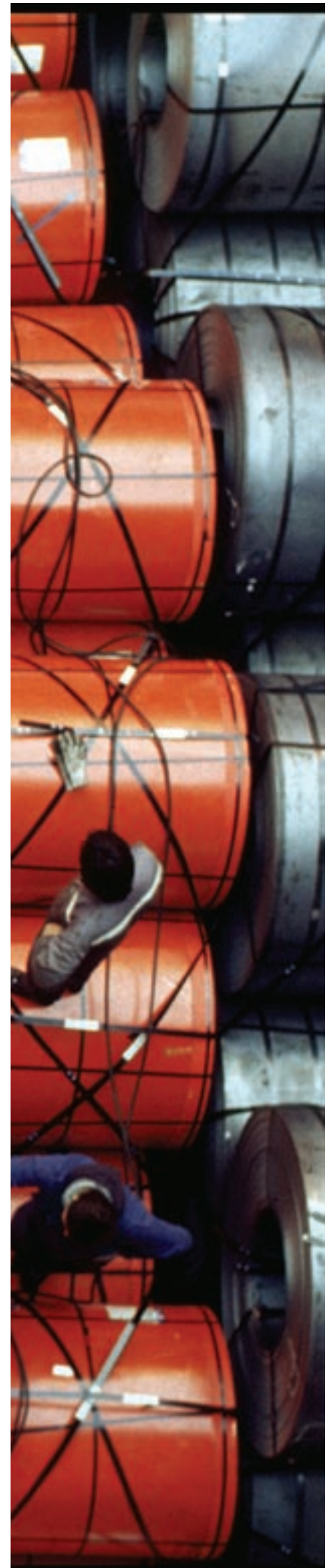


Being aware of the fundamental role played by the internal control system and risk management in creating value for the Group, the Parent Company has launched a far-reaching project to standardize control systems within the Group, preserving at the same time each subsidiary's specific features and autonomy. A model internal control system has thus been defined for international subsidiaries introducing, among other things, an Audit Committee to provide consultation and solutions on the issue of internal control. The Committee shall be set up within the holdings or - should there be no holdings - within the operating companies. The Committee shall ensure adequate levels of knowledge, discussion and effective elimination of any shortfalls identified, guaranteeing - as a key requirement - the implementation of internal control guidelines and directives issued by the Corporate Centre. According to this model, the Parent Group's Internal Audit Department issues directives and establishes guidelines in order to adopt effective auditing methods that are consistent with the complexity of Group companies; to this end, it receives regular information flows, reserving the right, however, to implement direct checks at a local level. The latter may also be specifically requested by the Top Management.

Furthermore, a study was launched to extend the capacity and organisation of the Library of Corporate Processes to encompass the identification and management of all major corporate risks, thus assessing the adequacy of control activities to eliminate or minimise negative events for the company. With this initiative, the Generali Group aims at anticipating trends in regulations - particularly at European level - associated with the emerging Solvency II Directive, setting up a solid, integrated and formal internal control and risk management system to optimise the use of capital with a view to maximising yield.

The internal control system described above laid the foundations for the implementation (in Italy) of the **Organizational and Management Model** pursuant to Legislative Decree no. 231/01, which introduced, for the first time in the history of Italian jurisdiction, the principle of corporate administrative liability for criminal offences perpetrated by a company's representatives. The Generali Group adopted and implemented the Model - both in terms of its contents and form -, and at the same time took measures to strengthen control, introducing specific procedures to prevent, and draw attention to criminal behaviour. Compliance with these procedures is referred to explicitly in the Group's Ethical Code and backed by the introduction of a special disciplinary penalty system. The document outlining the Model is available on the company Intranet as well as at [www.generali.com](http://www.generali.com). To promote understanding and diffusion of the Model, in 2006 the Generali Group Innovation Academy planned a specific e-learning initiative for staff members which started in the first months of 2007.

All members of staff in foreign countries are also instructed on **anti-corruption regulations**. Internal controls affect, in particular, those operating units whose functions expose them to the risk of money laundering (units handling cash flows) and fraud (units in charge of claim settlement, purchase management and contracts). In France, the measures and regulations designed to prevent money laundering and financing terrorism were implemented in all the



relevant operating units and collected in a written document; a small number of staff members were also appointed as established contacts with the Authorities responsible for fighting against illegal financial channels. Again in France, IT instruments were introduced for the specific purpose of preventing the risk of corruption. In Germany in 2006, a systematic anti-fraud analysis was conducted for the first time in two Group companies; plans are in place to extend these controls to companies which are not yet monitored in 2007. These controls will also affect units outside the Group, such as service companies, experts, lawyers and so forth. In Spain, a section of the company's Intranet is dedicated to training all staff members on anti-corruption policies and procedures. In Switzerland, staff responsible for asset management are required to sign individual statements regarding specific conduct standards to adopt in their relations with banks and other investment companies.

## Privacy

Generali Group companies have always adopted suitable technical, organisational and operative measures to guarantee the confidentiality and security of personal (and at times sensitive) information relating to insured and damaged parties, potential and actual clients, members of staff, suppliers and others, processed within the scope of their insurance and banking business. In recent years, the Group's companies in Italy and in other countries of the Sustainability Report area have adopted all the necessary measures to meet the requirements laid down by relevant national privacy legislation.

In principle, only personal data that are strictly necessary to provide the required services and to achieve the objectives laid out in specific privacy notices are collected, with particular attention being paid to "sensitive data", which are gathered and processed only where the use of anonymous data is not deemed viable. All parties whose personal information is gathered and processed receive privacy notices outlining the purpose of, and methods used in data processing.

Though some countries still lack a specific company privacy protection authority, a national Group coordination mechanism normally exists, which aims to pinpoint common solutions to various issues.

All Group employees - and the sales network - are informed of fundamental principles and their duties with respect to protecting processed data. Staff members have access to various forms of training, information sharing and updating, including handbooks, newsletters, meetings, videoconferences and special, up-to-date privacy sections on the Intranet and Extranet.

In Italy, the Parent Company's Group Privacy Department provides support, consultancy and collaboration to all Group companies for the correct implementation of legislation and especially for the annual drafting of the Security Policy Document. To this end, the Parent Company also conducts surveys in the different companies on privacy issues and provides support in analysing highly sensitive

issues, while updating and improving privacy documents that Group companies can access via the [www.generalali.com](http://www.generalali.com) website.

The Group Privacy Department has also begun a classroom institutional training and updating programme in accordance with existing legislation. In 2006, 24 classroom training courses were held - involving over 220 employees of Italian Group companies -, alongside 10 meetings for the agency network, involving over 150 people, and 73 meetings focusing on specific items. Since the new Privacy Code came into effect (1 January, 2004), the Privacy Department has provided classroom training courses and meetings in Italy for over 2,100 members of staff.

Group companies have always complied with existing regulations, accepting - where possible - requests from interested parties to access data. In the four cases of claims from interested parties or of inspections, the Authority for the protection of personal data has declined to issue sanctions against, or block processing by Group companies.

## Sustainability Committee

In 2007, a Sustainability Committee was set up at the Parent Company's Central Head Office. This decision-making body is comprised of representatives from all countries in which the Group is active and which are directly involved in implementing corporate social responsibility policies and drawing up the Sustainability Report.

The Committee will have the task of defining common sustainability strategies for all Group companies and identifying the "Topic of the Year", on which the Group's attention and efforts will be focussed in the year to come. Its objectives will be determined by each country taking into account local conditions and priorities.

The new Committee will meet no less than twice a year to present the Sustainability Report and to discuss on the results that have been achieved, the difficulties that have been encountered and the challenges still to be met.

## Eco-Committee

The Eco-Committee is an organisational body set up within the Parent Company's Head Office and directly accountable to the General Manager of the Corporate Centre, dealing with the Group's environmental policy.

Article 9 of the Ethical Code establishes Generali's commitment to safeguarding the environment as a primary asset. The committee is called upon to define:

- environmental policies;
- performance indicators to be monitored;
- the objectives related to these indicators;



- management systems aimed at achieving the planned environmental performances;
- benchmarking systems;
- opportunities and risks for the Group deriving from ongoing climate changes;
- all other environmental aspects at Group level.

Eco-Committee members represent the main corporate functions involved in the management of direct and indirect environmental impact, namely: Human Resources and Group Organisation, IT Services, Strategic Marketing, Purchase Department, Real Estate and Sustainability Report. A contact person has been appointed in each country included in the Sustainability Report area to foster the implementation of the Eco-Committee's environmental policies at Group level.

The Committee's decisions and subsequent actions have so far concerned energy consumption and consumption of other materials, management of mobility, the impact of buildings on the environment and the Group's investment policies, in addition to organizing special initiatives to encourage all employees to actively adopt an environmentally friendly approach.

## The insurance industry

In 2006, **overall premium income** increased in major European countries, though at a lower rate than the previous year.

The **life line of business** was sizably influenced by changes in legislation and tax regulations introduced by some countries as well as by trends in bond and equity markets. Growth was less remarkable in the main geographical areas and in some cases lower than in 2005. Exceptions to this general trend were France - recording steadily rising income, especially in the bancassurance sector -, Germany - where growth was mainly attributable to the positive trend in state-supported retirement policies -, and Spain. Rising equity markets boosted the performance of linked products in France, Italy, Germany and Switzerland.

Growth in the **non-life line of business** was generally satisfactory, driven by the favourable economic climate, though at a slower pace than the previous year owing to enduring competitive pressure in some sectors, particularly in motor insurance. Nonetheless, a slight acceleration was witnessed in this line of business in Italy and Spain, whereas the most dynamic results were recorded in Switzerland.

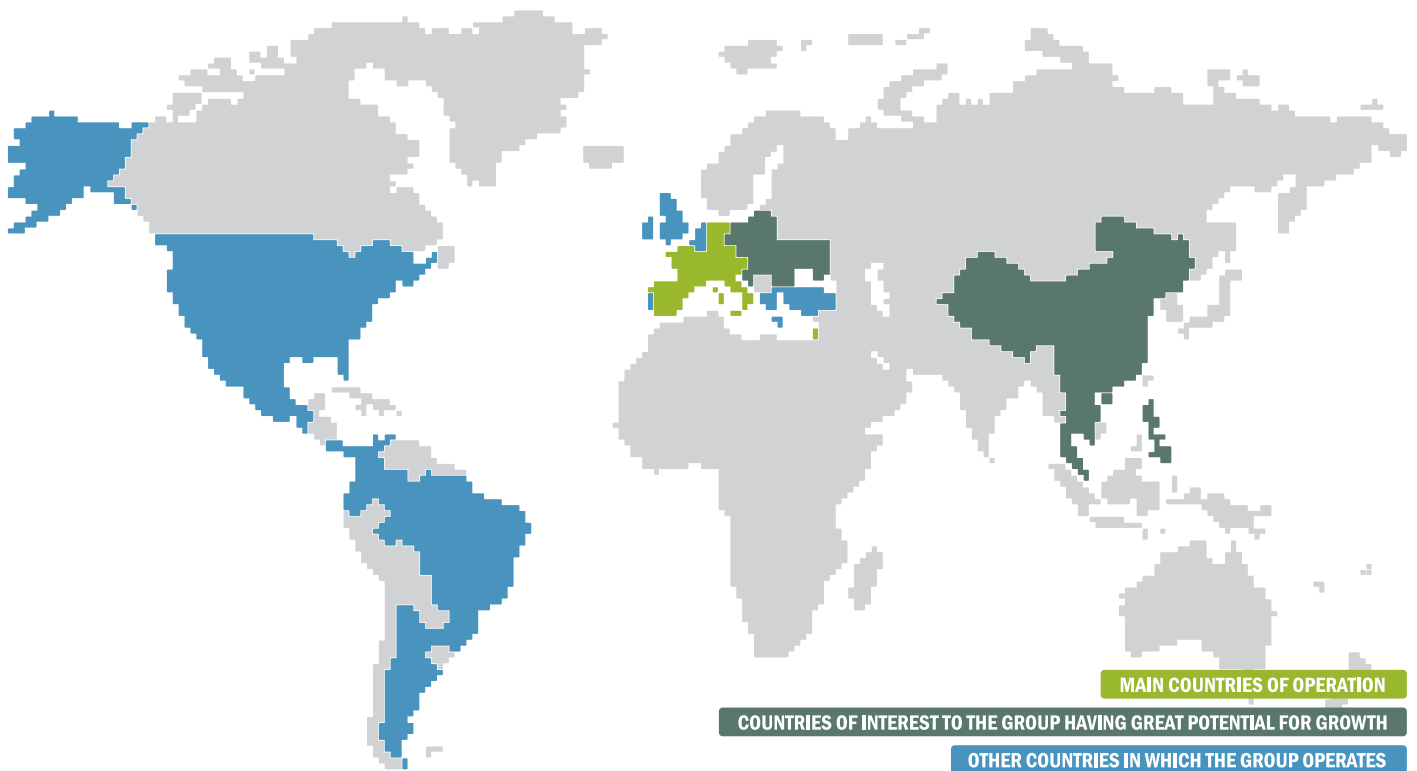
Economic growth fuelled life and non-life business in **other countries** in Eastern Europe and Asia where the Group is present. The premium income trend in Latin America was positive for main business lines, the life line of business in particular.

In contrast to 2005, there were no **major catastrophic events** in 2006.





## Group profile



Characterised from the outset by a strong international outlook, the Generali Group is currently present in 40 countries with 113 insurance companies and 126 companies mainly operating in finance and real estate. Generali has consolidated its standing among European and international leading insurance operators, strengthening its position in western Europe - the Group's main area of activity -, re-asserting its role in Central and Eastern European markets and starting to build its presence in the major markets of the Far East.

The third largest European group in terms of overall insurance premiums, the Generali Group is leader in Italy in both life and non-life business, and plays a significant role also in the other countries where it is present:

- in Austria, it ranks third in life and non-life underwriting activity;
- in France, it ranks fourth in life business and fifth in non-life business;
- in Germany, it ranks second in the life line of business and fifth in the non-life sector;
- in Spain, it ranks eight in life and fourth in non-life business;
- in Switzerland, it ranks sixth in non-life premium income.

In the past decade, the Group has widened its range of products from insurance to include a variety of financial services and asset management.

The Group's Parent Company is Assicurazioni Generali S.p.A., a company with registered offices in Trieste, which celebrated its 175th anniversary in 2006.

## Development strategy

The **Business Plan for 2006-2008**, building on the growth and efficiency achieved under the previous Plan, sets a series of significant targets for further development based upon three pillars: growth and innovation, a single national organizational model and Group-wide structures, capital optimisation. Along these lines, 2006 witnessed major development operations in Italy and in countries with a high growth potential, as well as extensive reshuffling in certain Group divisions aimed at fostering vital synergy.

## Business strategy

In its main markets, the Generali Group offers insurance products for all risk types, advocating itself forward as a global operator, providing a comprehensive response to its clients' numerous requirements and offering a wide range of insurance and asset management options.

The Group's range of products and relative marketing operations are designed on the basis of market macro-segmentation (corporate and retail) and further segmentations - especially within the retail sector upon which the Group's activity is focussed - in order to cater for the specific needs of each target. Generali has also developed supplementary pension products in all countries. These products are designed to meet worker protection requirements and draw on facilities provided by local regulations.

Customisation is not only related to products and services, but also to the sales channels. The Generali Group has a multi-channel distribution strategy, mainly centred on agents - a traditional network that has always been one of the Group's main assets - but including sellers on payroll, financial advisers and bank counters. In some countries, such as Austria, Germany and Switzerland, the Group also has strategic agreements with large external distribution networks.

The Group also includes direct sales companies (Genertel in Italy and Cosmos in Germany), whose operations are carried out exclusively over the telephone and the Internet. The Internet is growing in importance in all Group companies, improving the quality of the service provided to their clients.

The situation of Europ Assistance companies, primarily dealing with travel and motor insurance, is slightly different. In addition to drawing on Generali Group agents networks and banks - offering Europ Assistance services to their credit card holders - these companies also use special sales points, such as travel agencies and car dealerships.



## Communication strategy

Generali attaches great importance to its integrated communication strategy concerning Group business activities, which must be transparent for stakeholders and enhance information flows towards target groups. The Group backs this commitment also by investing in programmes to train staff members as communication professionals.

Generali's **media** communication policy is based on transparency and the commitment to guaranteeing accessible, clear and accurate information. The policy complies with regulations on information dissemination, especially in the case of price sensitive information. The tools used for this purpose are press releases, interviews, press meetings/events and contacts between the Top Management and journalists for the economic-financial press. The [www.generali.com](http://www.generali.com) website, described in greater detail below, features an information section named "Press and Communication", which provides quick access to complete economic/financial data and the main information relative to the Group. A detailed press review, accessible via the Company Intranet, is provided on a daily basis, while - during the day - press reviews issued by Italian and international press agencies are delivered to the Top Management.

In 2006, the Italian and international press mentioned the Generali Group in over 12,000 articles, more than 2,000 of which were dedicated exclusively to the Parent Company. About 300 press releases were issued by the Group, 80 of which directly by the Parent Company, and more than 200 meetings with the media took place in the form of interviews and informal meetings between the Top Management and journalists.

It should also be remembered that a press-conference is traditionally organised during the Assicurazioni Generali Shareholders' Meeting in Trieste between Italian and international press representatives and the Company's Top Management. Media participation in the events involving the Group Top Management and the financial community for the presentation of economic and financial results is also encouraged.

Apart from financial communication, in 2007 the Group intends to develop and expand business communication, mainly targeted at the retail consumer, to spread and consolidate the insurance culture.

Virtually all the main Group companies publish periodic **company magazines** which, alongside institutional websites in each country, provide the fundamental instruments to reach a wide audience (staff, clients, shareholders, institutional investors and the community as a whole), thus providing institutional information on Group companies and on the Group's commercial and promotional activities; promoting and preserving a good organisational environment; enhancing a sense of belonging among members of staff and encouraging and facilitating the exchange of information between the various sectors and departments.



The Parent Company has been publishing "Il Bollettino" since 1893 - a magazine published in Italian and meant for employees, but also sent to agents, former staff and thousands of other readers (shareholders, brokers, clients, journalists, institution representatives etc.). Important changes were made to this historic publication in 2007, with a new magazine published exclusively online at [www.generali.com](http://www.generali.com) and on the HR portal (more information is given later in the chapter): the magazine, to be published every six months as opposed to every two months, will provide in-depth analysis of less topical issues. "Il Bollettino on line", on the other hand, will be a monthly publication (the first issue came out in early August) to provide timely information on the most important news and events at Group level. To streamline the editing process and enable a user-friendly access to the monthly publication, only a few pages will be published, with graphics optimised for video streams and enhanced by interactive elements. The Parent Company also publishes "Generali Group News", a two-monthly newsletter on the Generali Group written in English targeting Generali staff all over the world, and "Investor's Info", a half-yearly magazine available in Italian and English targeting Generali shareholders. Several company magazines are also published in other countries: some newsletters are geared mainly to employees, others are published for agents and sales networks - some providing highly technical information (accounting, legal, fiscal, organisational and sales issues) -, others are specifically targeted at clients and provide general insurance and financial information, alongside Group and product news.

In celebration of Generali's 175th anniversary, the Parent Company compiled a new expanded and updated volume of "The Years of the Lion" tracing the Company's history, available also in English language.

The corporate **Intranet** has enhanced and developed Group communication. Alongside newsletters published on paper and/or the websites of individual companies, the Intranet provides news on Group companies (events, projects, notes on organization and operative information targeted to members of staff), new products and the insurance sector in general. The Parent Company has set up an HR portal as a platform to encourage communication with and between staff members, accessible to the staff of most Italian Group companies. Further improvements are being made as part of a plan to create - in 2008 - a Single Group Portal with single sign on, which will enable users to access various integrated information systems.

The Group's **institutional website** - [www.generali.com](http://www.generali.com) - is organised into specific sections that include information on the Group's history, its objectives, its key markets, press releases for major events involving the Group and employment opportunities. Ample importance is given to the composition of the shareholders' structure, financial and accounting results, corporate governance and the corporate social responsibility. The site contains the Group's official documents and information (balance sheets, half-yearly and quarterly reports, press releases, Articles of Association, Ethical Code, Sustainability Report, institutional brochure, advertising campaigns, etc.) and, more



generally, all the most important information which may be of interest to clients, shareholders, financial analysts, journalists, and current and potential employees. The product section is general in nature, mapping the more common types of product in Italy and abroad, as the site is designed for the Group as a whole.

A section was created to describe the Group's policy in terms of social responsibility (focussing on environmental issues and sustainable investment management) in early 2007, containing relevant documents and illustrating major concrete social, cultural and sports activities backed by the Group.

The site includes a subscription system that notifies the user when press releases, balance sheets and quarterly results are available, and the "Investor's Info" newsletter for shareholders is published. In addition, the RSS system (Really Simple Syndication) enables users to receive immediate notification when specific content is published, such as financial presentations or press releases. General queries can be sent via e-mail to the Parent Company (a service monitored and coordinated by the Group Communication Department). By clicking on "contact us" it is possible to contact the Office responsible for investor relations, the Press Office, the Human Resources Service or - as far as Italian clients are concerned - the Head Office for Italy, to which specific questions or requests for product information may be submitted.

Access statistics are gathered to constantly monitor the site to understand the users' approach and to fine-tune settings. The website is updated continually to fully meet market expectations. Graphic layout is simple and classic, to reflect a stylish and professional image. Measures taken in 2006 to extend global information and accessible content, optimise institutional communication and make site consultation easier, have boosted its position among the top-ranking international corporate websites of major listed companies. The Group, however, intends to further enrich information available on the website while improving its navigability, to the benefit of all users.

A number of changes were also made in 2006 (adding options to enlarge characters, show an alternative text and navigate with tabulation), which are particularly useful for disabled users; efforts to facilitate disabled accessibility further are ongoing.

Plans to harmonize corporate graphics and contents in all Group websites are expected to be fully implemented by summer 2007, thus creating a recognisable graphic identity and guaranteeing transparency in online communication worldwide.

The **individual Internet sites** of Group companies are mainly client-oriented and provide product and service information. In many cases, users can request an online quote, file claims, or attach a resume to apply for employment with the company. Some of these websites have features that deserve special mention.

The Alleanza website, for example, features a high accessibility section for the visually impaired and a section called "Alleanza

per il sociale" (Alleanza for welfare) setting out the procedures for reporting initiatives and showing payments made, as well as the criteria for extending financing. The INA ASSITALIA site also has a section dedicated to initiatives in favour of the community, while Genertel allows users to enlarge characters, thus making the site more accessible to the visually impaired.

Each country has an institutional Internet website, generally designed following Group guidelines and thereby resembling the layout of [www.generali.com](http://www.generali.com). These websites, for the most part available also in English language, include links to the various company websites to provide an overview of each company's specific features.

The French site [www.generali-avenir.com](http://www.generali-avenir.com) is worth mentioning, as it is specifically dedicated to the prevention of environmental and everyday risks. It aims at awakening the general public and companies to environmental protection, inviting each and every person to take action to preserve his or her future (guidelines and suggestions are provided on eco-friendly behaviour in daily life and at work) and promoting exemplary initiatives contributing to the protection of ecological balance. The site, updated on a weekly basis, illustrates Generali's eco-friendly initiatives, it offers advice for the prevention of health risks as well as risks in the home and in daily life, it provides up-to-the-minute information and documentation and offers insurance solutions for environmentally-related issues.

The Europ Assistance group dedicates a section of its institutional website to its commitment to supporting the community and social welfare, and to its support for sports events.

**Marketing communication** - which includes advertising, marketing and sponsorship activities - is in conformity with the Group's Ethical Code, and therefore "in line with the fundamental ethical values of the civil society to which it is directed, it shall always guarantee the veracity of its contents and reject any coarse or offensive messages", in keeping with the directives issued by the relevant Authorities.

In 2006, no cases of non-compliance with voluntary codes or regulations were reported with reference to marketing communication.

## 2007 Objectives

- Developing and strengthening, beside financial communication, business communication mainly targeted at the retail consumer, with a view to spreading and consolidating the insurance culture.
- Continuing efforts to improve disabled accessibility, with regard to the corporate website [www.generali.com](http://www.generali.com) and other company websites.
- Improving the corporate website [www.generali.com](http://www.generali.com) - and other company websites - increasing the amount of information provided, optimizing navigability and enhancing interactivity to the benefit of users.
- Adding a corporate social responsibility section to the Group's institutional website.



- Creating a Group Intranet to boost internal efficiency and better support communication, information sharing and team work. The project will involve all Italian companies in the first place and will be subsequently extended to other countries, thus reducing the number of different Intranet systems.
- Launching a new monthly magazine called “Il Bollettino on line” to be published by the Parent Company and available - in electronic format only - on the corporate website [www.generali.com](http://www.generali.com) and on the HR portal. Its aim is to provide up-to-date information while reducing paper consumption. Turning “Il Bollettino” into a six-monthly paper publication.

### Stakeholder engagement strategy

Knowledge of the fundamental role played by stakeholders in the process of sustainable growth has prompted the Generali Group to adopt various forms of dialogue with stakeholders.

The presentation of the Sustainability Report 2005, which was held by Managing Director Mr Perissinotto at Trieste University during a round table with representatives from the academic world, the press and experts, provided the first opportunity to meet some of Generali’s stakeholders. The debate that followed prompted comments and explanations and spurred some new topics for discussion within the framework of the long-standing collaboration with Trieste University.

In February 2007, a multistakeholder meeting was held in Milan behind closed doors, which witnessed opinions from leading representatives of consumer associations (Federconsumatori, Movimento Consumatori) and environmental associations (WWF), social and environmental rating agencies (Vigeo - Avanzi SRI), social accountability associations (Valore Sociale), industry associations (ANIA, AldAF), trade unions (UIL), associations committed to spreading socially responsible practices in industry (Sodalitas), researchers and academics (Fondazione Eni Enrico Mattei, IEFE - Centre For Research on Energy and Environmental Economics and Policy - Università Commerciale L. Bocconi, Università di Bergamo, Altis - Postgraduate School Business & Society -, Università Cattolica in Milan).

An intense and profitable debate prompted comments, suggestions and questions on sustainability policies and the drawing up of the sustainability document. The Sustainability Report team took note of all these comments and has already begun replying to them in the current report.

Demand for greater integration of social responsibility in the Group’s strategy was also expressed in the latter’s adhesion to Global Compact and environmental activities, aimed at employees, clients and the community as a whole.

New information on employee contracts (permanent, temporary, full time or part time) and initiatives undertaken with consumer associations through ANIA are among contents added to the report. Sections on the environment and user complaints have been extended to contain more data, and a clearer summary of objectives has been included.

The Group continued to promote activities involving employees (with periodic employee satisfaction surveys, along with surveys on the efficiency and effectiveness of internal communication instruments) and the sales force (with trade satisfaction surveys and events to foster team spirit and a sense of belonging). Similarly, client-oriented initiatives have been launched to evaluate satisfaction for products and services supplied by Group companies. All these initiatives are described in more detail later in this report.



## ECONOMIC-FINANCIAL PERFORMANCE

## Insurance business

As at 31 December 2006, the Group included 325 companies - fully consolidated and valued at equity -, against 306 as at 31 December 2005. In particular, the number of fully-consolidated companies rose from 297 to 315, whereas those valued at equity rose from 9 to 10. This variation is mainly attributable to companies acquired by the Group coming within the consolidation area, especially in Italy, Central and Eastern Europe and Switzerland.

GROUP HIGHLIGHTS  
ON A CONSOLIDATED BASIS



	2005	2006
<b>RESULT OF THE PERIOD</b>	<b>1,918.6</b>	<b>2,404.8</b>
<b>OPERATING RESULT</b>	<b>3,282.9</b>	<b>3,969.2</b>
<b>NET EARNED PREMIUMS</b>	<b>60,082.4</b>	<b>60,383.3</b>
<b>PREMIUMS RELATED TO INVESTMENT CONTRACTS</b>	<b>897.9</b>	<b>1,117.5</b>
<b>NET EARNED PREMIUMS INCLUDING PREMIUMS RELATED TO INVESTMENT CONTRACTS</b>	<b>60,980.3</b>	<b>61,500.8</b>
<b>GROSS PREMIUMS WRITTEN</b>	<b>63,732.6</b>	<b>64,525.8</b>
<b>CHANGE ON EQUIVALENT TERMS</b>	<b>9.8%</b>	<b>2.3%</b>
<b>ACQUISITION AND ADMINISTRATION COSTS RELATED TO INSURANCE BUSINESS</b>	<b>8,440.8</b>	<b>8,991.8</b>
<b>EXPENSE RATIO</b>	<b>14.3%</b>	<b>14.6%</b>
<b>OPERATING RESULT- LIFE SEGMENT</b>	<b>2,081.0</b>	<b>2,326.6</b>
<b>NET LIFE PREMIUMS</b>	<b>44,903.5</b>	<b>44,068.8</b>
<b>PREMIUMS RELATED TO INVESTMENT CONTRACTS</b>	<b>897.9</b>	<b>1,117.5</b>
<b>NET LIFE PREMIUMS INCLUDING PREMIUMS TO INVESTMENT CONTRACTS</b>	<b>45,801.4</b>	<b>45,186.3</b>
<b>GROSS LIFE PREMIUMS WRITTEN</b>	<b>46,632.7</b>	<b>46,080.9</b>
<b>CHANGE ON EQUIVALENT TERMS</b>	<b>13.0%</b>	<b>2.0%</b>
<b>ACQUISITION AND ADMINISTRATION COSTS - LIFE SEGMENT</b>	<b>4,298.2</b>	<b>4,602.7</b>
<b>EXPENSE RATIO - LIFE SEGMENT</b>	<b>9.8%</b>	<b>10.2%</b>
<b>OPERATING RESULT- NON LIFE SEGMENT</b>	<b>933.4</b>	<b>1,348.7</b>
<b>NET NON-LIFE EARNED PREMIUMS</b>	<b>15,178.8</b>	<b>16,314.5</b>
<b>GROSS NON-LIFE PREMIUMS WRITTEN</b>	<b>17,099.9</b>	<b>18,444.9</b>
<b>CHANGE ON EQUIVALENT TERMS</b>	<b>1.8%</b>	<b>3.1%</b>
<b>ACQUISITION AND ADMINISTRATION COSTS - NON-LIFE SEGMENT</b>	<b>4,142.6</b>	<b>4,389.2</b>
<b>EXPENSE RATIO - NON-LIFE SEGMENT</b>	<b>27.3%</b>	<b>26.9%</b>
<b>LOSS RATIO - NON-LIFE SEGMENT</b>	<b>70.6%</b>	<b>69.4%</b>
<b>COMBINED RATIO - NON-LIFE SEGMENT</b>	<b>97.9%</b>	<b>96.3%</b>
<b>OPERATING RESULT- FINANCIAL SEGMENT</b>	<b>309.0</b>	<b>367.3</b>

VALUES IN MILLIONS OF EUROS

	2005	2006
INVESTMENTS	307,417.4	333,744.0
NET INSURANCE PROVISIONS	275,141.5	299,835.5
NET INSURANCE PROVISIONS - LIFE SEGMENT	250,976.2	270,856.0
NET INSURANCE PROVISIONS - NON-LIFE SEGMENT	24,165.3	28,979.5
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	13,947.2	15,206.5

VALUES IN MILLIONS OF EUROS

The result of the period for the Generali Group in 2006 was 2,404.8 million euros, compared to 1,918.6 million euros in December 31, 2005 (+25.3%).

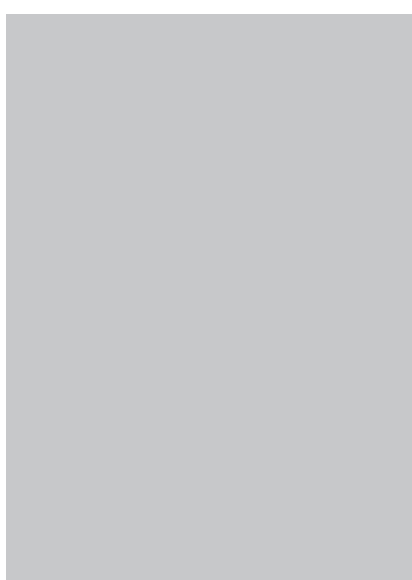
**Operating result** - result of the period before taxes, interest expenses on financial liabilities, some net financial income and non-recurring incomes and expenses - totalled 3,969.2 million euros against 3,282.9 million at end 2005 (+20.9%). All three lines of business contributed to the increase, non-life business generating the greatest growth thanks to a good technical trend.

**Net earned premiums** totalled 60,383.3 million euros compared to 60,082.4 million at end 2005. Taking into account premiums related to investment contracts - which are not considered as premiums for the purposes of the financial statements - **gross premiums written** totalled 64,525.8 million euros (+2.3% on equivalent terms), 46,080.9 million euros (+2%) in the life line of business and 18,444.9 million euros (+3.1%) in the non-life line of business.

**Direct premiums** totalled 63,095.3 million euros, an increase of 2.3% on 2005; 45,141.1 million euros (+0.3%) were generated by life business and 17,954.1 (+7.7%) by non-life business.



GROUP HIGHLIGHTS  
ON A CONSOLIDATED BASIS



DIRECT PREMIUMS AND MARKET  
SHARES BY COUNTRY  
(SR AREA; 2006)

	LIFE 2006		NON-LIFE 2006		TOTAL 2006	
	VALUE	MARKET SHARE	VALUE	MARKET SHARE	VALUE	MARKET SHARE
ITALY	17,512.0	25.9%	6,227.2	22.2%	23,739.2	24.6%
AUSTRIA	869.2	9.8%	1,254.6	18.0%	2,123.8	13.4%
FRANCE	10,229.7	7.0%	3,280.5	6.3%	13,510.2	6.8%
GERMANY	10,786.8	9.7%	2,989.5	5.5%	13,776.3	8.3%
ISRAEL	875.6	n.a.	298.2	n.a.	1,173.8	n.a.
SPAIN	1,173.3	5.2%	1,416.9	4.7%	2,590.2	4.9%
SWITZERLAND	849.7	4.4%	466.0	4.7%	1,315.7	4.5%
TOTAL S.R. AREA	42,296.4		15,932.7		58,229.2	
AREA OUTSIDE S.R.	2,844.7		2,021.4		4,866.1	
TOTAL GROUP	45,141.1		17,954.1		63,095.3	

VALUES IN MILLIONS OF EUROS

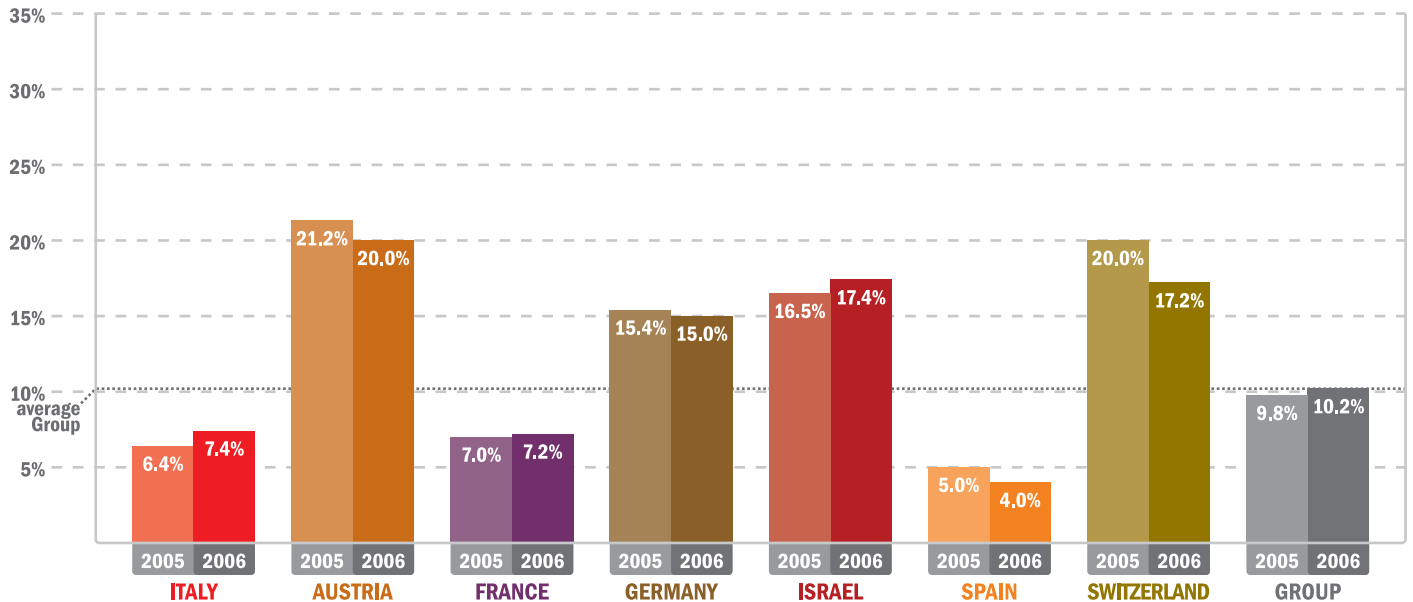
- **Life** - The three major countries (Italy, Germany and France) account for more than 91% of the life portfolio in the Sustainability Report area; Italy alone generates over 41%.

EXPENSE RATIO OF LIFE  
SEGMENT BY COUNTRY  
(SR AREA; 2005-2006)



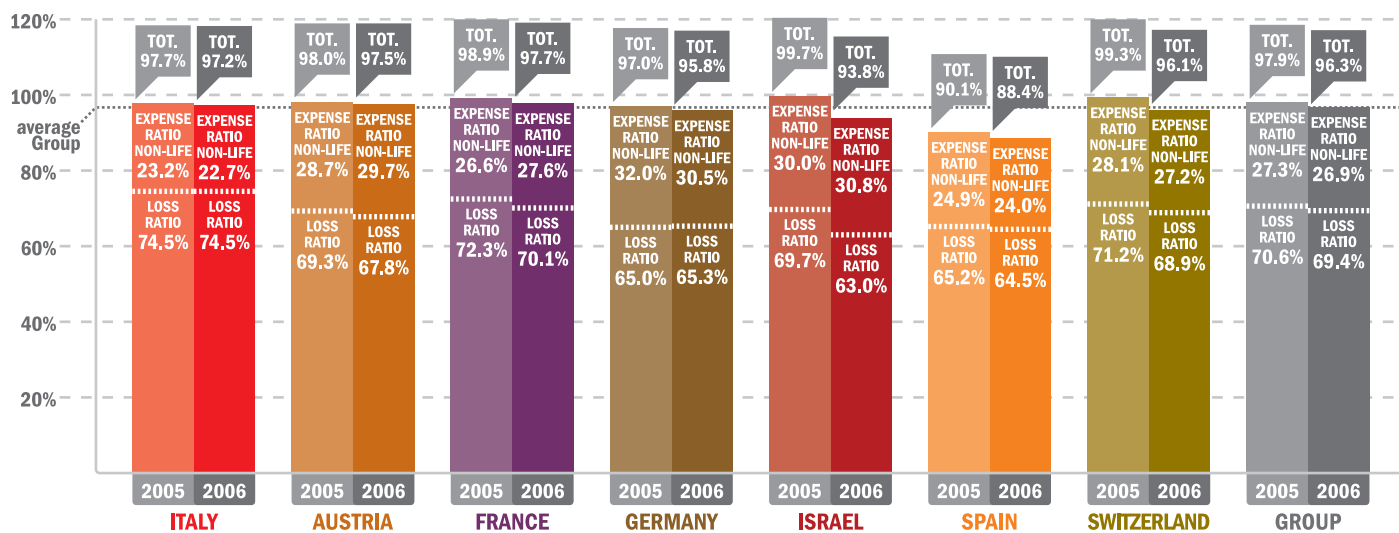
- **Non-life** - Business in this segment is less concentrated: Italy, France and Germany generate over 78% of premiums in the Sustainability Report area (Italy alone approximately 39%).

Information on indicators measuring the technical profitability of business underwritten in the individual countries is provided below.



- The expense ratio of the life segment, i.e. operating costs (acquisition and administration) expressed as a percentage of total premiums, increased due to the growth of acquisition costs (from 7.8% to 8.1%), whilst administration costs remained substantially stable (from 2% to 2.1%).
- The expense ratio in Italy increased due to the increase in acquisition costs attributable to a different product mix, while administration costs remained basically unchanged. In Austria, the decrease was due to the rise in premiums with stable underwriting expenses. In Spain too, the decrease was attributed to steadily rising premiums.
- In Switzerland, the expense ratio fell by about three percentage points after acquisition and administration costs fell.
- The variance in the expense ratio of individual countries is mainly attributable to the different range of products offered and different sales channels used, affecting distribution costs.





- The combined ratio of the non-life segment, i.e. claims and operating expenses as a percentage of premium income, fell due to the decrease in loss ratio and expense ratio. Combined ratio values, varying between a low in Spain (88.4%) and a high in France (97.7%), posted a decrease in all countries, especially in Israel and Switzerland.
- In 2006, the loss ratio fell by 0.8 percentage points overall. The most significant decreases were recorded in Israel, Switzerland and France.
- On the whole, the expense ratio posted a slight fall attributable to an increase in acquisition costs, up from 19.9% to 20.6%, and a decrease in administration costs, down from 7.4% to 6.3%. In particular, the ratio fell in Italy, Germany, Spain and Switzerland.

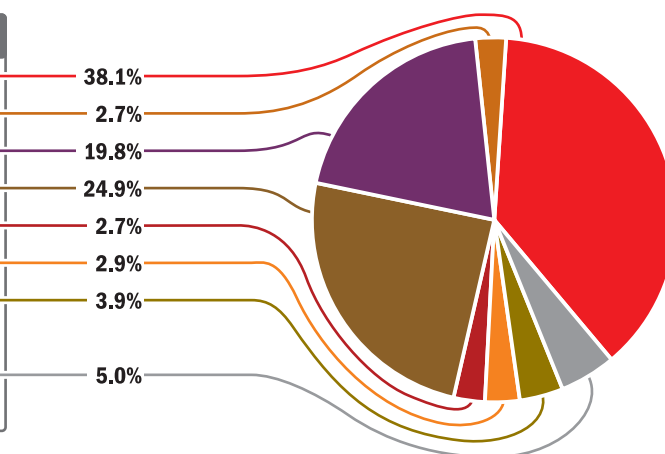
↑ NON-LIFE BUSINESS MAIN INDICATORS BY COUNTRY (SR AREA; 2005-2006)

## Investments

↓ INVESTMENTS BY COUNTRY (SR AREA; 2005-2006)

INVESTMENTS	2005	%	2006
ITALY	116,596.6	37.9%	127,284.7
AUSTRIA	8,675.2	2.8%	8,890.5
FRANCE	59,112.4	19.2%	66,145.7
GERMANY	78,715.1	25.6%	83,193.3
ISRAEL	8,326.9	2.7%	8,918.2
SPAIN	8,938.6	2.9%	9,551.2
SWITZERLAND	12,019.1	3.9%	13,074.9
TOTAL S.R. AREA	292,383.9		317,058.5
AREA OUTSIDE S.R.	15,033.5	4.9%	16,685.5
TOTAL GROUP	307,417.4		333,744.0

VALUES IN MILLIONS OF EUROS



- The subdivision of investments by country corresponds to the extent of Group commitments and interests in the various markets.
- Due to the specific features characterising the life business, and because of its predominance within the Group, it accounts for about 88.3% of total investments.

	2005	IMPACT	2006	IMPACT
LAND AND BUILDINGS (INVESTMENT PROPERTIES)	10,235.6	3.8%	11,365.3	4.0%
INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JV	802.9	0.3%	1,029.6	0.4%
HELD TO MATURITY INVESTMENTS	993.0	0.4%	1,125.8	0.4%
LOANS AND RECEIVABLES	41,173.9	15.5%	51,676.8	18.1%
AVAILABLE FOR SALE FINANCIAL ASSETS	189,008.7	71.0%	192,874.7	67.5%
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	24,015.8	9.0%	27,782.9	9.7%
<b>TOTAL</b>	<b>266,229.9</b>	<b>100.0%</b>	<b>285,855.1</b>	<b>100.0%</b>
INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDERS	41,187.5		47,888.9	
<b>TOTAL INVESTMENTS</b>	<b>307,417.4</b>		<b>333,744.0</b>	

VALUES IN MILLIONS OF EUROS

INVESTMENTS  
(CONSOLIDATION AREA;  
2005-2006)

- In 2006, overall Group investments rose by 26,326.6 million euros (+8.6%); excluding those financial operations where the risk is borne by policyholders, the increase was 7.4%.
- Compared to the previous year, the breakdown of investments showed an increase in loans and receivables and a reduced impact of financial assets available for sale.

## Shareholders' equity

The Group shareholders' equity amounted to 15,206.5 million euros, compared to 13,947.2 at end 2005, posting a 9% increase. In particular, the Group's share capital and reserves totalled 15,206.5 million euros, including the 2,404.8 million euro result of the period and net of the value of shares owned by the Parent Company or by other Group Companies, worth 391.1 million euros.

The shareholders' equity attributable to minority interests totalled 3,525.9 million euros, including the 457.5 million euro result of the period.

## Company value

The Company's stock market capitalisation at the end of 2006 was 42,608 million euros, ranking fourth amongst the major insurance-linked securities in Europe.

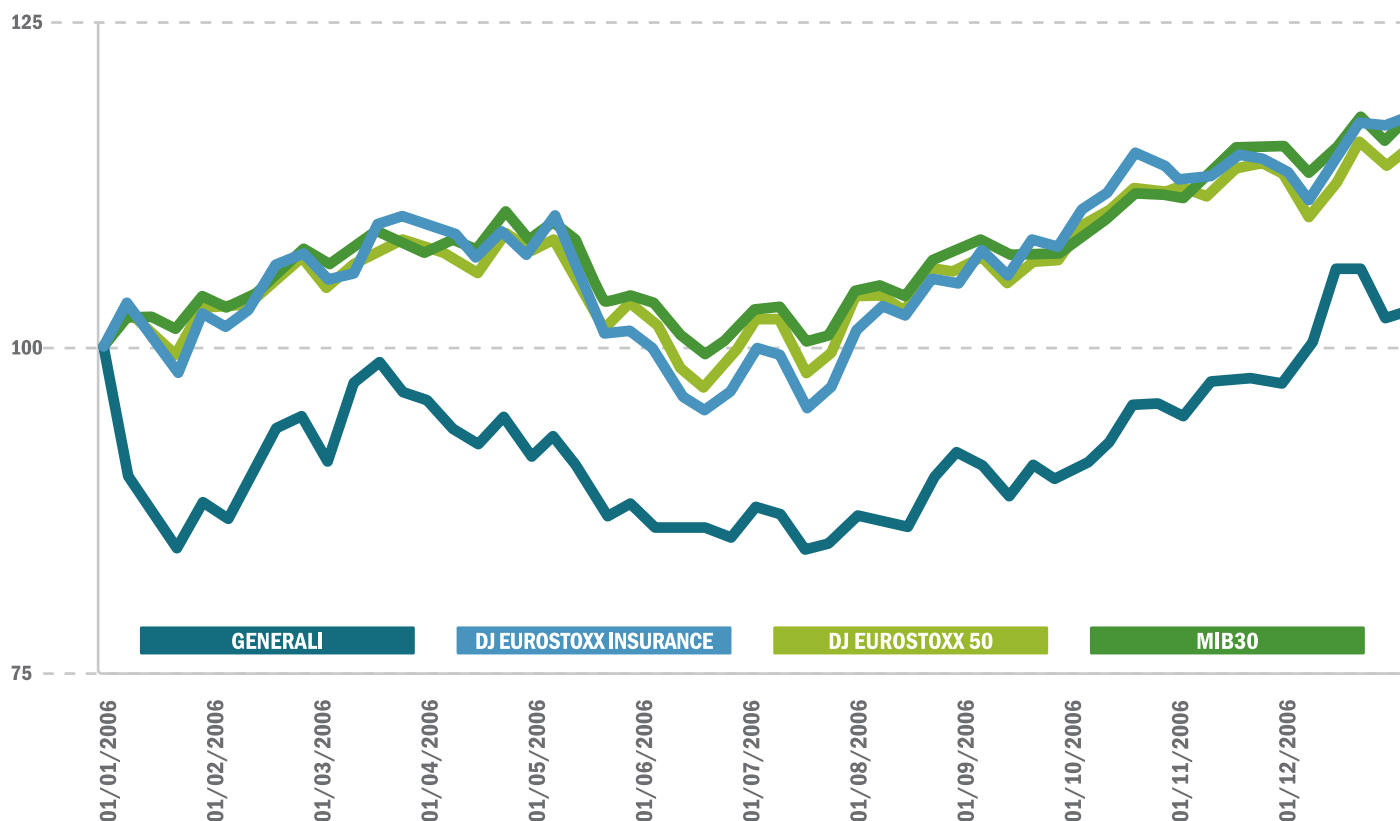
The embedded value - i.e. the adjusted shareholders' equity plus the value of portfolio -, representing the Company's intrinsic value, was 25,839 million euros at end 2006, i.e. 20.34 euros per share.

## Generali shares



GENERALI SHARE PERFORMANCE  
COMPARED TO THE MAIN STOCK  
EXCHANGE INDEXES  
(ASSICURAZIONI GENERALI; 2006)

GROUP



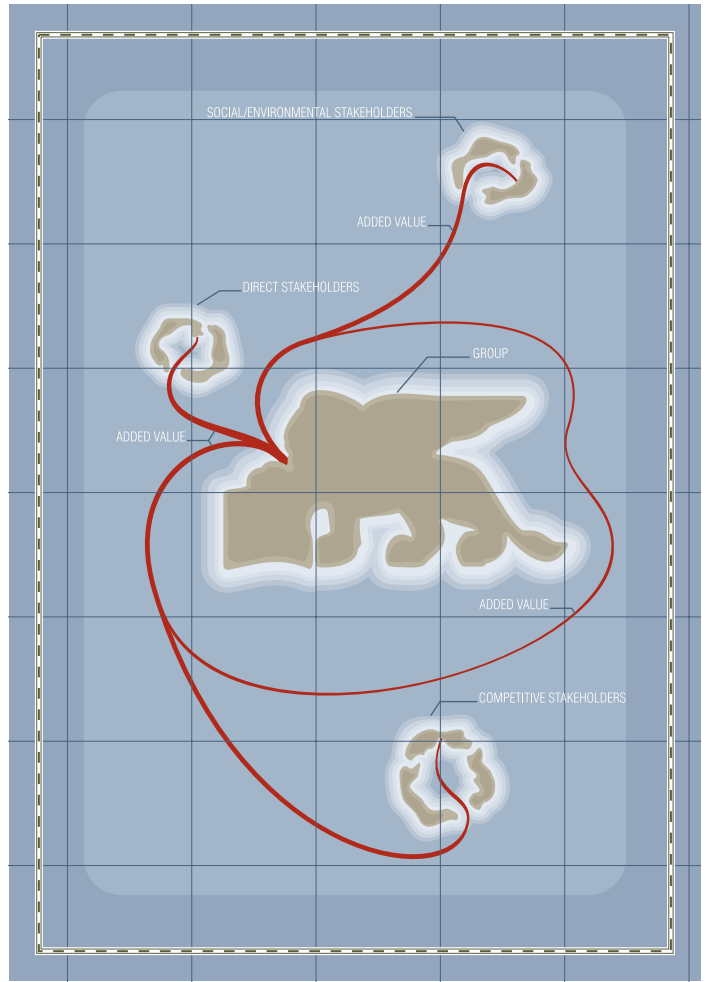
- During 2006, the price of Generali shares fluctuated between 27.20 euros (08.06.06) and 34.97 euros (11.12.06). The Group's shares were listed at 33.34 euros at the close of the period.
- In the twelve month period, the shares rose by 13.055% as against 16% of MIB30 (index of the 30 top Italian companies traded on the Milan Stock Exchange), 17.81% of the Dow Jones EuroStoxx 50 (50 European blue-chip stocks from EMU countries) and 17.2% of the Dow Jones EuroStoxx Insurance (index of insurance stocks from EMU countries).

Generali is listed in 163 stock exchange indexes. The following table highlights the percentage impact of Generali shares on the main stock exchange indexes.

	2004	2005	2006
Mibtel	5.508%	5.055%	5.334%
Mib 30	7.240%	7.121%	7.375%
FTSE Eurotop 100	0.925%	0.882%	0.911%
DJ EuroStoxx 50	1.793%	1.746%	1.733%
DJ EuroStoxx	1.135%	1.043%	1.027%
DJ EuroStoxx Insurance	14.172%	11.833%	11.369%



PERCENTAGE IMPACT OF  
GENERALI SHARE ON THE MAIN  
STOCK EXCHANGE INDEXES  
(ASSICURAZIONI GENERALI;  
2004-2005-2006)



- 45 Description
- 45 Calculating Global Added Value
- 46 Distribution of Global Added Value

# ADDED VALUE

## DESCRIPTION

The Global Added Value (GAV) can be deduced from the reclassification of the consolidated financial statements and expresses the wealth generated by the Group's operations over the year for the various stakeholder categories.

It is calculated as the difference between the value of goods and services provided by the company and the value of the goods and services it acquires from third parties. It may be expressed net or gross of depreciation. In the latter case, the flows for the gradual reintegration of durable productive factors are added up to the new wealth generated by the company.

The Generali Group's GAV is calculated net of depreciation as, differently from industrial businesses, the reintegration of durable productive factors is of little relevance to insurance companies. This reflects the nonessential role played by tangible assets in this specific business activity compared to intangible assets such as human, organisational and technological resources.


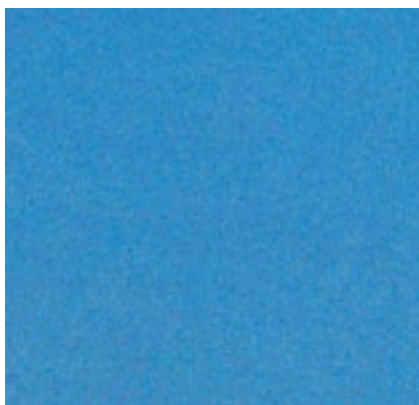
## CALCULATING GLOBAL ADDED VALUE

The Generali Group's consolidated financial statements as at 31 December 2006 were drawn up in accordance with the IAS/IFRS international accounting standards. Ordinary and extraordinary items are no longer distinct, which is one of the changes introduced by the new accounting standards. It follows that added value cannot be calculated on the operating income without considering the impact of extraordinary transactions.

	2005	2006
<b>TOTAL INCOME</b>	<b>81,719.2</b>	<b>81,262.8</b>
<b>OF WHICH: NET EARNED PREMIUMS</b>	<b>60,082.4</b>	<b>60,383.3</b>
NET INCOME FROM FINANCIAL INSTRUMENTS AND LAND AND BUILDINGS (INVESTMENT PROPERTIES)	19,165.7	18,293.7
<b>TOTAL EXPENSES</b>	<b>70,541.8</b>	<b>68,927.5</b>
<b>OF WHICH: NET INSURANCE BENEFITS AND CLAIMS</b>	<b>63,563.4</b>	<b>61,981.4</b>
EXPENSES FROM OTHER FINANCIAL INSTRUMENTS AND LAND AND BUILDINGS (INVESTMENT PROPERTIES)	1,477.5	1,615.6
<b>GAV</b>	<b>11,177.5</b>	<b>12,335.3</b>

VALUES IN MILLIONS OF EUROS

GAV CALCULATION  
(CONSOLIDATION AREA;  
2005-2006)


- The **total income** item in the consolidated profit and loss account includes income from: net earned premiums; financial instruments; investment properties; subsidiaries, associated companies and joint ventures.
- The **total expenses** item corresponds to technical expenses (costs pertaining to the management of the insurance business, such as: claims, life policies having reached maturity, changes to insurance provisions, acquisition costs, administration costs, depreciation) minus the items relating to: remuneration for employees, agents and advisers, open distributions and sponsorships and interest on interest-bearing debt.
- GAV increased by **10.4%** in 2006 as compared to 2005.

## DISTRIBUTION OF GLOBAL ADDED VALUE



The GAV does not account for all wealth generated and transferred outside the Group: for instance, it cannot highlight the benefits investments bring to the relevant economy and environment. Nevertheless, the GAV may be described as a significant indicator of generated wealth and, thanks to its distribution analysis, it provides an insight into how the benefits produced by the Group's operations are distributed among the various stakeholders.

GAV DISTRIBUTION  
(CONSOLIDATION AREA;  
2005-2006)

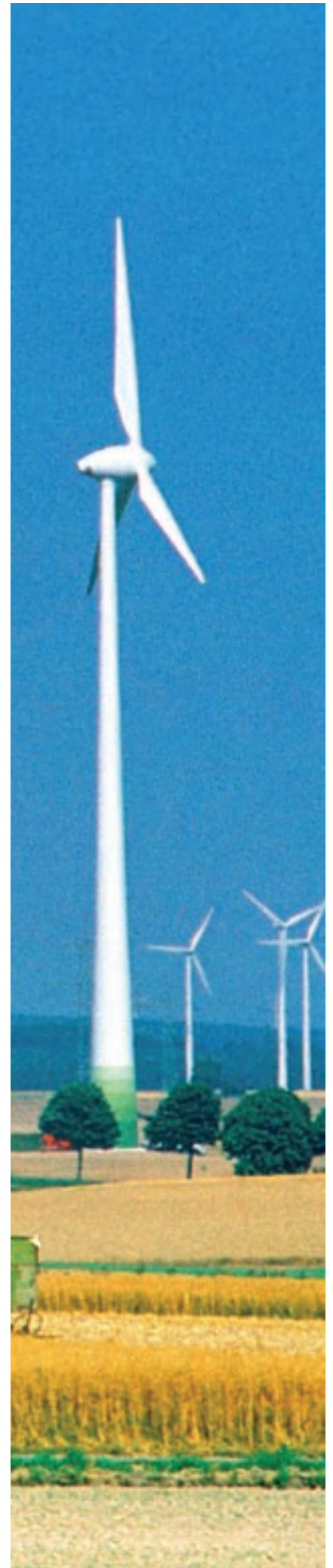


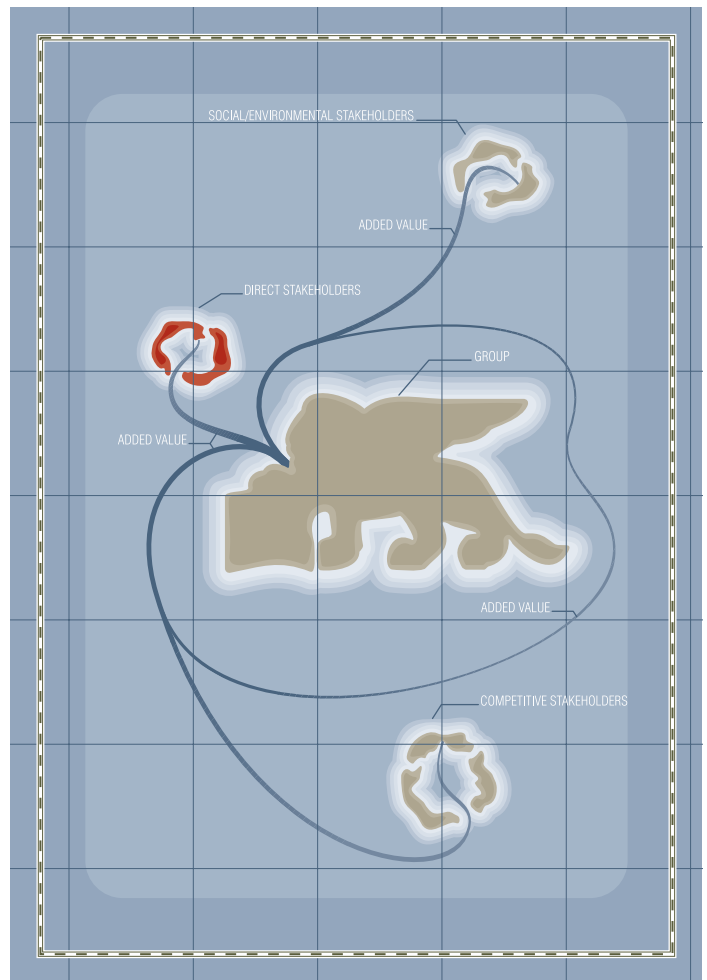

	2005	2006	
<b>BUSINESS SYSTEM</b>	<b>1,721.3</b>	<b>1,903.6</b>	<b>15.4%</b>
<b>SHAREHOLDERS</b>	<b>689.0</b>	<b>958.7</b>	<b>7.8%</b>
<b>EMPLOYEES</b>	<b>2,776.1</b>	<b>3,165.0</b>	<b>25.7%</b>
<b>AGENTS AND ADVISERS</b>	<b>4,068.5</b>	<b>4,169.6</b>	<b>33.8%</b>
<b>STATE</b>	<b>1,136.9</b>	<b>1,056.4</b>	<b>8.6%</b>
<b>PROVIDERS OF CREDIT CAPITAL</b>	<b>767.8</b>	<b>1,053.5</b>	<b>8.5%</b>
<b>COMMUNITY</b>	<b>18.0</b>	<b>28.4</b>	<b>0.2%</b>
<b>TOTAL</b>	<b>11,177.5</b>	<b>12,335.3</b>	

VALUES IN MILLIONS OF EUROS



- 2006 saw an increase of the amounts for all types of stakeholders.
- The only exception occurred in state taxes, which fell considerably in absolute value and in terms of GAV share, due to the non-recurring positive effect of legislation implemented in Italy and Germany. In 2006, the Generali Group received no significant state funding.
- Conversely, the distribution of GAV was modified, some stakeholders experiencing significant changes.
- In particular, the shares distributed to shareholders (dividends) and providers of credit capital rose sharply, the latter due to the increase in interest rates as well as in the Group's operating and financial debt.
- The share distributed to employees increased by approximately 1%, whereas agents and advisers experienced a smaller share. These results confirmed the downward trend of overall shares destined to employees (still around 60%).
- Shares distributed to the business system and the community remained virtually stable.





## 49 Employees

49 Dynamic workforce

51 Characteristics of the workforce

54 Equal opportunities

56 The workplace

57 Working hours and absenteeism

59 Human resources policies

64 Labour/management relations

## 66 Agents and other networks

66 Agency networks

68 Other insurance company sales networks

69 Bank sales networks

## 71 Employees and sales force

71 Training

77 Disputes

77 Dialogue with members of staff

79 2007 Objectives

## 81 Shareholders

81 Description

83 Policies for value generation

83 Dialogue with investors

85 2007 Objectives



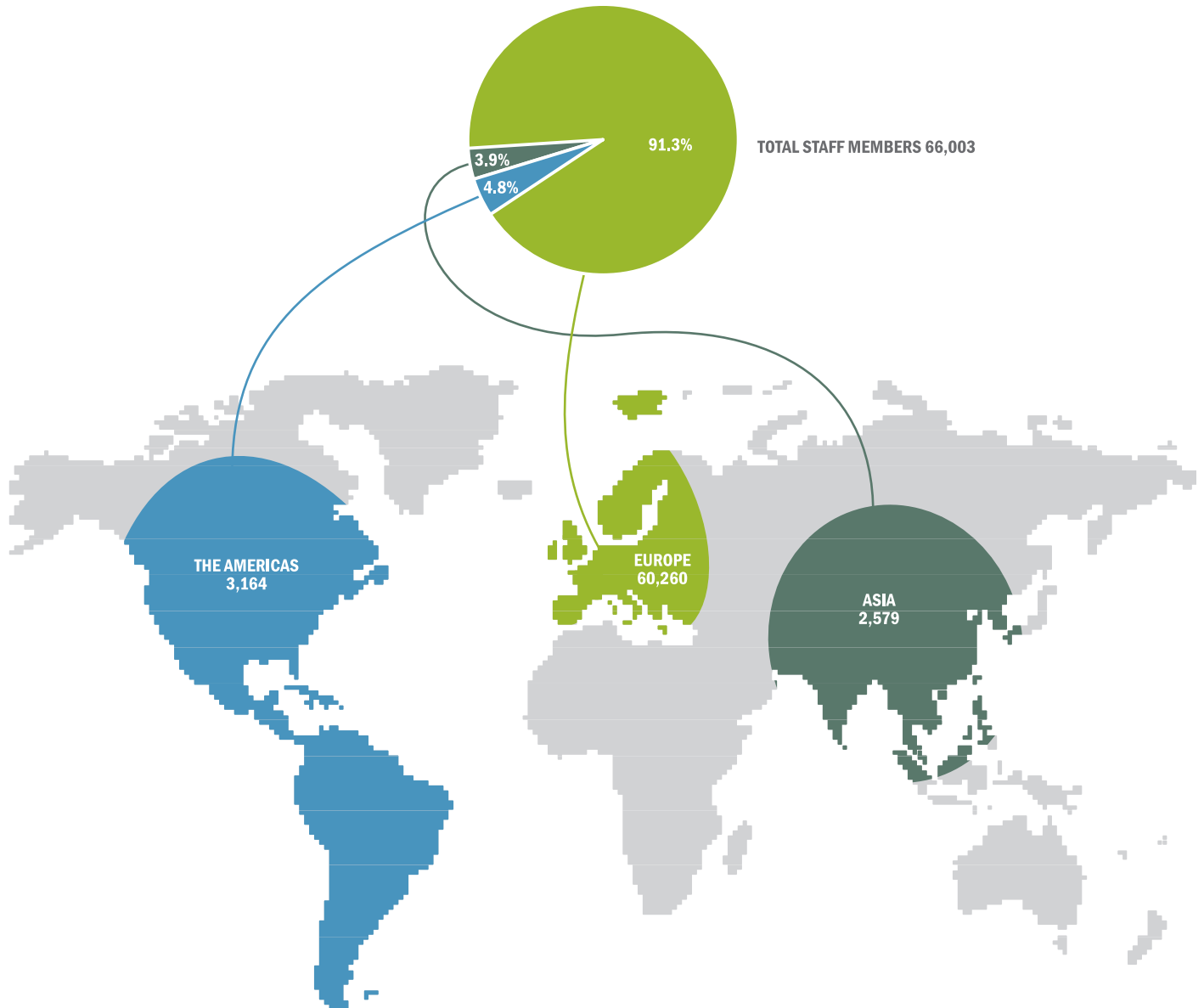
# DIRECT STAKEHOLDERS

## EMPLOYEES

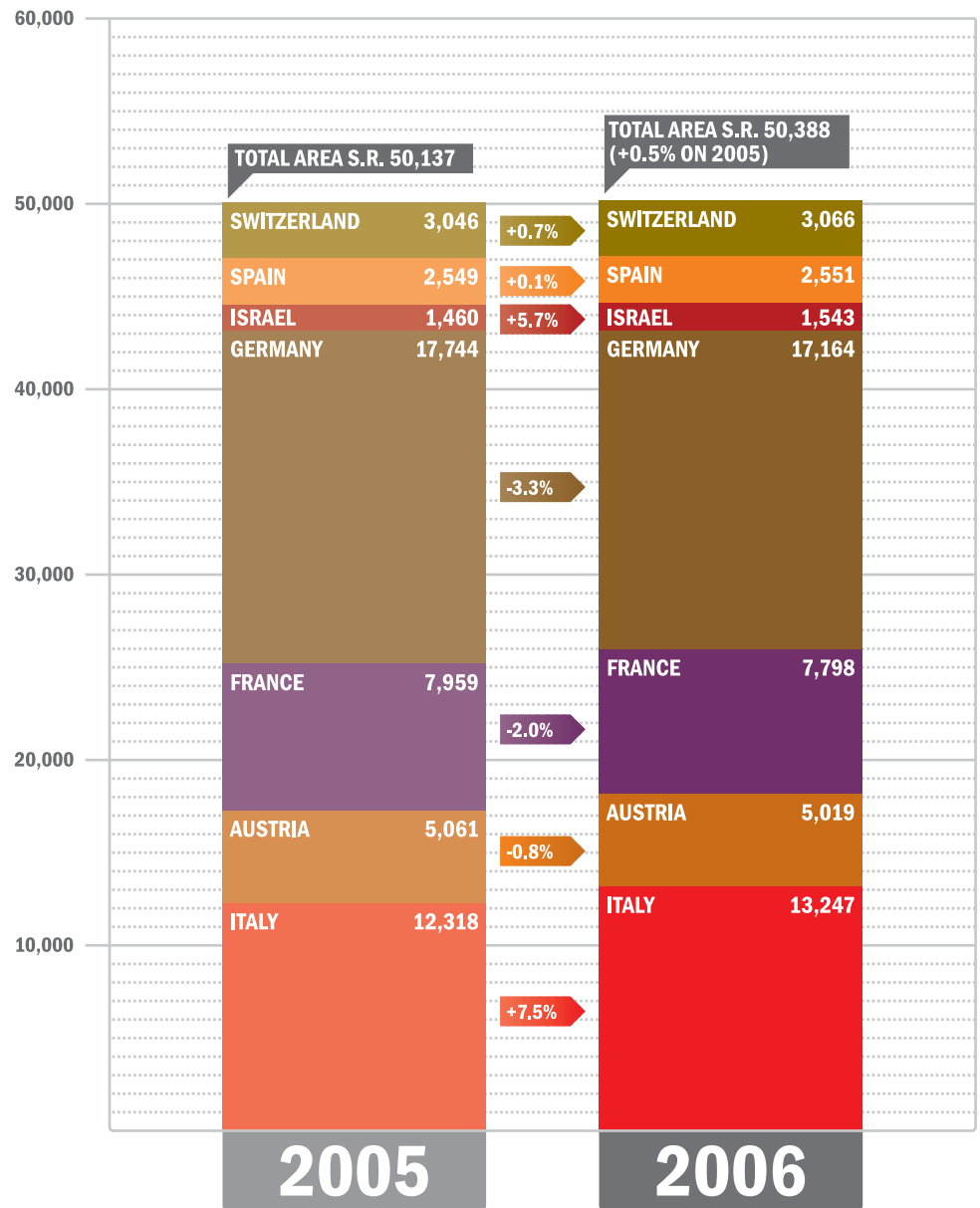
### Dynamic workforce



GROUP STAFF MEMBERS  
(CONSOLIDATION AREA; 2006)



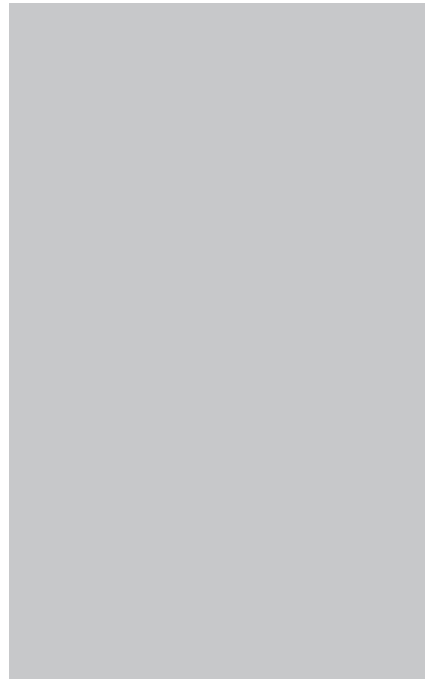
- As at 31 December 2006, the Group's workforce numbered 66,003, taking into account employees with permanent contracts only. The 7.22% rise in employees since the previous year is primarily attributable to the expansion of the consolidation area; in particular, the number includes 1,995 staff members from the Toro group, which joined the Generali Group in the fourth quarter 2006.
- The majority of the workforce comprises employees (44,273 people); followed by the sales force (19,153) and managers (2,233).



- The Sustainability Report area remained basically stable, with a global increase of 0.5%, though differing trends were recorded in individual countries, with workforces:
  - increasing in Italy (+7.5%), primarily attributable to expansion of the sales force (continuing an upward trend that started back in 2005) and bank staff (+144 staff members overall), and in Israel (+5.7%);
  - decreasing in Germany (-3.3%), where downsizing is being implemented as part of company reorganisation processes, and in France, where - after the 2005 increase in workforce (+12% approximately) following a series of takeovers - a 2% fall was recorded, linked to Group rationalization within the country;
  - stable or with variations lower than 1% in Spain, Switzerland and Austria.

	2004	2005	2006			STAFF MEMBERS AS AT 31/12/06
	STAFF MEMBERS AS AT 31/12/04	STAFF MEMBERS AS AT 31/12/05	RECRUITMENTS	TERMINATIONS	CHANGE	
ITALY	11,880	12,318	2,353	1,424	929	13,247
AUSTRIA	5,082	5,061	291	333	-42	5,019
FRANCE	7,110	7,959	1,007	1,168	-161	7,798
GERMANY	18,769	17,744	1,561	2,141	-580	17,164
ISRAEL	1,475	1,460	438	355	83	1,543
SPAIN	2,507	2,549	439	437	2	2,551
SWITZERLAND	3,009	3,046	430	410	20	3,066
TOTAL	49,832	50,137	6,519	6,268	251	50,388

← STAFF TURNOVER (SR AREA; 2005-2006)



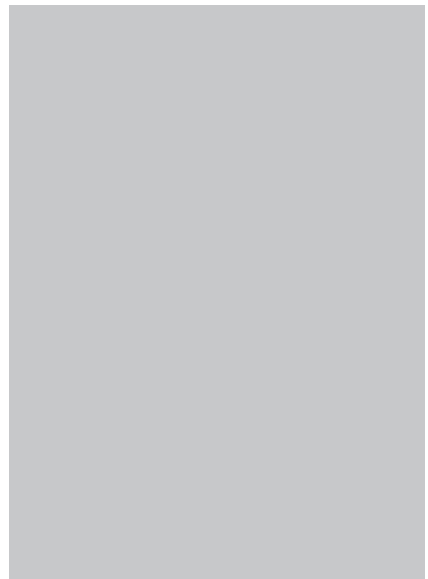
- While the workforce is posting a slight increase, staff turnover is rather significant. This is due basically to two phenomena:
  - temporary and contract staff joining and leaving the Group being included in the figures;
  - staff turnover to and from Group companies outside the Sustainability Report area; for example, 267 people were hired in Italy coming from Group companies outside the Sustainability Report area.

Characteristics of the workforce

↓ STAFF MEMBERS BY LEVEL (SR AREA; 2005-2006)

	MANAGERS		MIDDLE MANAGERS		EMPLOYEES		SALES FORCE ON PAYROLL		OTHER		TOTAL		
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	
ITALY	249	250	1,312	1,375	5,967	6,213	4,582	5,290	208	119	12,318	13,247	▲ +7.5%
AUSTRIA	40	40	277	276	2,597	2,599	2,141	2,080	5	24	5,061	5,019	▼ -0.8%
FRANCE	247	272	2,548	2,584	2,672	2,565	2,492	2,377	0	0	7,959	7,798	▼ -2.0%
GERMANY	48	48	258	229	12,056	11,852	5,323	4,628	59	407	17,744	17,164	▼ -3.3%
ISRAEL	47	45	151	163	1,262	1,335	0	0	0	0	1,460	1,543	▲ +5.7%
SPAIN	82	74	255	297	1,564	1,293	646	877	2	10	2,549	2,551	▲ +0.1%
SWITZERLAND	284	294	524	533	1,596	1,627	574	556	68	56	3,046	3,066	▲ +0.7%
TOTAL	997	1,023	5,325	5,457	27,714	27,484	15,758	15,808	342	616	50,137	50,388	▲ +0.5%

- The composition of the Group's workforce by level has not changed significantly as far as the percentage of individual levels is concerned. All levels have increased in number, with the exception of employees - standard entry level of administrative staff - the number of which fell by 230 units, rising only in Italy and Israel, where the workforce is expanding. In Spain, in particular, employees fell from 61.4% to 50.7% of the overall workforce, partly the result of internal promotions increasing the number of middle managers by 16.5%.
- As far as individual countries are concerned, the sales force grew sizably in Italy (+15.5%) bringing the percentage to 40% of the local workforce and in Spain (+35.8%), where the sales force are now one third of the local workforce. The downward trend recorded by other countries nonetheless acts as a counterweight



to maintain the percentage of the sales force stable at 31.4% of the overall workforce.

- In France, the number of managers and middle managers (36.6%) is significantly higher than the Group average (12.8%), and continues to rise. In Germany, on the other hand, the percentage of managers and middle managers fell further to 1.6%. The hierarchic structure of German insurance companies is indeed reflected by this figure.

	FULL-TIME PERMANENT STAFF MEMBERS		FULL-TIME TEMPORARY STAFF MEMBERS		PART-TIME PERMANENT STAFF MEMBERS		PART-TIME TEMPORARY STAFF MEMBERS		TOTAL	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
ITALY	10,923	11,898	503	413	813	855	79	81	12,318	13,247
AUSTRIA	4,604	4,542	13	5	438	468	6	4	5,061	5,019
FRANCE	6,931	6,719	528	576	482	461	18	42	7,959	7,798
GERMANY	15,437	14,843	186	189	2,070	2,069	51	63	17,744	17,164
ISRAEL	1,393	1,450	67	93	0	0	0	0	1,460	1,543
SPAIN	2,321	2,319	158	150	70	82	0	0	2,549	2,551
SWITZERLAND	2,664	2,675	47	50	333	340	2	1	3,046	3,066
TOTAL	44,273	44,446	1,502	1,476	4,206	4,275	156	191	50,137	50,388
PERCENTAGE	88.3%	88.2%	3.0%	2.9%	8.4%	8.5%	0.3%	0.4%	100%	100%

STAFF MEMBERS BY TYPE OF CONTRACT (SR AREA; 2005-2006)



- 96.7% of the workforce in the Sustainability Report area has a permanent contract, a percentage that rises to over 98-99% in Austria, Germany and Switzerland. Group companies also hire temporary staff, but to a limited extent: about 400 temporary members of staff were employed in 2006. Temporary or contract staff are normally hired for limited periods of time when work is at a peak, when permanent staff members are absent for a variety of reasons (maternity leave, illness, etc.), or for special projects.
- Full-time staff members make up about 91% of the total workforce. The number of part-time workers is highest in Germany (12.5%), Switzerland (11.1%) and Austria (9.4%), while part-time work is not permitted in Israel. Europ Assistance España does not hire people on a part-time basis, either.

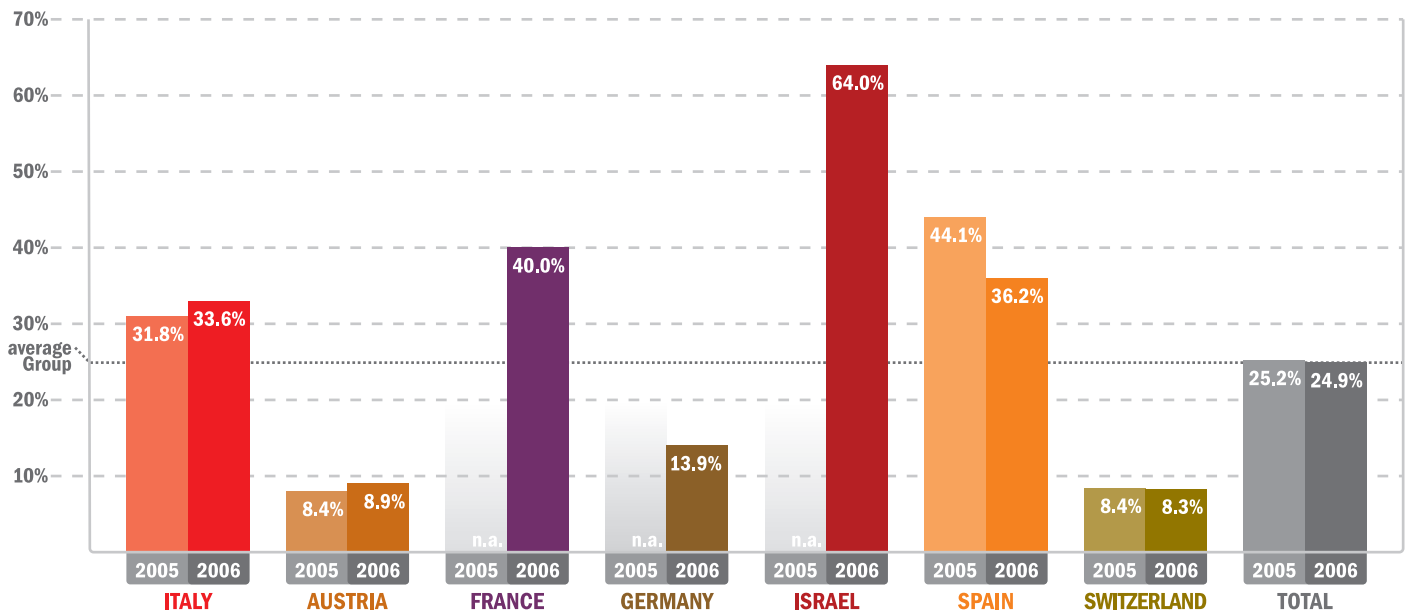
Different types of horizontal and vertical part-time work schemes are used in countries/companies in the Sustainability Report area where these types of contract are allowed and/or offered. In general, working hours are reduced by 50% (see later in the chapter), but larger or smaller reductions are often possible, varying between a maximum of 80% (in France) and a minimum of 20% (in Switzerland), in the Sustainability Report area.

Staff members are normally granted a part-time contract for family reasons, such as the need to provide care for close relatives (parents, children, spouse or other household members) who are ill or disabled, or to take care of children younger than 14 years old, or for serious personal reasons. In France, since 2006, workers over 55 years of age are encouraged to work on a part-time basis, to prepare "gently" for retirement. Staff members are granted part-time contracts if this is compatible with the company's technical, organizational and production needs. Where it is not possible, employees may still be

granted fewer work hours if they are willing to consider equivalent responsibilities or be transferred to a different department within the same company. The option to return to full-time work often remains open, though normally for a period of time limited to a certain number of years, after which the company may still decide to accept the request.



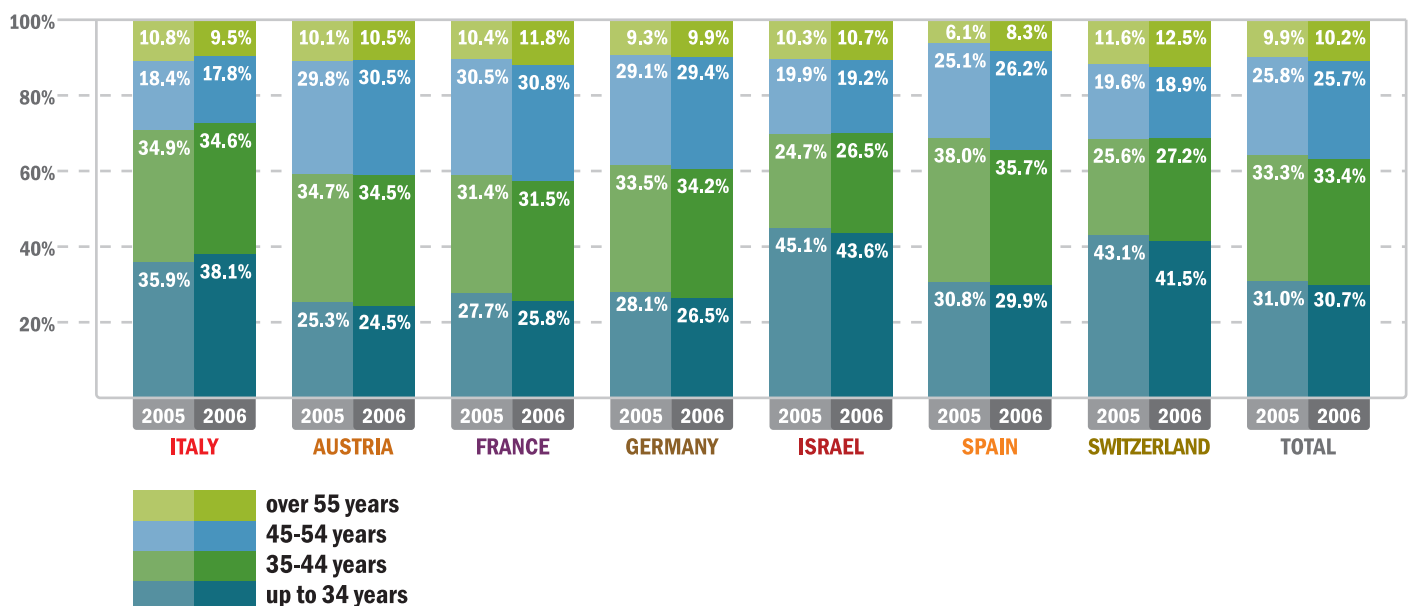
PERCENTAGE OF GRADUATES IN STAFF (SR AREA; 2005-2006)



- In the Sustainability Report area, almost 25% of employees are graduates. The percentage is particularly high in Israel, France and Spain (where a decline was, however, recorded in 2006).
- In Italy and Austria, there is a tendency to hire only graduates.



STAFF MEMBERS BY AGE BRACKET (SR AREA; 2005-2006)



- The composition of the workforce by age brackets has not changed significantly on the whole. About 64% of staff members are younger than 45.
- The percentage of young members of staff is particularly high in Israel and Switzerland, the latter joining France in having also the highest number of older workers.
- In Italy, the age bracket below 35 has increased, a trend attributable to new companies being included in the Sustainability Report area 2006, such as Banca Generali, in addition to new staff members being hired to expand the sales force and a new generation of staff joining the company.
- The workforce in all Group countries has shifted towards higher age brackets. Italy is an exception, the percentage of workers over the age of 45 having fallen as a consequence of retirement.

## Equal opportunities

As laid down in the Ethical Code and reiterated in the European Social Charter (more information is given later in the chapter), the Generali Group rejects any form of discrimination against members of its staff and all of its counterparts. In line with this policy, examples of rules are given in company contracts to ensure equal treatment between men and women in the processes of selection, training, promotion and wages, often anticipating the implementation of European and national legislation.

In Italy, an "Equal opportunities code" was issued in 2006 to reorganize existing legislation on the matter. The Equal Opportunities Commission protects workers in the insurance business, devising and promoting equal opportunity initiatives and advising Company Committees. At the end of 2006, an Equal Opportunities Committee was established at corporate level for Italian Group companies as part of the Supplementary Company Agreement.

In France, at the end of December 2006, a trade union agreement was signed affecting all Group employees in the country. It defined the fundamental principles of professional equality between men and women, especially on issues such as salary, recruitment, mobility, career development and combining family and professional life. A Company Committee was subsequently set up for the purpose of ironing out all existing differences (for example, all salary disparities between men and women will be eliminated by 2010).

In Germany, following the entry into force of the new equal opportunity legislation (August 2006), each company has appointed a supervisor to monitor and enact necessary measures should violations occur. All members of staff were informed – by letter, e-mail and articles published on the company Intranet – of the details and rules of conduct to adopt in compliance with the new regulations, and receive adequate training on the issue.

In Switzerland, the Human Resources Committee is responsible for ensuring that equal opportunity laws are observed, intervening in case of violation. In Austria, the task falls to the Human Resources

Service. Israel also has a law, complied with by Group companies, regulating the issue.

	MANAGERS		MIDDLE MANAGERS		EMPLOYEES		SALES FORCE ON PAYROLL		OTHER		TOTAL		
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	
ITALY	7.6%	9.2%	19.3%	20.1%	45.7%	47.0%	32.4%	32.8%	14.4%	21.8%	36.6%	37.6%	▲ +1.0%
AUSTRIA	6.5%	7.5%	16.6%	15.9%	55.0%	55.8%	12.7%	12.8%	0.0%	0.0%	34.6%	35.3%	▲ +0.7%
FRANCE	34.0%	31.6%	49.4%	50.7%	71.3%	70.7%	18.0%	19.8%	0.0%	0.0%	46.4%	47.2%	▲ +0.8%
GERMANY	0.0%	0.0%	5.4%	6.1%	52.4%	51.7%	17.8%	17.6%	59.3%	26.3%	41.2%	41.1%	▼ -0.1%
ISRAEL	19.1%	24.4%	49.0%	47.9%	76.1%	75.2%	0.0%	0.0%	0.0%	0.0%	71.4%	70.8%	▼ -0.6%
SPAIN	4.9%	6.8%	16.5%	10.4%	58.6%	52.8%	7.3%	31.4%	0.0%	0.0%	39.6%	39.0%	▼ -0.7%
SWITZERLAND	12.0%	13.6%	32.6%	34.0%	65.1%	62.4%	6.1%	4.1%	0.0%	0.0%	42.5%	41.7%	▼ -0.9%
TOTAL	15.3%	16.4%	34.9%	35.5%	55.2%	54.6%	20.5%	22.7%	25.0%	25.5%	41.1%	41.4%	▲ +0.3%

DIRECT STAKEHOLDERS

- Women comprise over 40% of the workforce, a figure that has remained virtually stable since 2005. The percentage is particularly high in Israel, though a slightly downward trend can be witnessed. The number of women members of staff in Italy, France and Austria, on the other hand, is rising.
- Most women employees hold office positions, where they account on average for 54.6% of the staff, a figure that rises to over 70% in Israel and France.
- The number of women in the sales force is generally very low, though in Italy and Spain women now account for almost a third of the overall sales force against 7.3% in 2005.
- In France, almost a third of managers are women: this figure, though lower than in the past, is the highest percentage at Group level. On the contrary, the number of women managers is still very low in Spain and Austria, and in Germany there is none. These differences mirror different work cultures in the various countries.

Generali has always valued the contribution that the local population can offer to the company management and business development in terms of market knowledge. Therefore, the Group's workforce is almost entirely made up of local staff. Infragroup mobility is however promoted and implemented, also at an international level. At the Parent Company's Central Head Office in particular, a number of foreign staff members are employed, including managers, some of them holding key positions. Staff members are, in fact, all offered opportunities for professional growth and personal career, no matter what their nationality may be, thereby no kind of **discrimination** is permitted.

Group companies refer to current legislation when it comes to hiring personnel in **protected categories**. Because of the imbalance in parameters defining these categories in the different countries, meaningful figures are not available.

Company premises provide accessibility for disabled users, allowing them to perform their duties: special parking spaces, accessible bathrooms, lifts and work stations equipped with large computer



PERCENTAGE OF WOMEN BY LEVEL (SR AREA; 2005-2006)



monitors and special equipment for the deaf and dumb and the visually impaired.

## The workplace

All Group companies have a department that handles issues relating to **risk prevention** and health and safety in the workplace.

Everywhere in the Group, workers are informed of regulations and initiatives relating to health and safety by means of brochures, pamphlets, dedicated display cases, e-learning courses and the Intranet. The corporate Intranet generally provides the conduct standards to be adopted in case of emergency and other information material to promote a culture of prevention, health and safety among all employees. Special training and refresher courses are also organised for staff members with special tasks in case of medical or fire emergency. For example, 120 people participated in a training programme in Italy in 2006.

All Group companies have drawn on the advice of ergonomic experts for designing their premises in consideration of the health and safety of their workers, making working conditions more comfortable while increasing the efficiency and reliability man-machine systems.

In Switzerland, companies have signed an agreement for safety in the work place in application of the national labour law, whereby offices have been equipped with a first aid station and procedures have been put in place in case of accident. In the Zurich and Geneva offices, moreover, a 5-strong Red Cross unit is available during work hours to handle emergency situations and other medical needs. Four people at BSI have been appointed to take care of physical safety, supported by a health intervention team, equipped with radio-paging system, medical supplies and cardiac defibrillator.

In Italy, the TU agreement signed 3 March 2006 (article 11 on Health Protection) envisaged the election of employees' representatives for Safety in the Workplace in the main Generali offices.

The largest Group companies in Rome signed an agreement for emergency healthcare management with Medital, of the Europ Assistance Italia Group.

In 2006, a total of **130 work-related accidents** occurred in Group companies - mostly road accidents involving staff commuting to and from work.

In France, a **health** department was created with an eight-strong team, including two doctors and five nurses. Its purpose is to monitor employee health and implement preventive health policies. Austria has a similar structure, including two safety experts and nine doctors. An alcohol-prevention programme has also been set up for employees. In Switzerland, a system has been implemented to help members of staff with health problems, drawing also on external consultants.

Smoking has been banned in public places in Italy (since 2005), in Spain (since 2006) and also in France since 1 January 2007. In Austria and Germany, smokers and non-smokers work in separate rooms



and, where this is not possible, smoking is forbidden to safeguard the health of non-smokers. In Switzerland, regulations are in place to protect the health of non-smoking members of staff.

In all countries, Group companies have introduced measures not only to implement current legislation, but also to provide incentives and support to members of staff who want to quit smoking, offering special programmes coordinated by doctors, psychologists and other experts.

## Working hours and absenteeism

National Collective Bargaining Agreements (CBA) establish different working hours for the insurance sector in each country. The working week varies from 35 hours in Spain and France to 42.5 in Israel. The average working week is 38 hours.

Generally, there is a good degree of **flexibility** in the working week to help staff combine work with family and personal demands. In some cases there are no restrictions on what time staff members come to or leave work: in Switzerland and Austria, members of staff may negotiate their working hours with the Head of Department in compliance with the legal limits (in Austria, in particular, working hours cannot exceed 10 hours a day). In Italy, on the other hand, members of staff are allowed a flexible arrival and departure time. In France, employees have several options, involving flexible combinations of workdays and holidays. Any extra hours worked that exceed the legal limit of 35 hours worked in a week, can be offset as paid time off. In Germany, flexible working hours may be agreed upon to suit the needs of young families.

Europ Assistance companies provide policyholders with 24/7 service. Working hours are therefore divided into shifts of about 8 hours a day 5 days a week. Some call centres offer assistance until 10 pm, entailing more than one work shift.

Employees are entitled to be **absent** from work as established by law, CBA and company-based agreements. The treatment offered by most Group companies - though differences exist depending on the country - is generally more favourable than minimum requirements established by law and CBA for certain types of absence, such as marriage, family bereavement, maternity, paternity leave, sickness and children's birthdays, medical appointments and treatments, study purposes, providing care for disabled family members and donating blood. Where company organisation permits, employees are generally entitled to take days or partial days off that can either be counted as paid time off, or they can make the hours up, helping combine work with personal and family commitments.



	HOLIDAYS		PAID LEAVE		UNPAID LEAVE		ILLNESS AND ACCIDENT		MATERNITY LEAVE		TOTAL	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
ITALY	10.12%	9.29%	1.50%	1.23%	0.17%	0.17%	3.69%	3.22%	0.87%	1.02%	16.35%	14.93%
AUSTRIA	11.57%	11.32%	0.76%	0.34%	0.00%	0.00%	3.58%	3.47%	1.54%	1.43%	17.45%	16.56%
FRANCE	9.66%	9.71%	0.34%	0.28%	0.02%	0.04%	6.91%	4.19%	0.87%	1.19%	17.80%	15.41%
GERMANY	11.82%	12.01%	0.19%	0.35%	0.02%	0.03%	4.20%	5.26%	0.26%	0.39%	16.49%	18.04%
ISRAEL	7.54%	6.55%	0.11%	0.13%	1.72%	1.45%	3.65%	3.49%	2.59%	2.30%	15.60%	13.93%
SPAIN	11.39%	11.27%	0.55%	0.61%	0.00%	0.00%	2.33%	3.00%	0.56%	0.83%	14.84%	15.72%
SWITZERLAND	9.99%	9.92%	1.40%	1.50%	0.07%	0.08%	2.68%	2.65%	0.40%	0.44%	14.54%	14.59%
TOTAL	10.87%	10.61%	0.65%	0.61%	0.11%	0.11%	4.24%	4.13%	0.73%	0.87%	16.60%	16.34%

PERCENTAGE OF ABSENCE AT WORK (SR AREA; 2005-2006)



- The absenteeism rate is calculated as the ratio between the number of days absent (total or by identified cause) and the number of working days on a yearly basis (excluding Saturdays, Sundays and holidays) multiplied by the number of staff at the end of the year.
- Overall, the absenteeism rate decreased slightly in 2006, especially in France, Italy and Israel. It rose, conversely, in Germany and Spain, nudged up primarily by illness - and accident-related absences.
- The percentage of all types of absence fell, with the exception of maternity leaves, which rose in all countries apart from Austria and Israel. Absenteeism rates for maternity leave mirror the proportion of women in the workforce and are therefore higher in Israel, where women account for over 70% of employees. The absenteeism rate for maternity leave is also influenced by relevant national legislation, which establishes different maternity leave periods (between 14 weeks in Switzerland and Germany and 20 in France and Italy).
- Absenteeism is mostly ascribable to holiday leaves. In most countries of the Sustainability Report area, staff members are granted 25 days off a year, rising to 30 in Austria and dipping as low as 9 in Israel. However, days of leave are not always completely used within the year.

## Human resources policies

Given the expansion into several foreign countries and the complexity of the Group, with its business diversification, the Generali Group relies on competent, dedicated members of staff who can engage in a dynamic, international environment.

The Group is inclined to trust talented young people who are open to change and who are eager to advance their careers, entrusting them also with positions of responsibility.

### *The Generali Group's European Social Charter*

*In keeping with the guidelines laid down by the Ethical Code, the Generali Group adopted a European Social Charter in November 2006 to guarantee consistency in relationships with members of staff. The Charter, drawn up in collaboration with representatives from the Restricted Committee of the European Works Council (discussed in more detail later in the chapter, in the Trade Union Relations section), defines a series of guiding values and principles with regard to human resources, laid down by the Parent Company and extending to all staff - management, employees and employees' representatives - working for companies in all European countries where the Group is active.*

*With the Charter, Generali is committed to fully respecting workers' fundamental rights, namely freedom, equality, health and safety, and dignity in the workplace. In particular, the Charter forbids exploitation of child labour and any form of discrimination and harassment.*

*The main issues dealt with by the European Social Charter are:*

- *promotion of dialogue between the Management and representatives of employees;*
- *the search for the best strategies in managing, protecting and enhancing human resources, the Group's most important "asset";*
- *respect for trade union rights, the right of workers to be represented and the performance of relevant duties.*

*The Parent Company has sent the document in English and in the language of the country of destination to all Human Resources Managers, with a view to spreading the values of the Social Charter and fully implementing its contents throughout the Group. The English/Italian version of the entire document is published on the website [www.generali.com](http://www.generali.com) in the section Career - Human Resources.*

Compliance with the policies established by the Parent Company ensures fairness and impartiality in the **selection and employment** of staff. As a general rule, candidates for vacant positions are primarily sought within the Group itself. Staff members can apply through job-posting, or human resources offices may headhunt the candidates themselves. If it is necessary to look outside the Group, applicants are considered who have contacted the company by post or through the company website, as well as candidates nominated by universities or post graduate institutes. In some countries, employment agencies are contacted and positions are advertised in the press and on insurance and financial websites, especially where management positions or business experts are concerned.

Candidates are evaluated in consideration of the job position available, the work environment and potential for growth. Suitable candidates have a good university degree and/or consolidated experience in the sector and good knowledge of at least one foreign



language. An industry-related master's degree is the preferred qualification for top positions.

Some Group companies require applicants to complete aptitude and psychological tests to verify their skills and potential.

In Italy, a new Group Recruitment and Selection Department became operational on 1 January 2007. Its main task is to define and homogenise recruitment and hiring policies and criteria across Italian Group companies, thus increasing the number of potential staff members and improving their professional quality and profile. Hence, a new selection, recruitment and employment procedure was implemented in early 2007, based on more efficient contacts and relations with Italian universities and academic institutions. A database was also created for job applications received on the web, intended to place potential candidates within reach of all Italian Group companies.

Generali's **remuneration and motivation policies** aim to ensure equality and balance of pay levels in relation to positions and responsibility, in accordance with local salary markets.

Group-wide, salaries for non-management positions are linked to current Collective Bargaining Agreements and company-based agreements, though company-based additional incentive programmes - on a meritocratic basis - are also offered to enhance staff performance and the achievement of specific goals.

The salary of Top Management and part of management staff is calculated using the "Hay method", based on internal equality needs and on comparison with the market as a whole.

In line with performance - and competence-related evaluation policies, managers express a periodical evaluation of the results achieved by managerial staff members using the following parameters: work performance (in terms of quality and quantity output, commitment, timekeeping and behaviour), development of knowledge and skills and professional growth, taking into account comments and suggestions to identify professional goals and future training opportunities.

The Generali Group has adopted the "Balanced Scorecard method" that helps managers to translate strategies into action and concrete results. This method - which involves the assignment of personal objectives to managers - is aimed at rewarding individual performance while aligning it to the Group's strategic objectives.

The Generali Group has implemented other projects to attain comprehensive competence evaluation, including:

- the "Skill Project", which aims to pinpoint and develop personal core skills, namely: managerial (defined at Group level for management), business (specific for corporate business) and technical skills (specific to each professional profile). In the three year period 2004-2006, about 1,150 people were involved in the project;
- the "360-degree feedback" aimed at fostering management development by monitoring behaviours. This method involves a training programme based on topics such as: results orientation,

personal effectiveness, openness to change, problem-solving and coaching techniques (methods employed to develop problem-solving skills and to manage individual and staff's skills and talents).

In France, companies evaluate their members of staff drawing on methods laid down by the CBA for the insurance industry. The agreement requires that every member of staff be classified in one of the seven salary levels, established by means of annual interviews and on the basis of five set criteria: training and experience, problem identification and solving ability, interpersonal skills, autonomy and significance of contribution made.

Long-term incentives aimed at managers comprise stock option plans giving the right to purchase shares in the Parent Company.

According to the 2005-2007 stock option plan, recipients are divided into three brackets, based on criteria that include different levels of responsibility, contribution to the company's economic results and position within the company. It is the task of the Board of Directors - following a proposal from the Managing Director responsible for human resources - to establish yearly performance objectives to be achieved for the person to be granted the shares. The Board of Directors is also responsible for ensuring that these objectives are attained. Options may only be exercised three years after option rights have been granted (maturity period), and for three years starting from this date.

In 2006, the Parent Company made the second annual stock grant for the 2005-2007 plan, involving a total of 2,447,000 stock options. For further information on the stock option plan and senior management remuneration, please refer to Assicurazioni Generali S.p.A.'s 2006 Financial Statements and the Generali Group's 2006 Consolidated Financial Statements, both available also on the corporate website [www.generali.com](http://www.generali.com).

In Israel, since 2000 Migdal has been awarding stock options to its Top Managers, to be exercised after a maturity period of between two and four years. In 2006, 7,830,000 stock options were awarded to the 49 Group Managers and the new stock option plan was approved at end December 2006.

In France, two stock grant plans were implemented with a view to involving members of staff in the company's development and success. One was meant for all 6,800 employees, who received a 1,000-euro share each, and the other meant for a smaller number of key human resources (83). In this case, the number of shares awarded varied according to the organisational level (from a minimum of 25 to a maximum of 2,000 shares).

On the occasion of the celebration of the company's 175th anniversary, the Parent Company's Shareholders' Meeting held 28 April, 2007 approved a stock grant to all permanent employees of Generali Group companies at end year 2006. The initiative is to be implemented by 31 December 2007 by an increase in share capital.

The salary package of Group companies includes a number of **benefits**; this is believed to be an important factor for encouraging



the active participation of employees and other members of staff in corporate business. Four benefit categories can be identified:

1. **Supplementary retirement schemes** - In Italy the implementation of the first supplementary retirement scheme for employees dates much earlier than legal provisions concerning pension funds. Group companies in France, Germany and Spain also have a supplementary retirement scheme for employees.
2. **Healthcare** - The Group has set up a series of insurance tools to provide its members of staff access to quality healthcare at no or very low cost.

In Italy, the Healthcare Fund bears the cost of a number of insurance policies for employees who have worked for the Group for a period of at least twelve months. These policies provide coverage for: accidents in the workplace, hospital admissions due to illness, accidents, surgery or childbirth; death and permanent disability during the work period; major surgery. In addition to covering hospital admission and surgery costs, the latter policy also refunds the costs incurred for diagnostic tests, examinations, drugs, medical and nursing services, physiotherapy and post-surgery therapy.

The healthcare coverage extended to employees and dependent family members is particularly significant, reimbursing costs for orthodontic care, consultant visits and diagnostic tests, healthcare and specialist outpatient services prescribed by a consultant and cancer treatment.

In France and Switzerland as well, employees benefit from additional healthcare coverage paid for by the company, whereas in Spain such benefits are reserved solely for managers.

3. **Other benefits for members of staff and their families** - Other benefits, extended also to family members, depend on the company and salary level. In general, employees enjoy discounts and/or more favourable contractual conditions for numerous types of life and non-life policies and can obtain concessional loans from Group or partner companies to buy, renovate or build their own homes or to purchase a vehicle. Depending on the company they work for and the country they live in, employees may also be entitled to benefits such as canteen or luncheon vouchers, free tax assistance, study grants for children and reimbursement for relocation costs (in case of mobility). To improve language skills, many companies offer their employees subsidised language courses.

In Switzerland, to help members of staff with small children combine work and family, an internal nursery for small children was set up at the Adliswil premises and a similar one is expected to open in Nyon in 2007. In Munich, in Germany, a nursery and Kindergarten are provided for preschool age children of Generali employees. Furthermore, financial aid is available for both services according to employee salary.

To foster loyalty among employees, German companies pay out one-off cash sums and award additional paid days off for special occasions and on reaching a certain number of years in the company (25, 40, 50 years), in addition to awarding an extra monthly allowance after 10 years of service. In Italy, employees are

also rewarded after 20 or more years of service. In Germany and Spain, Christmas parties are organised and gifts are presented to members of staff to thank them for their dedication.

**4. Social and cultural activities** - The Group is also aware of the recreational, sports and cultural needs of its members of staff.

In Italy, Assicurazioni Generali and Alleanza Assicurazioni make contributions to support the respective Company Staff Recreational Groups (CRAL) for sports, recreation and educational purposes (study grants for employees' children). The Parent Company's CRAL organised two initiatives deserving of special mention: the "Carlo Ulcigrai" literary prize and, in December, the "Children's Party", where gifts are given to the children of employees.

A section of the HR Italia Portal was dedicated to the CRALs of the main Italian Group offices to give their initiatives greater visibility.

In France, the Group funds social and cultural activities, trips and fitness, contributing 1.8% of overall expenditure on human resources for the purpose. In particular, an association has been created in Saint-Denis that allows employees to enjoy numerous sports and cultural activities such as swimming, tennis, horse-riding, football, choral singing, chess, visits to exhibitions and so on. In collaboration with the Université de Tous les Savoirs, the Group has also founded a club that gives employees access to conferences with top speakers from the fields of economics and social sciences and from universities.

In Germany, the Group donates a fixed annual amount to support sports played in company sports centres. It also organizes an annual party for staff and - every other year - a party for employees and their families. Furthermore, the Group organizes computer and foreign language courses, as well as self-defence, driver safety and other courses that staff can attend in their free time. Bausparkasse Badenia has recently opened a fitness centre for members of staff, with facilities for several sports. Of these sports, racing has proven especially important, as the company team competes at national level, and the centre also has company soccer and table-tennis teams.

In Israel, the Group occasionally organises holidays, cultural and leisure events for employees and their families.

In some cases, the aim is to maintain colleague relationships even after some of them have retired. This policy is mirrored in the Parent Company's support for the Gruppo Lavoratori Anziani d'Azienda (Senior Company Staff Group), including approximately 2,800 retired members of staff and widows of former employees and 900 employees with over 20 years' seniority. The Senior Company Staff Group organises social and cultural activities - including trips for members - and provides assistance to those in need. The annual "Seniors' Party" - a key event in this respect - is also attended by the company Top Management.



## Labour/management relations

On 3 March 2006, the Group's Supplementary Company Agreement was signed in Italy. The new contract applies not only to Assicurazioni Generali employees, but also to members of staff of Generali Vita, Gruppo Generali Liquidazione Danni, Generali Servizi Amministrativi, Generali Servizi Informatici, Fata, INA ASSITALIA, La Venezia Assicurazioni, Risparmio Assicurazioni and Datel. As far as the latter is concerned, special rules have been established for call centre staff. The new agreement is a very important step towards equality in supplementary benefits for employees and a move to streamline related management/administration aspects.

In France, the process of harmonising salaries and administrative procedures continued in 2006, thus implementing the agreements between management and the trade unions that came into effect in 2005.

A new Collective Bargaining Agreement was reached in Spain, to make working conditions and processes consistent in all Spanish Group companies. The contract shall be valid for the four-year period 2007-2010.

In Austria, Germany and Switzerland there is generally no direct contact between companies and trade unions. Negotiations for the Collective Bargaining Agreement are conducted through national federations of insurance companies.

In accordance with the European Social Charter, employees' representatives must be suitably informed of any organisation variations, as provided for by local regulations (laws, collective bargaining agreements). The minimum notice is 25-30 days in Italy and Spain and 3 months in Germany.

Implementing a European directive, a **European Works Council (EWC)** was set up within the Generali Group. Its members (all employees' representatives) include delegates from those EU countries where the Group has at least 50 employees. The EWC appoints six of its members to constitute the Restricted Committee of the EWC, whose task is to seek constant dialogue with the Parent Company. In the spirit of the directive, the Committee was created for the purpose of providing information and consulting EWC representatives on Group issues of Group-wide importance, particularly those relating to social issues involving members of staff. As previously mentioned, dialogue with the Restricted Committee of the EWC prompted the Company to draw up and adopt the European Social Charter, sanctioning the fundamental rights of Generali Group employees.

Data concerning the **trade union membership ratio** for employees in the Sustainability Report area is only available for Italy (5%) and Spain (6%). German companies cannot provide this information as they have no direct contact with trade unions and membership is only obtained through external channels. Partial figures are available for Austria, reporting only those staff members who have opted to pay their membership fees with automatic check-off (15% of the total workforce).



In France, legislation prevents employers from asking their employees for information on trade union membership.

## CHINA AND COLOMBIA

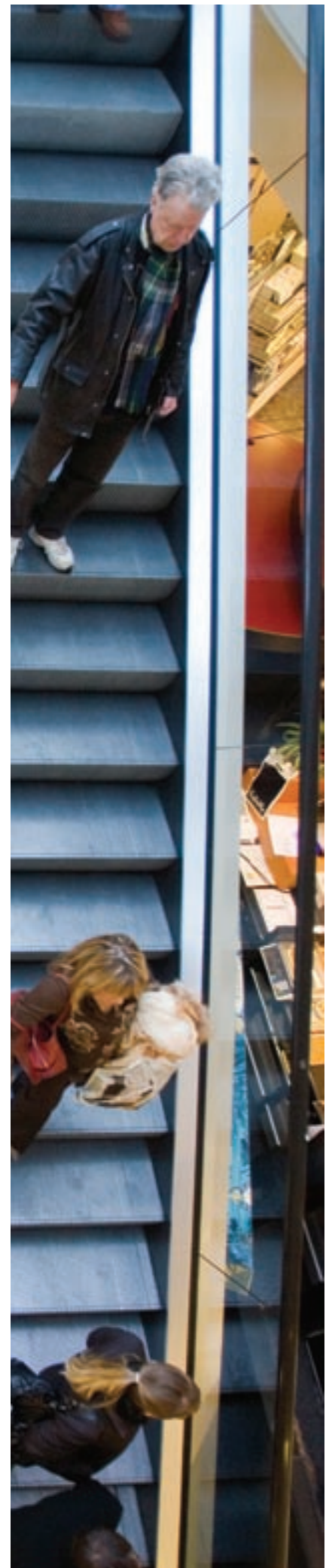
*Of the numerous countries where the Group is present, China and Colombia are characterised by the greatest risk for human and worker rights violations. Hence, Generali has adopted special policies to protect its staff members.*

**Non discrimination** - Recruitment policies in the two countries prevent any discrimination on the basis of gender, race, nationality, religion, age, disability and sexual orientation. At end 2006, the Group had 688 employees in China (including 380 women) and 148 in Colombia (88 women). Identical salaries and career opportunities are offered to men and women alike: in China, 6 of the 26 managers are women and a third of middle managers are also women; in Colombia, a woman holds one of the highest positions in the company (non-life business Technical Manager).

**Contracts of employment** - Neither China nor Colombia have National Collective Bargaining Agreements. China does, however, have company-based agreements for permanent and temporary members of staff. In both countries, salaries - graduated according to the level of employment and corresponding to the different tasks - are in line with national averages in the insurance industry. In Colombia, in particular, the minimum salary is twice as the national minimum wage. The working week is 37.5 hours in China and 40 hours in Colombia. In both countries, members of staff get paid overtime.

**Trade Unions** - Members of staff in China and Colombia are entitled to join trade unions, although companies have not released membership rates. In Colombia, in particular, the company and employees have signed a collective bargaining agreement concerning worker benefits that are not governed by law.

**Health and safety for staff** - In the two countries, companies not only fully meet legal requirements on safety (health insurance and work accident insurance are legal requirements both in China and Colombia), but they offer their staff additional benefits: in China, the Group bears the cost of accident and health insurance providing additional medical coverage. In Colombia, Generali's health policy aims at offering members of staff better services, alongside accident and health coverage provided by the National Health Service.



## Agency networks

Agency networks play a primary role in the Group's multi-channel commercial structure. They consist mainly of **contracting agencies**, managed by independent agents, who are granted the authority to manage and develop the Group's insurance portfolio in their exclusive, designated area. They are generally tied agents who only sell Group products. The sole exception in the Sustainability Report area is Israel, where Migdal operates through multi-firm agents.

Some companies, on the other hand, use their own agency network, the so-called **company agencies**, where agents and members of staff are company employees. This organisation is typical of Austrian Group companies and is also adopted by Alleanza Assicurazioni in Italy, Volksfürsorge in Germany and Generali Iard in France. Assicurazioni Generali, too, alongside an extensive network of contracting agencies, has five company agencies - the so-called "gerenze" - which primarily serve corporate clients in major Italian cities.

AGENCIES BY PREMIUM BRACKET (SR AREA; 2005-2006)



	< 2 MILLIONS PER YEAR		2-4 MILLIONS PER YEAR		4-6 MILLIONS PER YEAR		> 6 MILLIONS PER YEAR		TOTAL	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
ITALY	100	89	347	314	390	378	557	607	1,394	1,388
AUSTRIA	5	3	14	15	28	24	79	84	126	126
FRANCE	897	770	0	112	24	15	12	9	933	906
GERMANY	5,498	6,305	38	39	2	2	3	3	5,541	6,349
ISRAEL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,500	1,500
SPAIN	1,248	1,301	23	29	14	14	61	63	1,346	1,407
SWITZERLAND	0	0	0	0	9	8	53	54	62	62
TOTAL	7,748	8,468	422	509	467	441	765	820	10,902	11,738

- In 2006, the Sustainability Report area had 11,738 agencies, posting an increase of 836 units (+7.7%) on the previous year. Most new agencies were created in Germany. The number of agencies has also grown in Spain, while it has remained stable or fallen in other countries.
- Most agencies (82%) belong to the premium bracket of less than 2 million euros per year. The number of small-sized agencies is particularly high in Germany (a figure mirroring Europ Assistance's extensive distribution network) and Spain, where the agency network is in the process of becoming stronger and new points of sales are being opened.
- On the contrary, there is a high concentration of agencies within the premium bracket of over 6 million euros per year in Austria (two thirds of the total). This is also the predominant category in Switzerland (87.1%), where no agencies exist, with annual revenues lower than 4 million euros.

- In the remaining countries, the number of small-sized agencies has generally fallen, in favour of new, more structured and better organised centres able to compete more effectively on the market and offer a more comprehensive service to clients.

	<2 YEARS		2-10 YEARS		10-20 YEARS		>20 YEARS		TOTAL	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
ITALY	16.5%	16.4%	37.9%	38.2%	27.4%	26.6%	18.2%	18.8%	2,252	2,272
AUSTRIA	56.5%	42.6%	33.5%	48.6%	4.7%	4.2%	5.2%	4.6%	191	216
FRANCE	19.1%	9.1%	36.3%	42.5%	31.5%	28.3%	13.1%	20.1%	1,118	1,106
GERMANY	33.9%	32.1%	38.5%	39.6%	16.6%	16.8%	11.0%	11.5%	6,836	7,089
ISRAEL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,500	1,500
SPAIN	45.9%	33.2%	30.9%	42.2%	16.8%	16.9%	6.3%	7.7%	9,093	9,568
SWITZERLAND	20.6%	25.2%	48.5%	45.1%	22.2%	20.3%	8.7%	9.4%	573	556
TOTAL	36.9%	29.2%	34.5%	41.3%	19.2%	18.8%	9.4%	10.8%	21,563	22,307

- Agents are the main points of reference in the agency network. The number of agents rose by 744 units (+3.5%) between 2005 and 2006. This significant increase was mainly driven by figures in Spain and Germany. More moderate increases were recorded in Austria and Italy. The number of agents in the remaining Sustainability Report area countries remained stable or fell slightly.
- The distribution of agents by seniority of service varies significantly in the different countries of the Sustainability Report area. In Italy and France, in particular, Generali can rely on a very loyal network of agents with great experience. These agents' seniority of service is indeed remarkably high: approximately 45% of agents have been working with the Group for over ten years and 38-42% for over two years.
- In Spain and Austria, the majority of agents are new to Generali. In Spain, this is attributable to the recent expansion of the Group's agency network. In Austria, only a few years ago it was decided to add a certain number of agents, to be increased in the future, to the sales force on payroll and brokers, drawing in part from employed sellers.

As at 31 December 2006, the **sales force** within the Group's agency networks in Sustainability Report area countries numbered approximately 147,491. In their pursuit of business, agents - the vast majority of whom own their own business - have their staff and define the latter's tasks and salary.

In Italy, agents dealing with large territories seek the collaboration of sub-agents, whose task is to manage the business - at their own risk and expense - in some areas within the agencies' territories. At the end of 2006, the Group had 104,363 sub-agents, including part-time agents, who are especially numerous in Germany (about 95,800). Furthermore, there are 23,821 self-employed agency co-operators - typical of the Italian market - who generally find new clients on behalf of the agent and, in the case of those collaborating with Alleanza Assicurazioni (over 14,000), collect premiums at the clients'.



AGENTS BY SENIORITY OF SERVICE (SR AREA; 2005-2006)



The sales force is completed by a 15,800 strong **sales force on payroll** who work mainly in the retail segment, supported by an agency appointed by the Head Office. In Germany, they are quite common: indeed, here all Group companies have a sales force on payroll, especially Volksfürsorge. Employed sellers working alongside the agency network are also a typical feature of Assicurazioni Generali in Italy and of Generali Iard in France.

In all countries, each individual company has a specific managerial structure that defines business strategies for the coordination of the employed sales force and agency network. Control, technical assistance and administrative support for networks are often provided through a complex macroarea structure (according to the subdivision of the territory), each led by an area manager. Moreover Assicurazioni Generali (in Italy) and Generali Vie (in France) subdivide sales areas into inspection zones which are entrusted to a Management Inspector. The latter is responsible for directly managing agencies and employed sellers in the relevant area.

In Italy, a project called "Aiuto I.D." has been launched to create a new professional, selected from among the employed sales force, to help Management Inspectors in their appointed zones.

Sometimes, the various functions within the sales force may be career steps towards agency management, as is the case with Alleanza Assicurazioni agents. In Assicurazioni Generali, too, there is a continual - and necessary - turnover of agents selected from the Company's ranks: all new agents are chosen among the Employed Sales Force or among Management Inspectors following a suitable training period and after proving adequate sales and organisational skills. In other cases, agents and employed sellers are recruited through a careful selection from candidates proposed by agents or specialist companies, or who have spontaneously sent in an application or responded to a job advertisement.

## Other insurance company sales networks

**Financial advisers** are asset management experts generally operating within organised networks distributed in the territory, and often belonging to captive companies, i.e. companies owned by the company or bank whose products are sold. Financial advisers deal with asset management within the framework of the life line of business, their targets being primarily individuals with medium-high income.

Group products are sold by approximately **49,000** financial advisers. This channel is particularly important in Germany, where the Group draws on the DVAG network and other minor networks, grouping almost 36,500 advisers. In France, approximately 1,600 independent financial advisers sell Generali Vie products. In Italy, La Venezia Assicurazioni uses 1,600 Banca Generali financial advisers. Alleanza Assicurazioni, Assicurazioni Generali and INA ASSITALIA insurance agencies draw on the services of 2,722 financial advisers from Simgenia - a company in the Banca Generali Group -, who are also agents of Group companies.

**Brokers and multi-firm agents** operate on the insurance market without any fixed ties to insurance companies. They adjust insurance contracts to the client's needs and have considerable contractual power with insurance companies. Brokers and multi-firm agents operate in all countries of the Sustainability Report area and provide an important channel for acquiring new business, especially in Switzerland, Germany, Austria and Spain. The Group's sales force includes approximately **33,000** brokers and multi-firm agents, 19,000 of whom operate in Germany. In other countries, including Italy, their importance is limited to corporate clients.

At end 2006, there were **4,653 bank counters** selling Generali Group insurance products, 3,624 of which located in Italy. The most extensive network belongs to Banca Intesa (2,553 counters), Generali's partner in the subsidiary Intesa Vita. Significant sales agreements have also been signed with the Credito Valtellinese Group, Cassa di Risparmio di Ravenna and Hypo Alpe Adria (about 510 counters in all), which sell policies on behalf of La Venezia Assicurazioni and Risparmio Assicurazioni. An agreement is also in place with Banca Popolare di Vicenza (345 counters) for sales of Genertel products.

In Germany, the Group's main banking partner is Commerzbank, which sells Volksfürsorge products through its 700 counters. In addition to that, the Group has signed several distribution agreements with regional banks in the south-west of the country, with approximately 500 counters. In Spain, the bancassurance company Cajamar Vida, a joint subsidiary of Generali España and the Cajamar credit institute, draws on the partner bank's network of over 930 counters as a sales channel. In France, Generali Vie has a number of distribution agreements with major banks.

Some companies sell their products in all countries through their **website and call centre**. In particular, Genertel in Italy and Cosmos in Germany use almost exclusively the Internet and call centres for sales; in France, Generali Vie sells approximately 18% of its policies through the Internet. These distribution channels are highly significant also for Europ Assistance companies, which also make use of specific sales channels - such as travel agencies - appropriate to the type of products offered.

## Bank sales networks

Three Generali Group banks were included in the Sustainability Report area for the first time this year: BSI Group, Banca Generali and Bausparkasse Badenia.

BSI, incepted in 1873 in Lugano as Banca della Svizzera Italiana, is the leading bank in the canton of Ticino. Over the years, it has specialised in asset management and services for individual customers and external asset managers. Today it has a network of branches, representatives and subsidiaries in major financial centres in Europe, South America and the Far East.

Bausparkasse Badenia, set up in 1931, is the fourth private-sector building society in Germany. Its products are sold by 186 financial



advisers and at counters of major German banks such as Deutsche Vermögensberatung and Commerzbank.

Banca Generali, incepted in 1998, is one of the leading entities in the integrated distribution of financial, banking and insurance products in Italy. It has 36 branches, 130 financial advisers' offices and 23 private banking offices, grouping a total of 1,884 operators, joined by 2,722 Simgenia financial advisers, who are also agents of Group companies. Banca Generali primarily uses the Internet and call centres as platforms to provide information to clients and conduct its business.

## Training

The Generali Group recognises human resources as the key to achieving its business objectives and increasing company value. Hence, the Group considers it strategically important to provide employees with the necessary support and tools to expand their knowledge and improve relations and dealings between colleagues, while acknowledging the valuable contribution made by each member of staff to the company's success. It is, therefore, increasingly necessary to integrate traditional human resources management schemes with innovative instruments and practices, fostering a systemic vision of business and the market, and promoting widespread leadership.

It is the job of the **Generali Group Innovation Academy** (the Group's corporate university) to promote and support cultural and strategic changes in accordance with business objectives. The Academy's purpose is to enhance professional and managerial skills, manage know-how and business innovation. It organises training programmes for all Group companies in Italy and coordinates the activity of similar training centres in other countries (AMB Generali Management Academy in Germany, Migdal Insurance Academy in Israel), also through two training and development committees, namely the Comitato Formazione e Sviluppo Italia and the International Training and Development Committee. An Advisory Board has been set up - including Group Top Management as well as eminent Italian and international academic and business personalities - to help the Generali Group Innovation Academy assess the Group's training needs with consideration to competition and corporate strategy.

The Generali Group Innovation Academy draws on the "Training and Development Framework" to align training investments to the Group's objectives and strategies and identify the basic guidelines for training programmes. In 2006, these guidelines were:

1. **Strategic alignment** - Strategic alignment initiatives involve participants from the entire Group, pursuing a broader vision and better understanding of global issues, their interrelations and local effects. Furthermore, implementation methods aim at fostering the creation of interpersonal relations, developing and sharing knowledge and experience with colleagues.

Two new international initiatives were launched to this end in 2005 and continued in 2006: "Generali Executive Forum" and "Ulysses Programme".

As part of the Generali Executive Forum, five meetings were held in 2006 in different countries, concerning issues of strategic importance, such as innovation, intangible capital, the impact of demographic evolution on business, etc. The meetings were attended by 102 managers from major European companies. The Forum facilitates dialogue among peers as well as with global leaders and experts, thus enabling participants to analyse current trends and deal with changes.



The “Ulysses Programme”, on the other hand, examines various contexts and markets to deal with global competition. This method follows a learning journey based on concrete experience and input from experts in a number of areas from different parts of the world. In 2006, the second, third and fourth modules of the programme (in its first year) began, to conclude early in 2007. They were attended by 18 people including managers and middle managers.

“Being a Leader” is, instead, a training project for Italian managers aimed at developing and spreading a leadership culture where managers become a model of behaviour in the process of change. The initiative - originally aimed at Group managers - was launched in 2005 in response to an employee satisfaction survey that identified critical relations between management and team. In 2006, the project involved approximately 200 people from all levels of management in a programme lasting 6 days.

To capitalize on the results attained and to improve organisation, a shorter “Being a Leader” programme (3 days) was organised later in the year, attended by approximately 300 middle managers. Training was given by 28 staff members of the Human Resource Department, specially trained and certified to provide in-Company teaching and support to initiatives that followed up on the course aimed at both managers and middle managers.

The “Welcome Programme” was launched in 2006. This is an integration scheme for new employees enabling all participants to place themselves and their area of activity within a global Company vision, and to highlight the contribution each one can make to the value of the company.

2. **Development of job families** - The Group has made competence a strength, and recognises the necessity to consolidate, develop and enhance skills in line with specific professional and market trends. To meet such demand, job families - intended as transverse groups of people working on the same company macroprocesses, using similar techniques, tools and methods and sharing languages and knowledge - follow a targeted, integrated and systematic approach. A specific training path has been devised for each of the eleven job families identified, partly designed to facilitate the introduction of new resources, share knowledge, experience and ideas, as well as to help new staff members become integrated within the company.

The course structure was defined in 2006, and includes an introductory session in a learning environment geared towards technical and professional specialisation, and a series of refresher events and other initiatives (workshops, forums, meetings) to help participants expand their vision of the profession while gaining further insight into different sectors, markets and companies. The model has been applied in its initial stages to three job families: Human Resources and Organisation; Accounting, Financial Reporting and Control; Investments.

3. **Development of managerial skills** - Within the framework of an organisation that is continually evolving and increasingly focussed on efficiency and effectiveness, managerial roles need to be redefined, and the creation and growth of a new, international, dynamic and flexible management has



to be promoted, capable of taking on growing responsibility at different levels of the organisation. In this context, seven managerial skills have been defined in collaboration with Group management. They identify concrete and observable behaviour and promote synergy between people and a shared standard for evaluation and development: business sense, strategy implementation, technical authority, decision-making responsibility, organisational integration, team leadership and development of the individual. A catalogue of specific training initiatives has been devised for each managerial skill, which is one of the tools used to identify individual advancement plans. In 2006, 15 catalogue modules were activated, involving 452 middle managers and managers.

4. **Development of basic skills and knowledge** - Ongoing training for staff members is necessary for several reasons: recent technological advances, expansion of business on the international markets, legislation changes and the need to increase human capital. To this end, training programmes are organised to cover areas such as IT, languages and legislation (Ethical Code, privacy, Legislative Decree 231/01), some of which are available as e-learning courses.

In particular, "Formazione Formatori" is a Teacher's Training programme aimed to prepare a group of experts - recognised as such in their professional sphere - providing them with the skills, techniques and tools they need to efficiently convey their knowledge and expertise to groups of colleagues.

In addition to the above-mentioned training initiatives, available Group-wide, some companies organise specific training, described in brief below.

In Italy, Gruppo Generali Liquidazione Danni has developed a project to strengthen the settlement process and boost its efficiency. The project focuses on technical training - especially with regard to the implementation of the new Direct Reimbursement Convention for motor claims - and on the strategic role of the settlement network, with a view to establishing a service culture based on control and planning systems.

Generali Servizi Amministrativi has launched the "Diamoci Valore" programme, involving managers and middle managers of company work teams, with the aim of creating a sense of belonging and cohesion. This is particularly important in a company that, in recent years, has acquired a large number of staff members in different locations on the territory.

Generali Servizi Informatici has organised technical courses on a number of topics. In particular, they have covered the diffusion of the IT Infrastructure Library (ITIL) method - considered the best approach for the transition from infrastructure management to IT services management, as demanded by the market - and training on project management. Several members of staff have been awarded the relevant certifications.

As for company values, in 2006 Genertel launched a project called "Parlar chiaro" ("Speaking Clearly"), which established a forum for debate on each of the 5 values identified. Up-selling was another of Genertel's initiatives, aimed at sharpening the business skills of call-centre operators handling sales, alongside a course to manage



critical clients, helping operators improve phone conversations with clients who have been involved in an accident.

Training for the sales force, on the other hand, involves courses aiming to develop highly specialised skills to provide clients with a service up to their expectations. There are special structures and targeted training programmes that strive to meet the requirements of the various roles in the sales organisation: agents, sub-agents, sellers and financial advisers. Courses go beyond products and services offered by Group companies, extending to such areas as technology and sales psychology or skills relevant to the business management of the agency.

The sales force welcomes the Group's training efforts and values the professional growth generated from ongoing and extensive training, repaying the Company with a high level of loyalty, reflecting in the above-mentioned seniority of service figures concerning agents.

In other countries, too, there was a general concentration of training initiatives on sales-related topics and customer orientation, in line with the Group's industrial objectives. In this context, a tendency may be observed to draw on the services of internal teachers and to combine different tools and methods (one of which, e-learning, is growing in importance) with a view to raising the quality of products available. In particular:

- in Austria, sellers with many years of experience help their newer counterparts, speeding up the process of their becoming qualified consultants;
- in France, many initiatives focus on the issue of client management;
- in Israel, training dealt with financial and pension planning, aimed to achieve client satisfaction by offering a combination of products to suit different needs;
- in Spain, where - as mentioned - the sales force is being expanded, a training programme aimed at career development was designed for specific administrative staff;
- in Switzerland, a number of forums were organized on technical-commercial topics in the non-life line of business (with internal teaching staff) and on various aspects relating to the insurance market (with external teachers).

Great importance was also given to managerial training:

- in Austria, a course is being planned to develop personal and business skills;
- in France, a modular course for managers has been launched, taking place over a period of 2-3 years;
- in Germany in 2006, the AMB Generali Management Academy, directly responsible for training managers and top managers (whereas middle managers and employees are trained within each company), organized workshops and seminars attended by more than 250 managers on issues such as strategy implementation, performance development and assuming responsibility. In these programmes, the Management Academy also draws on providers and teachers from leading European institutions;
- in Israel, development courses for managers were held to develop their capacity to evaluate, provide feedback and train staff in their own companies;

- in Switzerland, 14 seminars were organised on managerial advancement, held by local Group managers and attended by all 230 middle managers.

The issue of training newly-hired members of staff was also dealt with extensively, especially in Austria (where e-learning was integrated for the first time with traditional classroom learning, with very positive results), in Spain and in Switzerland (at BSI).

As for the banking sector, teaching mainly involved newly-hired members of staff and managerial skills:

- in Italy, Banca Generali organised a management and staff advancement course aimed at all staff members who manage resources;
- in Switzerland, BSI implemented an 8-day modular initiative for managers.

### Adoption of indicators of the American Society of Training and Development (ASTD)

The Generali Group uses some of the American Society of Training and Development's performance indicators. The latter is the largest and most important international organisation of professionals in the field of human resources management and creation of intangible value. The series of indicators identified by the ASTD Forum provides companies with a benchmark to measure their investments in training and development comparing them over time with competitors and operators in other business sectors. More than 300 companies use the benchmark services provided by the "ASTD Benchmarking Forum". In 2006 the Generali Group joined the Forum, which includes leading international companies such as IBM, Barclays Bank, Boeing, SAP, Honda and American Express.

↓ TRAINING ACTIVITY INDICATORS BY COUNTRY (SR AREA; 2006)

	AVERAGE ANNUAL EXPENDITURE PER EMPLOYEE*	HOURS OF FORMAL LEARNING RECEIVED PER EMPLOYEE	INVESTMENTS IN TRAINING/SALARIES	AVERAGE COST PER LEARNING HOUR RECEIVED*
	2006	2006	2006	2006
ITALY	718.7	22.6	1.1%	31.8
AUSTRIA	1,148.0	44.5	1.9%	25.8
FRANCE	1,042.7	35.4	2.4%	29.5
GERMANY	1,210.1	40.8	2.9%	29.7
ISRAEL	746.0	54.6	3.7%	13.7
SPAIN	116.5	11.6	1.0%	10.0
SWITZERLAND	1,035.2	9.9	2.0%	104.2

\* VALUES IN EUROS

- 2006 figures include sales force training (except for INA ASSITALIA). Thus, data are in accordance with the ASTD benchmark, which does not distinguish between administrative and sales staff. Consequently, 2006 figures are not comparable with those published last year, which only reported administrative staff.
- Israel made the largest investment in training in proportion to salaries and has the highest number of learning hours per capita,

alongside one of the lowest average cost per learning hour. Germany also made significant investment in training, with the highest average annual expenditure per employee.

- In Spain, investments in training were particularly contained, partly due to low average cost per learning hour.
- The average annual expenditure per employee in Switzerland is fairly high, a consequence of the very high average cost per learning hour - due to the fact that most training offered by Group companies is given by external providers, at a particularly high price in Switzerland - combined with a number of learning hours per capita that, partly to contain costs, is the lowest among countries of the Sustainability Report area.
- In general, the heterogeneous nature of indicator values in different countries is partly due to:
  - different conditions of training and consultancy services supply in the various markets;
  - different business-related priorities, leading to varying balances between the need for professional and for managerial training and, consequently, to a different relationship between internal teachers and external facilitators and consultants.

	GENERALI GROUP*	ASTD
	2006	2006
AVERAGE ANNUAL EXPENDITURE PER EMPLOYEE [EUROS]	888.33	1,065.75
HOURS OF FORMAL LEARNING RECEIVED PER EMPLOYEE	30.30	45.22
INVESTMENTS IN TRAINING/SALARIES	1.97%	2.57%
AVERAGE COST PER LEARNING HOUR RECEIVED [EUROS]	29.32	32.11

\* DATA ON BELGIUM AND THE NETHERLANDS ARE ALSO INCLUDED

COMPARISON WITH  
ASTD BENCHMARK  
(SR AREA; 2006)



- The comparison shows Group figures inferior to the ASTD benchmark for all indicators.
- In particular, investments in training equal 76.7% of the benchmark, with an average annual expenditure per employee of 83.4%. The number of training hours per capita amounts to approximately two thirds, against an average cost per learning hour exceeding 90%.

## Disputes

	NUMBER OF DISPUTES		VALUE OF DISPUTES*	
	2005	2006	2005	2006
ITALY	252	225	19,951	15,443
AUSTRIA	0	1	0	5
FRANCE	55	61	2,322	5,620
GERMANY	233	305	474	1,041
ISRAEL	n.a.	n.a.	n.a.	n.a.
SPAIN	9	10	147	40
SWITZERLAND	8	12	820	1,025
TOTAL	557	614	23,714	23,174

\*VALUES IN THOUSANDS OF EUROS



LABOUR DISPUTES  
(SR AREA; 2005-2006)

- In 2006, the overall number of labour disputes - including those initiated by employees and former employees - grew, with an increase in the number of disputes in all countries, with the exception of Italy. The number of disputes was especially significant in Germany and Italy, where 86% of all those initiated against the Group occurred. In Germany, labour disputes were primarily prompted by structural changes, whereby several employees were dismissed. In Italy, the most commonly cited grounds for legal action included de-skilling and failure to obtain increased responsibilities.
- The value of disputes - based on claims made by the opposing party - remained generally stable, despite significant increases in France and Germany, where the sum of claims more than doubled compared to 2005. In particular, the value of disputes fell in Italy, remaining nonetheless remarkable, accounting for two thirds of the total.

## Dialogue with members of staff

In all Sustainability Report countries, regular **surveys** are carried out to **evaluate employee satisfaction** and activities are organised to strengthen the connection between agents and the sales force, to review budgets and annual business reports, and to examine and solve recurrent operational problems.

The second survey on employee satisfaction was held in Italy in 2006, which also examined how staff are aligned with Group business objectives. The survey was conducted anonymously via the Internet. The investigation involved 3,600 members of staff of Alleanza Assicurazioni, INA ASSITALIA, Fata, Banca Generali, Intesa Vita, Gruppo Generali Liquidazione Danni, Datel, Generali Properties Asset Management and Generali Investments Italy, as illustrated in the 2005 Sustainability Report. The average participation rate was 70%.

The answers confirmed the very positive evaluation of staff commitment that had emerged from the first survey, highlighting



also the pride of working in the Company and a strong sense of belonging to the Generali Group.

The survey also indicated a number of criticalities, such as those concerning team work, performance management and professional advancement, relationships with superiors. The survey results underscored the need to continue working on issues related to performance evaluation systems and their relationship to pay. The need is also strongly felt to make increasing investments in training and individual development tools.

With the purpose of monitoring the effectiveness of actions and make all necessary adjustments, a decision was made to repeat the survey in all Group companies participating in the project in early 2008.

In Austria, analytical studies on employee satisfaction are carried out periodically for administrative staff and the sales force on payroll, dealing with issues such as performance management, remuneration systems, cooperation between company services, health and safety in the workplace.

In France, employees, the sales force and agents are interviewed every three years with regard to internal communication tools: Internet, magazines and meetings. The purpose is to analyse strengths and potential improvements that can be made to means of communication. Europ Assistance France's annual internal survey also focuses on communication and involves all employees: indeed, its aim is to optimise communication and information flows and identify opinions on issues such as corporate identity, the website and company Intranet before deciding on any changes.

In Germany, AMB-Generali carries out annual employee satisfaction surveys to determine the general levels of satisfaction among company staff, their opportunities to combine work and family, motivation coming from their work environment and so on. The first online survey extended to all Group employees is expected to be carried out in 2007. Individual interviews to discuss career advancement are also conducted on a regular basis in many companies, with a frequency of between one and three years.

In Switzerland, BSI conducts an internal survey - the so-called "Agorà Project" - to determine the levels of satisfaction among company staff. In 2007, Generali Schweiz will also conduct an on-line survey.

The first satisfaction survey for Group employees in Israel and for those of Bausparkasse Badenia in Germany is expected for 2007.

**Other forms of dialogue** implemented within Group companies include, in Germany, periodic meetings between groups of managers, employees and Top Managers.

In France, every year managers and middle managers are invited to attend a meeting where achieved results and future objectives are illustrated. Subsequently, similar meetings are organised by the various companies for their employees. Again in France, on the occasion of certain events the Chairman illustrates the sponsorship initiatives of the previous year and future programmes to members of staff and to all people involved. In this context, an important event was held in Paris, in the Stadium of France, in January 2006.

A variety of events are also held in all countries to present new products and the most significant business and marketing initiatives. Management meets general agents' representatives on an annual basis to review the previous year's business, establish new objectives and discuss organization issues. Furthermore, these annual meetings provide an opportunity for the company Top Management to award a prize to the best agents/sellers, thus fostering team spirit and a sense of belonging.

In Germany, yearly surveys have been conducted since 2005 to determine the level of satisfaction among agents. The results are used to compare company performance with that of its competitors. The objective is to identify strengths and weaknesses in the support given to agents and the sales force (training, IT support, brochures and other information material, etc.).

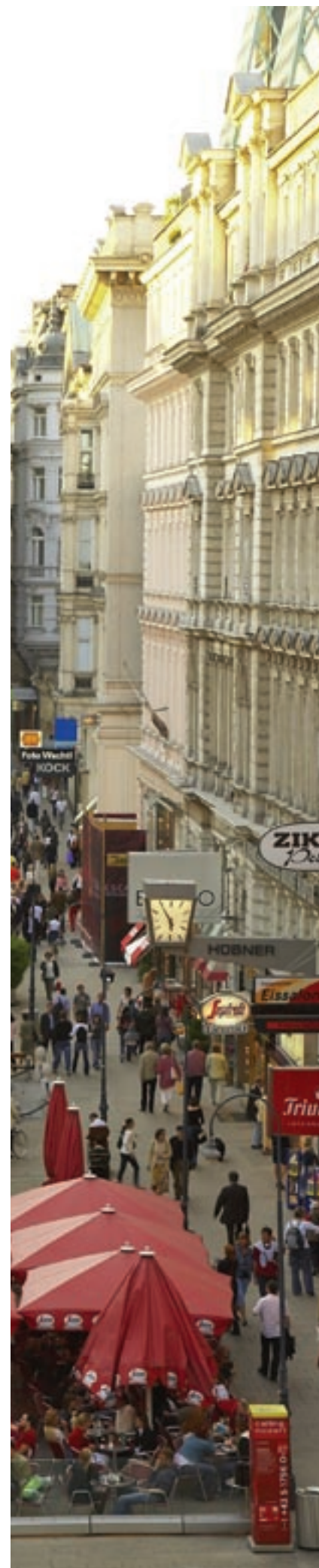
In France, Generali Patrimoine holds a survey to determine the level of satisfaction among financial advisers every six months. The results were used to devise a plan of action to increase the quality of back office services. These improvements were very much appreciated, together with the new product range.

In Italy, in 2006, Assicurazioni Generali launched an online trade satisfaction survey for the sales network regarding relations with the Company under all aspects (from sales support to products and technical assistance). The results of the survey, completed by more than 50% of agents, underscored a generally positive level of satisfaction and offered important indications on areas to improve.

A road show was held in October to make contact between Management and the sales network more efficient, frequent and interactive. The road show visited several locations in the country and involved approximately 4,000 people. At the end of 2006 "Provincial meetings" were also launched involving Top Management and agents in the provinces, some sub-agents and agency employees, to discuss significant topics in the territory.

## 2007 Objectives

- Within the framework of the Group's salary policy harmonisation process, developing the so-called "total reward" (including total remuneration as well as benefits, career prospects, etc.), in major EU countries for managers and middle managers.
- As far as training is concerned, improving the Group's positioning against the ASTD benchmark, especially in terms of "Total hours of training per employee" and "Average cost per learning hour", and increasing training investments to 2.1% of payroll.
- Launching the "Leadership Diffusa" ("Shared Leadership") programme for all Group employees in Italy (approximately 7,000), on a voluntary basis.
- Establishing a culture of prevention and health promotion by creating a safety portal for the Italian Group – providing access to all relevant information and training material – to be used as a model for similar portals in other countries.



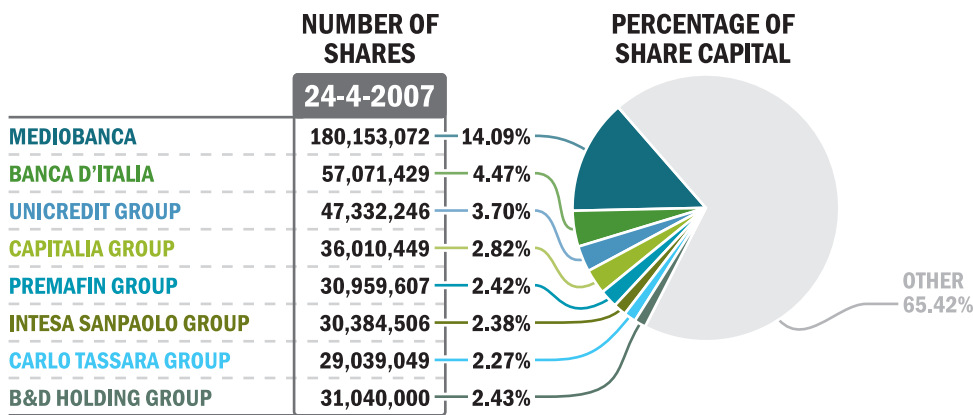
- Launching employee satisfaction surveys where they are not yet carried out (Belgium, Holland, Central and Eastern Europe) while making investigation methods and areas consistent throughout the Group. Following the schedule for surveys in other countries; in particular, implementing the second “Ascoltiamoci” survey in Italy.
- Defining methods and instruments for the comparison and contrast of survey results and the research for common solutions within the corporate International Human Resources Committee.
- Implementing trade satisfaction pilot surveys in Italy, to be subsequently extended to other countries.
- Increasing contacts with the network on the territory to acknowledge/solve local needs/problems.
- Introducing new instruments to help members of staff combine work and family (e.g.: creation of new nurseries). In particular, conducting a feasibility study for the creation of nurseries in Italy.



## Description

At the end of the 2006 financial year, Assicurazioni Generali S.p.A. had a share capital of 1,277,997,026 euros, divided into an equal number of shares with a nominal value of 1 euro. The Company had 262,547 shareholders.

The main shareholders' agreement was undersigned in 2003 by the decision-making bodies of UniCredito Italiano S.p.A., Banca Monte dei Paschi di Siena S.p.A. and Capitalia S.p.A. This agreement expires on 13 September 2007 and shall be tacitly extended. Currently, the shares held by signatories to the agreement account for 8.13% of the total Generali capital and are distributed as follows: UniCredito (3.70%), Banca Monte dei Paschi di Siena (1.61%) and Capitalia (2.82%). For further and updated information, see the latest version of the Company's corporate governance report, also available on the [www.generali.com](http://www.generali.com) website.

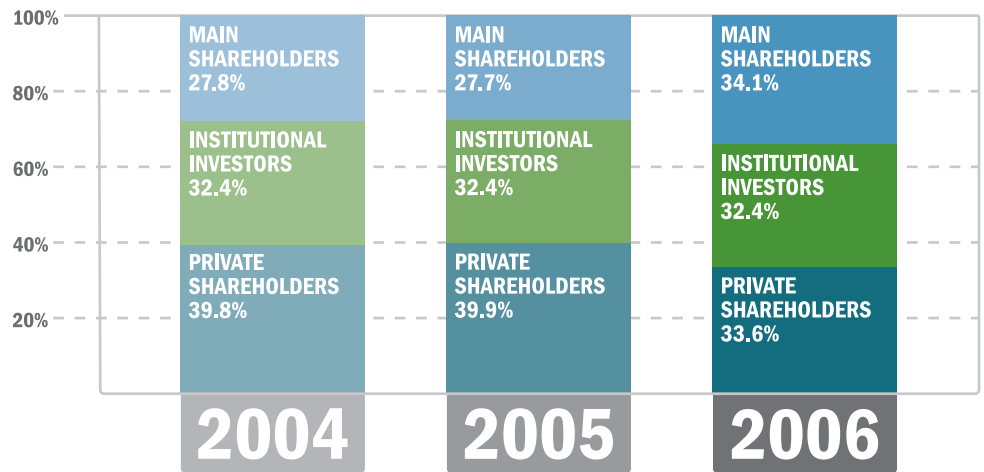


← MAIN SHAREHOLDERS (ASSICURAZIONI GENERALI; 2006)

- The main shareholders are those who, directly and/or indirectly, including through third parties, trustees and/or subsidiary companies, hold an amount of shares exceeding 2% of the share capital.
- In 2006, two important groups - the Intesa Sanpaolo Group and the B&D Holding Group - became main shareholders, with shares exceeding 2% of the share capital. The overall capital share held by the main eight shareholders exceeds 30%, while the shareholding interests of the five main shareholders remain basically unchanged.

With a view to gaining a better understanding of the results achieved, a period of three years (instead of two) is considered in the rest of this chapter.

SHAREHOLDERS BY TYPE  
(ASSICURAZIONI GENERALI;  
2004-2005-2006)



• In 2006, the shareholding interest in Assicurazioni Generali S.p.A. share capital of the various types of shareholders has significantly changed after the two above-mentioned groups became main shareholders. As these are private shareholders who already held capital share in the Company, the share held by private shareholders decreased.

INSTITUTIONAL INVESTORS BY  
INVESTMENT STYLE  
(ASSICURAZIONI GENERALI;  
2004-2005-2006)



NOTE: INVESTMENT STYLES

**GARP**

GARP (Growth at Reasonable Price) institutional investors adopt an investment style that is focused on the purchase - at a reasonable price - of shares with a high growth potential.

**Growth**

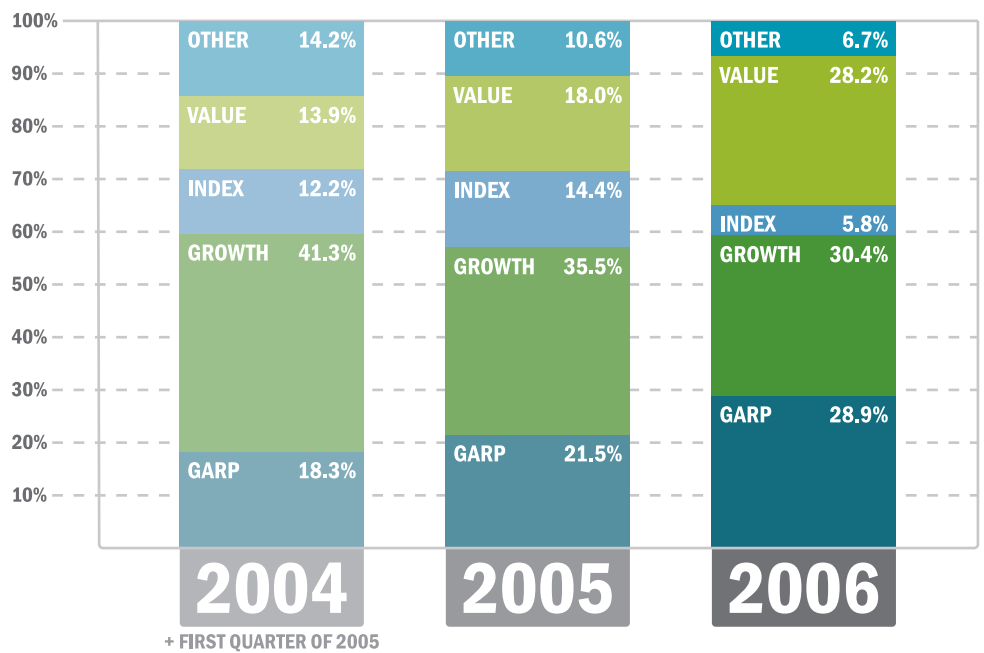
The strategy of Growth investors is aimed at favouring investments in companies with large or medium capitalisation, which, having historically achieved the maximum earnings performance in their sector, offer good potential for future share capital value growth.

**Index**

Index investors aim to achieve a share portfolio mirroring the composition of a reference market index.

**Value**

Value institutional investors favour companies which are undervalued in absolute market terms with respect to their level of dividend yields, profits and book value.



• A change was also witnessed in the distribution of shareholding interests by investment style, with a significant increase in GARP (Growth at Reasonable Price) and Value, while the remaining investor categories fell (especially Index operators). In a period of just two years, the composition of institutional investors by investment style has changed radically, with three dominating categories (GARP, Growth and Value) accounting for 87.5% (with similar shares), whereas the remaining categories were halved. The trend observed is indicative of the fact that Generali shares are increasingly regarded as a security with high growth potential.

## Policies for value generation

The Group feels committed to implementing an industrial policy that guarantees its shareholders an adequate long-term financial return. The Company views the pursuit of the objectives outlined in the Business Plan as the key to increasing company value and, consequently, achieving greater market credibility as shown in the following table.



ECONOMIC-FINANCIAL  
PERFORMANCE  
(CONSOLIDATION AREA; 2004-  
2005-2006)

	2004	2005	CHANGE 2005/2004	2006	CHANGE 2006/2005
NET PROFIT (IN MILLION EURO)	1,665.8	1,918.6	15.2%	2,404.8	25.3%
SHARE CAPITAL AND RESERVES (IN MILLION EURO)*	11,385.0	13,947.2	22.5%	15,206.5	9.0%
PRICE OF GENERALI SHARE (IN EURO)	24.98	29.49	18.1%	33.34	13.1%
STOCK MARKET CAPITALISATION (IN MILLION EURO)	31,874	37,629	18.1%	42,608	13.2%

\*THEY ALSO INCLUDE THE NET PROFIT PER YEAR

	2004	2005	2006
DIVIDENDS (IN MILLION EURO)	548.5	689.0	955.0
DIVIDEND PER SHARE (IN EURO)	0.43	0.54	0.75
DIVIDEND YIELD	1.7%	1.8%	2.5%
PAY OUT RATIO	32.9%	35.9%	39.9%



DIVIDEND POLICY  
(ASSICURAZIONI GENERALI;  
2004-2005-2006)

- In 2006, the trend towards increased return in the form of dividends paid out to shareholders continued, leading to the growth of:
  - the dividend per share (+ 25.6% in 2005 and + 38.9% in 2006);
  - the dividend yield, i.e. the ratio between the last dividend per share and the last share price;
  - the pay out ratio, i.e. the ratio between the total dividend paid out by the Parent Company to shareholders and the consolidated result of the period.

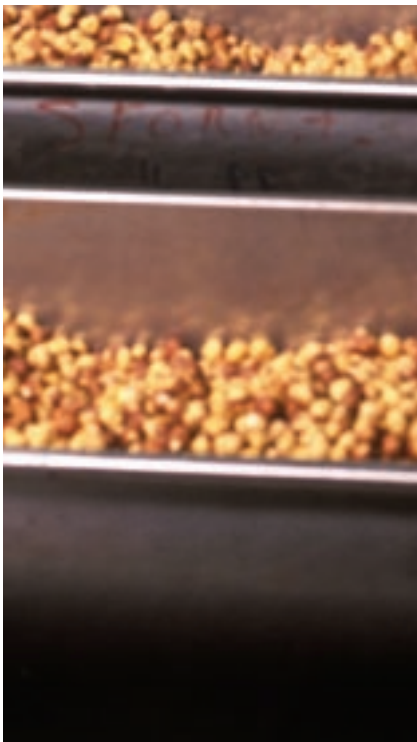
## Dialogue with investors

The Generali Group believes that investors must be guaranteed clear and up-to-date information on corporate policies, management performance and the expected profitability of invested capital. This information is of the essence for investors to make the best investment decisions. For this reason, the Group organises presentations to institutional investors and financial analysts upon the publication of its periodic financial statements and in case of extraordinary events and operations.

With a view to providing a better and more comprehensive service to its shareholders, the Company has long ago established two separate offices, the Shares Office and the Investor Relations Office, the former dealing with private shareholders and the latter with financial analysts and institutional investors.



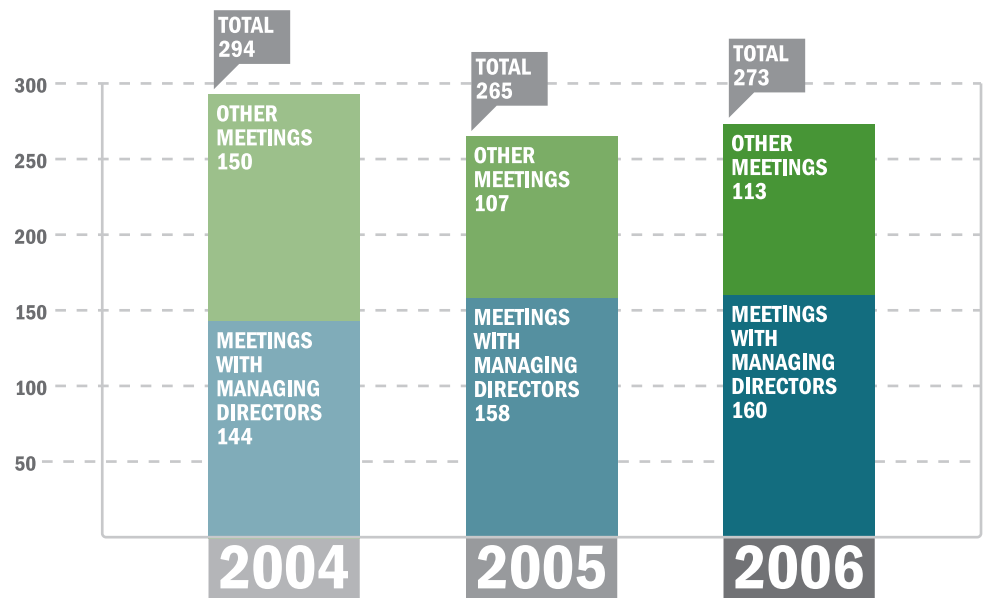
MEETINGS WITH INVESTORS  
(ASSICURAZIONI GENERALI;  
2004-2005-2006) →



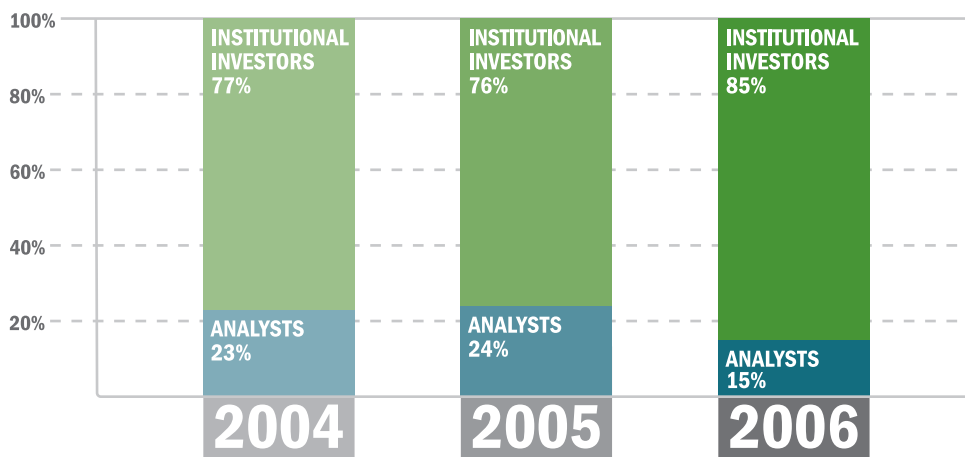
Shareholders may also contact the two above-mentioned Company offices directly through the “Investor Relations” section of the institutional website [www.generali.com](http://www.generali.com). The website also provides information on corporate governance, the Company’s economic and financial performance and the Shareholders’ Meeting. The Shareholders’ Meeting is traditionally held at the Trieste Central Head Office on the last Saturday of April and its attendance rate is one of the highest among companies listed on the Italian Stock Exchange.

As already mentioned, the Investor Relations Office is called upon to maintain the relations with the financial community through contact with financial analysts and institutional investors (both actual and potential shareholders). These contacts may be maintained through various channels including one-on-one meetings with individual analysts/investors, institutional meetings, participation in industry conferences organised by major international financial markets and road shows.

The growing importance of the role played by the investor relations for listed companies requires an ever greater involvement of the company’s Top Management. As for the Company, Top Management had a few dozen meetings with investors in the late Nineties, but the figure rose to 160 meetings in 2006. In particular, both Managing Directors have been involved in major institutional meetings, each of them attending industry-specific conferences organized by major international financial institutions, as well as road shows at the main European and North American stock exchanges. These include the initiatives organised for the issue of hybrid bonds and for the purchase of the Toro Group in Italy.



- In 2006, the large number of strategic transactions carried out by the Generali Group boosted the overall number of meetings with investors, following a downward trend in 2005. The increase concerned all types of meetings, including those attended by the Managing Directors.

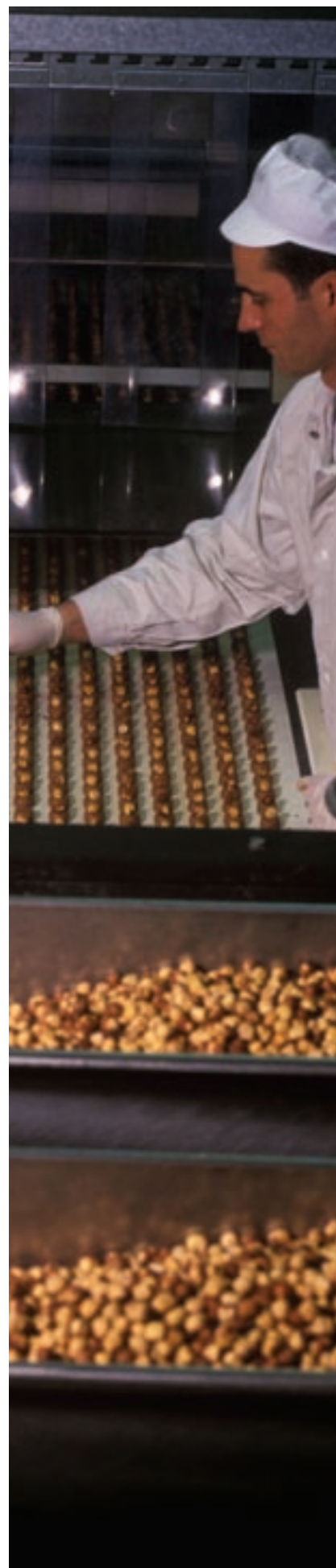


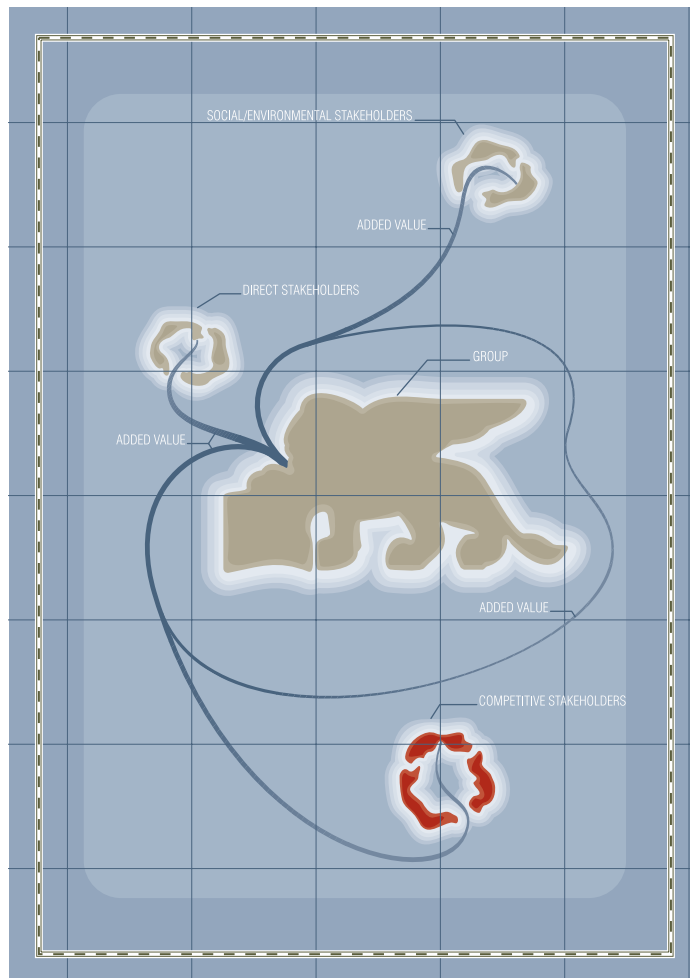
← MEETINGS BY TYPE  
(ASSICURAZIONI GENERALI;  
2004-2005-2006)

- In 2006, a downward trend may be observed with regard to meetings with independent financial analysts, whereas the number of meetings with institutional investors rose, including direct contacts with investors as well as with their managers and analysts.
- Some of the meetings with institutional investors regarded ethical funds, a testimony to Generali's commitment to socially-responsible and environmentally-friendly growth.

## 2007 Objectives

- Organising individual meetings between the Investor Relations and investors oriented towards ethical issues, such as ethical funds.





## 87 Clients

87 Description

91 Product and service policies

95 Client services

96 Management of non-life claims

98 Services for policyholders in the life line of business

99 Complaints and disputes

102 Dialogue with clients

106 2007 Objectives

## 107 Suppliers

107 Description

108 Purchase policies

111 Evaluation and dialogue with suppliers

112 2007 Objectives

## 113 Candidates for investment

113 Investment policy

115 2007 Objectives

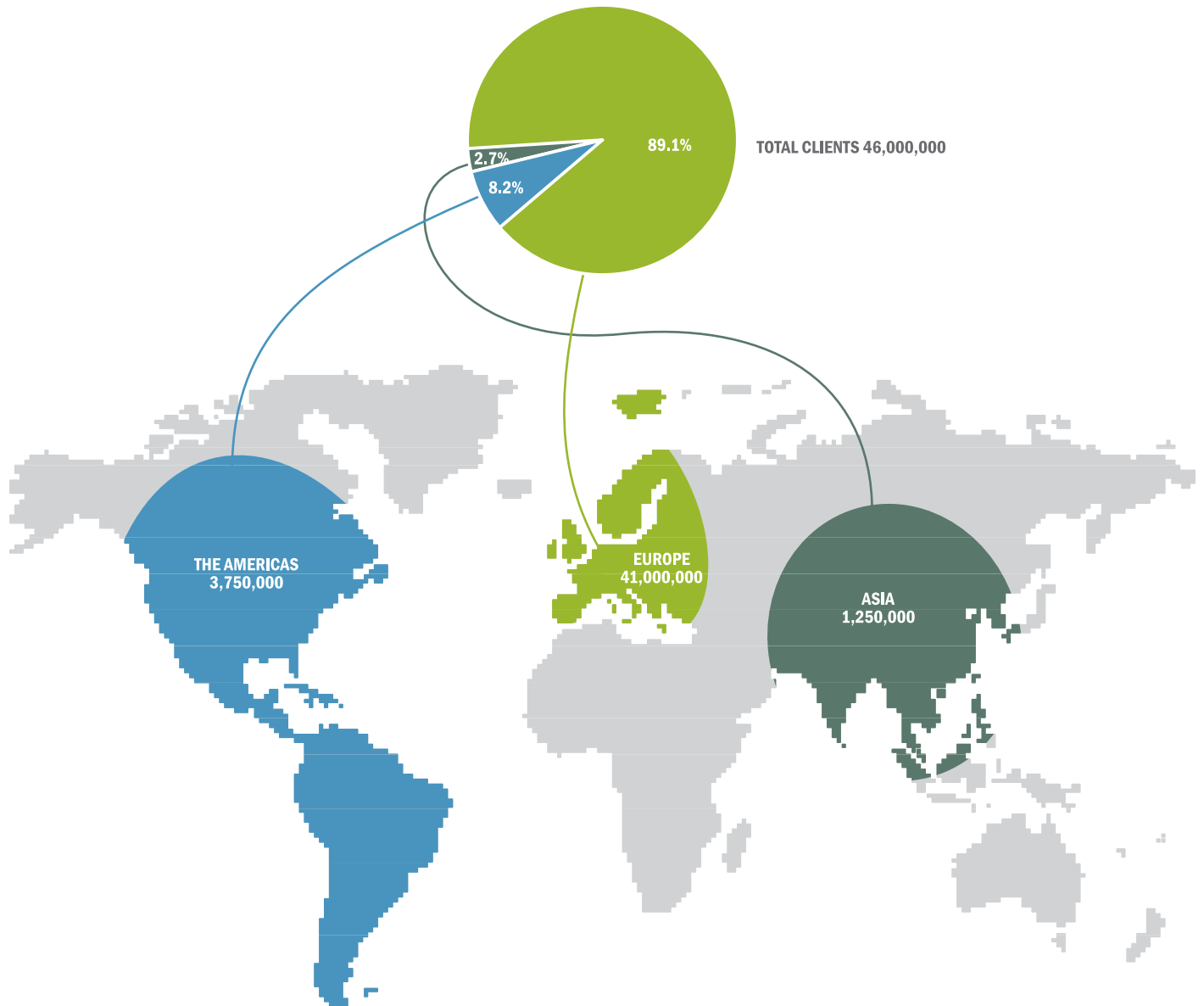
# COMPETITIVE STAKEHOLDERS

## CLIENTS

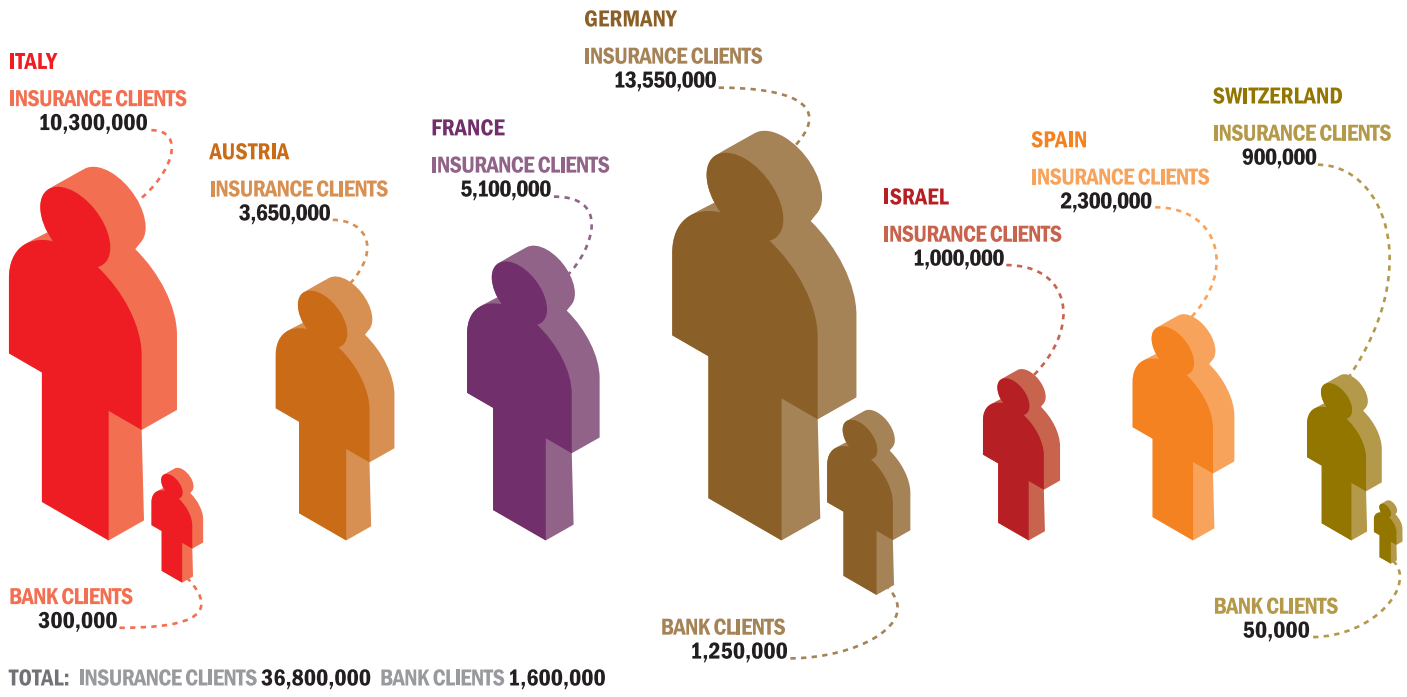
### Description



GROUP CLIENTS  
(GENERALI GROUP; 2006)



- The overall number of the Group's insurance clients is estimated to be approximately 46 million, the majority of whom are European.



- The fall in the sum of clients against Sustainability Report 2005 figures (39.5 million) can be attributed exclusively to improved information systems which, especially in Germany and Italy, have for the most part prevented clients holding more than one policy in different lines of business from being counted twice. Indeed, in all countries the new data show an increase in the number of clients compared to 2005.
- In 2006, the number of clients in the Sustainability Report area is estimated to total approximately 38.4 million, with 1.6 million bank clients - 1.2 million of whom in Germany - joining the 36.8 million insurance clients.

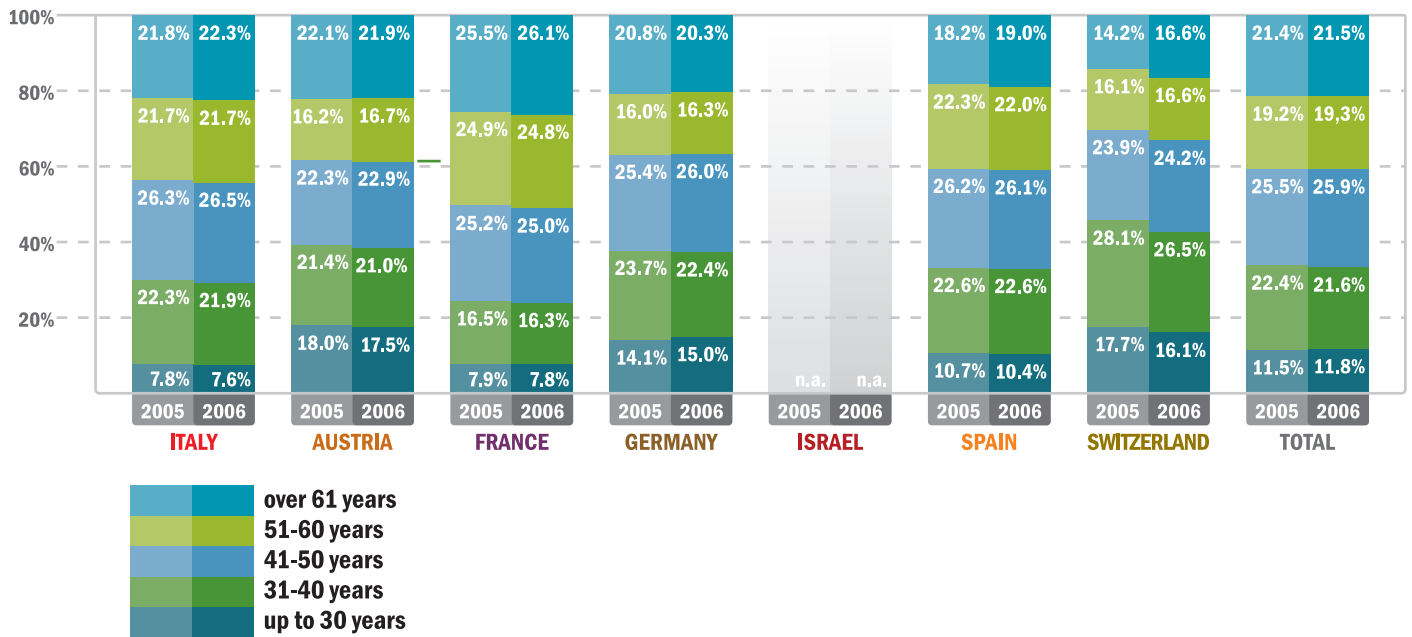
	LIFE		HEALTH		MOTOR		OTHER NON-LIFE	
	2005	2006	2005	2006	2005	2006	2005	2006
ITALY	4,831,652	4,995,728	189,960	182,589	3,357,201	3,328,358	3,335,070	3,300,123
AUSTRIA	530,127	554,989	393,734	402,968	936,512	961,506	2,276,197	2,381,843
FRANCE	1,518,161	1,656,953	360,258	395,775	1,350,844	1,442,397	1,932,566	2,030,558
GERMANY	6,589,090	6,974,932	1,569,700	1,672,130	2,056,320	2,146,660	5,864,376	6,448,410
ISRAEL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SPAIN	550,512	568,340	54,377	57,576	759,970	766,780	1,153,238	1,214,316
SWITZERLAND	369,382	384,852	71,599	71,561	292,396	289,772	399,512	407,107
<b>TOTAL</b>	<b>14,388,924</b>	<b>15,135,794</b>	<b>2,639,628</b>	<b>2,782,599</b>	<b>8,753,243</b>	<b>8,935,473</b>	<b>14,960,959</b>	<b>15,782,357</b>



- The sum of clients per line of business is higher than the overall number of clients, as some individual clients hold more than one policy with Group companies in different risk categories.
- Compared to 2005, the number of clients is increasing in all lines of business and countries. Italy is an exception, where the number of clients has risen only in the life line of business, whilst it has fallen in the non-life line of business.



• In accordance with Group strategy and the sales structure in major Group countries, the Group's insurance business is focused on the retail and small business segment. Only 4% of its clients are medium/large businesses.

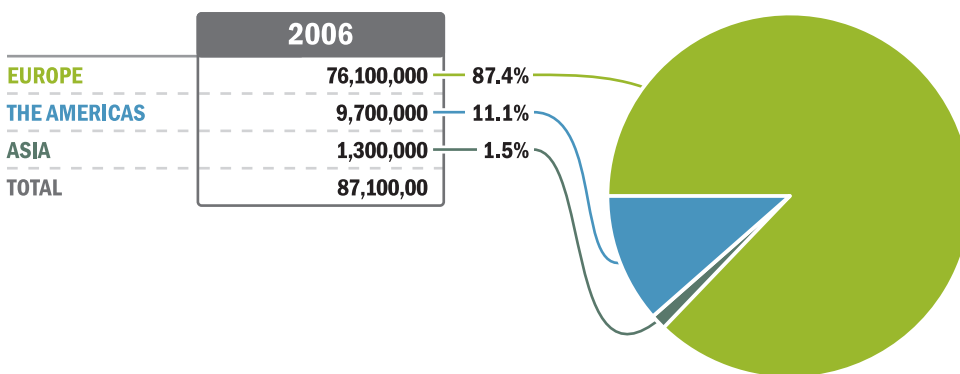


COMPETITIVE STAKEHOLDERS

• Group clients are divided into various age brackets. The middle age bracket (particularly clients between 41 and 50 years of age) is indeed the largest, as this is the age when people generally have a certain amount of assets and savings at their disposal and, therefore, a greater need for protection. The youngest age bracket, under 30, is the group owning fewer insurance policies in virtually all areas.

• Switzerland has the youngest clients (more than 40% of clients are under 40), whereas in France half are over 50 and more than a quarter over 60.

PERCENTAGE OF CLIENTS BY AGE BRACKET (SR AREA; 2006)



GROUP POLICIES (GENERALI GROUP; 2006)

• At the end of 2006, the Group portfolio counted 87.1 million policies, 87.4% of which were in Europe.

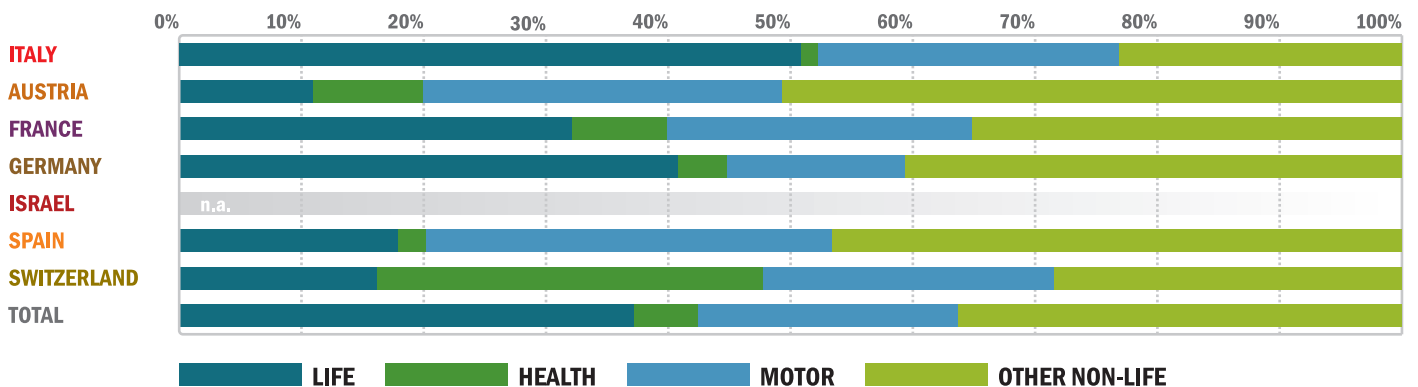
	LIFE		HEALTH		MOTOR		OTHER NON-LIFE		TOTAL	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
ITALY	9,253,386	9,178,874	206,608	200,166	4,403,602	4,491,843	4,074,606	4,111,169	17,938,202	17,982,052
AUSTRIA	800,451	830,147	666,460	693,655	2,256,740	2,270,195	3,750,767	3,924,497	7,474,418	7,718,494
FRANCE	2,098,371	2,175,368	481,680	519,732	1,638,953	1,712,862	2,189,632	2,342,306	6,408,636	6,750,268
GERMANY	12,191,799	12,369,986	1,108,713	1,218,678	5,278,230	4,426,575	12,252,032	12,296,714	30,830,774	30,311,953
ISRAEL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SPAIN	571,198	595,495	58,830	66,938	1,065,971	1,107,757	1,472,346	1,561,497	3,168,345	3,331,687
SWITZERLAND	423,265	441,847	613,284	861,872	639,089	648,023	717,431	776,004	2,393,069	2,727,746
TOTAL	25,338,470	25,591,717	3,135,575	3,561,041	15,282,585	14,657,255	24,456,814	25,012,187	68,213,444	68,822,200

POLICIES BY LINE OF BUSINESS  
(SR AREA; 2005-2006)



- In all lines of business, the number of policies exceeds the number of clients as some people may hold more than one policy in the same segment. Clients with more than one policy are particularly numerous in the life and in the motor lines of business, where each client has on average more than 1.6 policies.
- Policies overall have increased by 0.9%, rising in all countries and lines of business, with the exception of the motor sector in Germany, which fell by about 16% following client portfolio reforms aimed at increasing profitability.

COMPETITIVE STAKEHOLDERS



PERCENTAGE OF PORTFOLIO BY  
COUNTRY AND LINE OF BUSINESS  
(SR AREA; 2006)



- The percentage breakdown of the insured portfolio in each country - namely the ratio between the number of policies underwritten in the various lines of business in a country and the total number of policies underwritten in the same country - shows a concentration of contracts in the life line of business, which even exceeds 50% in Italy.
- This is not the case in Austria, Switzerland and Spain, where motor and other non-life lines of business policies account for over 80% of contracts.
- In Switzerland, the distribution of policies does not match that of clients; this is due to the specific nature of Europ Assistance, which has only 56 major corporate clients (mainly banks and insurance companies), which bring the company close to 1,450,000 contracts, about half of which in the health insurance line of business.

## Product and service policies

### Insurance business

The comprehensive and flexible product range offered by the Generali Group is aimed at satisfying the needs of all client segments, not only in terms of insurance coverage, but also of retirement savings and asset management.

With a view to constantly improving the quality of response and services provided to the client, the Generali Group continually monitors and analyses demands for insurance protection. The Group is continually monitoring the impact of new products, using this information to improve and develop its product range and to supply highly-qualified, professional consultancy to find the best solutions tailored to individual client needs.

In this process of adapting Group products to market needs, those products created by Group companies to respond to consumers' growing needs in terms of health and insurance play a crucial role. This is ascribable to major socio-economic changes underway in more developed countries - especially the ageing population - and the progressive reduction in government-provided services for citizens. In this context, Group companies play a significant social role and, though operating in line with business strategies, strive to engineer insurance products that may be integrated with public services whilst maintaining a high level of service overall. Moreover, a service logic is becoming established as part and parcel of the insurance product, whereby - particularly with regard to personal protection - compensation is increasingly integrated with in-kind support to provide help in times of difficulty. In such cases, an important role is played by Europ Assistance companies, specialising in providing assistance for the home and family, travel and health. Europ Assistance's network has a round-the-clock operations centre on a world level, that ensures fast and effective intervention, providing also suitable medical assistance where appropriate.

**Life products** - In developing individual and collective life products, great importance is attached to those with high security content, designed to enable policyholders to draw on local tax incentives. This includes also investment and asset management products - especially unit- and index-linked contracts, often with a minimum guaranteed return - and products for family income protection (specific coverage in case of premature death, severe illness or loss of self-sufficiency).

Many Group companies offer the so-called Dread Disease policies, normally combined with life policies in case of death, but which may also be offered independently. These contracts involve the payment of a lump sum or life annuities upon the occurrence of one of the illnesses listed in the policy. The financial support helps the insured party face the need for greater care and the possible inability to continue working, with a consequent reduction in income.

By contrast, Long Term Care policies involve the payment of a lump sum or life annuities to cover the costs of assistance upon the occurrence of non-self-sufficiency in performing daily activities



(eating, washing, getting dressed and undressed, moving around, personal hygiene) due even to old age.

Other products exist, that are aimed at enhancing the prevention of illnesses and the adoption of a healthy lifestyle. For example, virtually almost all Group companies offer life policies with reduced premiums for non-smokers. In Germany, in response to consumer expectations, Central Krankenversicherung allows a discount on health policy premiums for people who have a healthy lifestyle: i.e. people who do not smoke, do not abuse alcohol, maintain a healthy weight and so forth.

**Non-life products** - As far as non-life products are concerned, **multi-risk** policies are becoming increasingly widespread. These are contracts comprising a number of sections, each dedicated to a specific type of risk (fire, theft, third party liability, etc.); the client can then choose which coverage to purchase according to his specific needs, with clear advantages in terms of guarantees and costs. These products mainly concern the coverage of house-related risks and, in the SME market segment, they include modular coverage tailored to the needs of the various operators, namely shopkeepers, craftsmen, practices, etc..

One of the most ground breaking products has been introduced in Germany. It is a new kind of **general third party liability policy** whereby the policyholder can claim damages caused by people who are uninsured and unable to provide compensation. The guarantee is limited to damages exceeding a given amount. In order to qualify for compensation, the policyholder appeals to a court that ascertains the liability and insolvency of the person who caused the damage.

**The health and accident** sector includes many products offering - for example - a life annuity following a severe disability, or coverage for organ transplants, treatment of cancer, highly-specialised diagnostic and therapeutic services, hospitalisation expenses (diagnosis, specialist visits, etc.), and basic and/or post-hospitalisation home care. Some packages of products and services offer financial support as well as home care - including telemedicine services - thus integrating the coverage provided by the national health service and enabling the policyholder to find the best possible treatment options at world level and obtain a number of medical opinions.

In Spain, Estrella offers policyholders the possibility to renew health insurance even after the age of 70 (the limit set by the Spanish market for the renewal of this type of contract) for services offered by doctors and hospitals - more than 3,000 located all over the country - having an agreement with the company.

Many markets are developing product lines for personal protection aimed in particular at **segments of the population** with specific and evolving needs.

Group companies are active especially in the segment of the **over-50s and over-55s**, offering life insurance coverage and/or health and accident products with special features. Volksfürsorge and Generali in Germany and Assicurazioni Generali in Italy, in particular, cater to this age bracket, and have developed "packages" of guarantees aimed at providing policyholders affected by an accident not only

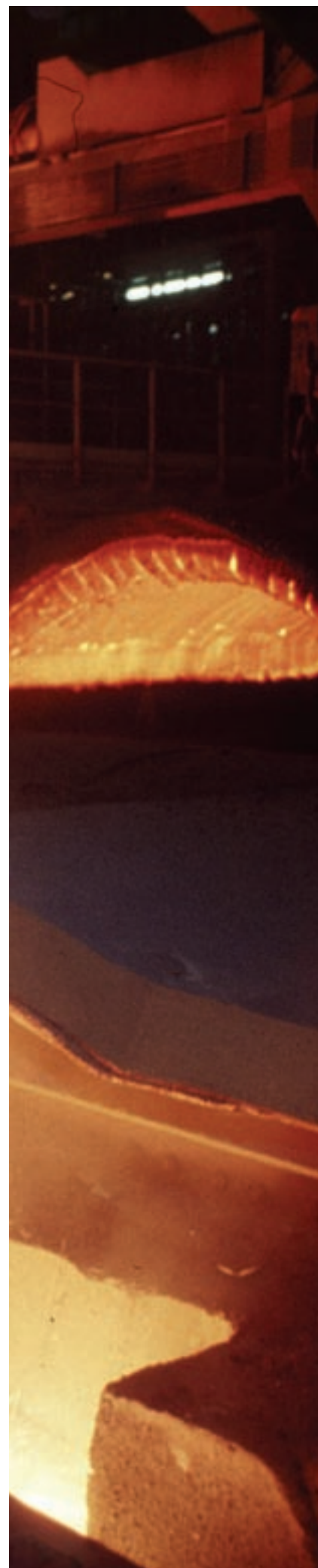
home healthcare, but also a variety of services, such as cleaning home and clothes, buying groceries, transportation to doctor's appointments and public offices, etc..

In Italy and Germany, projects are also being designed specifically for **women**, who - on average - buy less insurance policies than men and who have far-reaching needs, associated with the multiple roles they play within the family and in their work. More specifically, Assicurazioni Generali has created a modular product to provide women with comprehensive coverage in the occurrence of illness or accident, which also includes a wide range of assistance services - such as domestic help, a baby sitter, a remedial teacher for children and so on - to carry out those daily tasks that an illness/accident may prevent from performing. With a view to prevention, the policy also offers the opportunity to have a complete check-up paid for by the Company once during the lifetime of the policy. Again in Italy, in 2006, INA ASSITALIA signed an agreement with the Osservatorio Nazionale sulla Salute della Donna (O.N.D.A) (Italian Observatory on Women's Health) to set up an illness prevention and early diagnosis programme for policyholders, offering a series of check-ups focusing on women's health issues throughout the life of the policy. The first check-up, which includes laboratory tests and specialist visits, is free, while a small fee is charged for subsequent check-ups.

Many companies offer savings schemes for **younger clients**, some of which are integrated with accident insurance. In Austria, a modular policy is available for children with provisions for basic guarantees: health, accident and life. In Italy, INA offers a policy incorporating an accumulation system to encourage educational commitment and accompany children throughout their school years, offering a bonus to the insured capital if they finish high school with a mark of not less than 90/100 or university with a mark above 106.

**Motor** insurance products are generally characterised by a marked customisation of tariffs, which means that the premium is more adequately tailored to the insured risk. These policies are also often modular and flexible, often providing clients with an opportunity to tailor the scope of coverage to suit their particular needs, extending the minimum coverage to include additional risks (collision damage waiver, driver accidents, assistance, etc.). In Italy, Genertel has excelled in this kind of policy since the deregulation of rates, with highly-tailored policies and, more recently, with additional **product segmentation**, including policies specially designed for **driving women and mothers**, for high-powered cars and so forth. These tailored policies also take into account the car's active and passive safety features (ABS, ESP, airbags, anti-theft devices) that reduce the risk of accidents or the extent of damage in case an accident occurs and - consequently - the policy premium. In Switzerland, Generali offers special rates to clients with **disabilities**.

As mentioned, Group companies are similarly committed to raising clients' and consumers' awareness of the importance of **risk prevention**. As for health, premiums are reduced for policyholders who adopt a healthy lifestyle and have check ups for early diagnosis of illnesses. As for other risks, in France Generali has drafted a guide to prevent home accidents and encourage clients to adopt an ecologically-correct behaviour (reducing water and energy consumption, cutting waste). In Italy, Assicurazioni Generali is part



of the “ANIA Foundation for Road Safety”, established by insurance companies with the purpose of road risk prevention, promoting at the same time education on road safety. The contractual conditions of Genertel motor third party liability policies explicitly call on policyholders to comply with safety measures (fastening seatbelts in cars, wearing a helmet for motorbike riders). To promote drink-free driving, Generali has come up with a policy called “Tasso alcolico 0,0%” (“Alcohol Content 0.0%”), which offers lower motor third party liability premiums for drivers who do not mix drinking and driving. Again in Switzerland, Group policyholders are given a brochure of the Swiss Insurance Association, which provides practical guidelines on accident prevention (for example, how to avoid water damage).

## Banking

As already mentioned, banks included in the Sustainability Report area operate in very different ways and this diversity is reflected in the products and services they offer. Commercial strategies, however, are continually adapting to changing market orientation, with growing segmentation enabling them to provide the best response for the various client categories. There is an important focus on training sales staff - considered as savings management professionals - to maintain high standards in consultation and keep in line with market evolution.

In Switzerland, BSI, specialising in asset management for sophisticated, high-end clients, has developed a range of products which, following the trend of market demand, is oriented to absolute return products - i.e. products aiming to generate (in the medium- to long-term) a certain return and not a return expressed in relation to the benchmark - that draw increasingly on structured products.

In Germany, Bausparkasse Badenia focuses on three segments divided by age and needs: people who are buying or building their own home; owners who have almost discharged their home loan; owners who wish to maintain or increase the value of their property. The latter segment is growing in significance because of the ever-increasing importance attributed to renewable energy sources and new energy certification requirements introduced by property laws.

Banca Generali makes a distinction not only in its products, but also in the sales network, for different target client categories. Bank products include “Friendly” and “Advantage” current accounts dedicated to members of the Italian Multiple Sclerosis Association (AISM), which participated in defining them. The products combine concessional economic conditions and particularly simple management methods; they are very accessible, safe and tailored to the client’s needs. Phone or Internet banking is available for the accounts, whether for banking and investment transactions, including simple requests for account balances, bank transfers or managing shares and bonds.

## Client services

Generali Group products are distributed primarily through agents. The widespread presence of **agencies** in the territory is an essential element in providing an adequate response to diverse client needs. Clients can visit the agency to underwrite policies, pay premiums and - most importantly - to receive specialist advice to find the most suitable solution to their own insurance and asset management needs.



SIZE OF AGENCY NETWORK  
(SR AREA; 2006)

	AGENCIES	POPULATION	CLIENTS	POPULATION PER AGENCY	CLIENTS PER AGENCY	CLIENTS PER 1,000 INHABITANTS			
	2006	2006	2006	2006	2006	100	200	300	400
ITALY	1,388	58,275,000	10,300,000	41,985	7,421	177			
AUSTRIA	126	8,263,000	3,650,000	65,579	28,968	442			
FRANCE	906	63,033,000	5,100,000	69,573	5,629	81			
GERMANY	6,349	82,293,000	13,550,000	12,962	2,134	165			
ISRAEL	1,500	6,873,000	1,000,000	4,582	667	145			
SPAIN	1,407	44,144,000	2,300,000	31,375	1,635	52			
SWITZERLAND	62	7,287,000	900,000	117,532	14,516	124			
TOTAL	11,738	270,168,000	36,800,000	23,017	3,135	136			

COMPETITIVE STAKEHOLDERS

- The extended agency network highlights a series of very different circumstances. In Israel, the Generali Group is mostly represented by small agencies distributed extensively throughout the territory. By contrast, in Austria and Switzerland there are few, large agencies covering wide areas and a vast number of potential and real clients.
- The number of clients per 1,000 inhabitants is an indication of how widespread the Generali brand is in the various countries: where this figure is high - such as in Austria and, to a lesser degree, Italy and Germany - the client portfolio has already reached a good level of expansion; where it is low - like in Spain and France - there is greater potential for increasing the number of clients.

Most Group companies use the Internet to market their services and generate or facilitate initial contact with consumers. Only a handful of companies use this channel however, combined with call centres, to underwrite contracts: namely Genertel in Italy, Cosmos in Germany, Generali Vie in France and all Europ Assistance companies.

Call centres and the Internet enable consumers/clients to access certain services that, depending on the company, may include: quotes, requests for general information, viewing own policies, reporting complaints and also assistance in emergency situations. Customer service centres are very widespread especially in Austria (one in each region), and they are real client contact points with long opening hours. Some companies accept telephone notification of claims and provide information and assistance on claims relating to both clients and injured third parties. In 2006, more than **2.6 million** accidents were reported to call centres in countries in the Sustainability Report area. The figure was particularly significant in

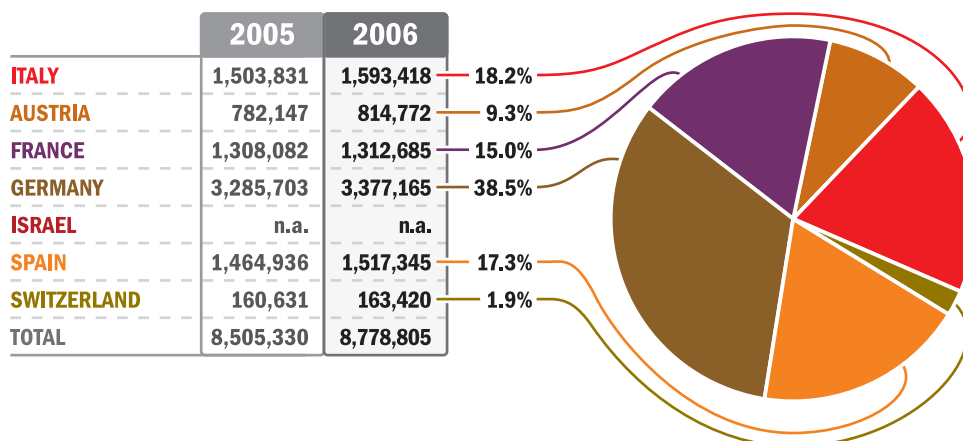
Spain, where Banco Vitalicio's claim service is active 24 hours a day, 365 days a year.

Some Group companies - in particular Gruppo Generali Liquidazione Danni and Genertel in Italy and all Europ Assistance group companies - have entered into special agreements with health care providers, doctors, roadside assistance providers, body shops, car hire companies and other, to ensure a high quality standard in client services while containing costs.

### Management of non-life claims

In the non-life lines of business, the efficiency and effectiveness of the service are mostly measured upon settlement of damage claims. In many countries, the Group is equipped with common facilities to optimise claim management and settlement. In Italy, for example, Gruppo Generali Liquidazione Danni is responsible for the management and settlement of claims on behalf of Italian Group companies. Call centres are used to collect notifications of claims and to provide information and assistance on existing claims.

NUMBER OF CLAIMS REPORTED (SR AREA; 2005-2006)



•The number of claims received by Group companies in 2006 exceeded 8 million (+3% on 2005). Their distribution among different countries was basically in line with the breakdown of insured risks, the highest share being reported in Germany, where the largest number of non-life policies is held.



	CLAIMS SETTLED		VALUE OF CLAIMS*	
	2005	2006	2005	2006
ITALY	1,260,588	1,340,525	2,806,711	2,998,039
AUSTRIA	724,597	745,644	810,434	846,986
FRANCE	1,175,160	1,262,632	1,428,262	1,718,991
GERMANY	2,656,149	2,715,943	2,179,926	2,232,449
ISRAEL	n.a.	n.a.	337,100	149,397
SPAIN	1,454,671	1,540,893	758,189	770,167
SWITZERLAND	165,475	162,913	276,914	245,299
TOTAL	7,436,640	7,768,550	8,597,537	8,961,328

\*VALUES IN THOUSANDS OF EUROS

**CLAIMS SETTLED**  
 (SR AREA; 2005-2006)

• In 2006, nearly 7.8 million claims were settled by payment, total payouts amounting to little less than 9 billion euro. Some of the payouts concerned claims notified in the reporting year, while the remainder concerned claims notified in previous years.

	2005	2006
ITALY	57.8%	57.8%
AUSTRIA	53.9%	51.9%
FRANCE	47.0%	52.2%
GERMANY	65.8%	66.6%
ISRAEL	n.a.	n.a.
SPAIN	63.8%	64.4%
SWITZERLAND	68.7%	67.4%
TOTAL	59.1%	59.6%

**AVERAGE TIME OF SETTLING**  
**MOTOR CLAIMS**  
 (SR AREA; 2005-2006)

- The table indicates the percentage of claims notified and not withdrawn over the year and settled within the same year. The percentage posted for the reporting year is an indicator of the time required for claims to be managed and finally settled.
- Overall, settlement rates for claims are becoming faster everywhere, except in Austria and Switzerland. Despite the slowdown, Switzerland still has the fastest settlement rates.
- It is worth noting that accurate evaluation of how efficient a company's settlement procedure is in a given country would require information - currently not available - on the characteristics of insured risks for the various lines of business in the different countries and the consequent nature of damages, which may entail long technical assessment procedures. For example, in case of accident risk, the assessment procedure is almost immediate for daily allowances linked to hospitalisation periods or temporary inability to work due to accidents without permanent consequences, but it may take several months or even years in the case of permanent disability, where the injured party must reach a stable condition before the damage can be properly assessed.



## Services for policyholders in the life line of business

The life line of business is also notable in size for Group companies, measured in terms of sums paid to policyholders (or their beneficiaries) upon maturity or following a claim (death, permanent disability and so forth).

NUMBER OF SETTLED  
LIFE POLICIES  
(SR AREA; 2005 -2006)



### CLAIMS

### EXPIRING POLICIES

	2005	2006	2005	2006
<b>ITALY</b>	17,333	25,697	311,508	335,259
<b>AUSTRIA</b>	2,615	2,434	43,155	43,363
<b>FRANCE</b>	n.a.	12,070	n.a.	40,857
<b>GERMANY</b>	78,850	77,132	310,356	327,587
<b>ISRAEL</b>	n.a.	n.a.	n.a.	n.a.
<b>SPAIN</b>	3,997	4,197	10,792	11,845
<b>SWITZERLAND</b>	5,195	5,496	7,211	7,749
<b>TOTAL</b>	107,990	127,026	683,022	766,660

• In 2006, payouts were made for 893,686 policies in the life line of business, posting a 6.3% increase on equal terms (without considering France, for which 2005 data was not available), attributable to growth in the number of claims and expiring policies.

### CLAIMS

### EXPIRING POLICIES LUMP-SUMS

### EXPIRING POLICIES ANNUITIES

	2005	2006	2005	2006	2005	2006
<b>ITALY</b>	438,479	518,055	5,013,442	5,490,225	45,823	50,151
<b>AUSTRIA</b>	30,535	32,739	370,104	431,968	34,740	36,320
<b>FRANCE</b>	1,166,590	1,220,848	759,529	655,749	202,766	179,258
<b>GERMANY</b>	447,056	446,891	2,739,350	3,020,950	353,845	386,271
<b>ISRAEL</b>	133,551	129,961	56,871	64,141	7,635	9,108
<b>SPAIN</b>	64,979	67,809	161,191	216,412	475,940	498,503
<b>SWITZERLAND</b>	47,492	53,869	162,068	180,353	n.a.	8,601
<b>TOTAL</b>	2,328,682	2,470,172	9,262,554	10,059,799	1,120,750	1,168,211

\*VALUES IN THOUSANDS OF EUROS

AMOUNT OF PAYMENTS  
ON LIFE POLICIES  
(SR AREA; 2005-2006)



• For these policies, approximately 13.7 billion euros (+7.8% on 2005) were paid out to settle claims in the form of lump-sums or annuities. Of this sum, 11.2 billion euros concerned expiring policies.

## Complaints and disputes

### Insurance business

In Italy, **complaints** are handled according to ISVAP regulations - the latter being Italy's insurance supervisory authority -, whereby all insurance companies are called upon to set up an electronic register to record complaints and relevant ISVAP requests for information. The Internal Audit Department is in charge of electronic record management and relations with the supervisory authority. The Group's approach to improving the effectiveness and efficiency of user complaints management has led each company to appoint a team responsible for managing filing, analysis and settlement of complaints.

In France and Germany, national laws specify solely the need to develop an adequate complaint management process, but do not set out any obligations for reporting activities or the compulsory creation/maintenance of specific registers. However, all Group companies in these countries prepare a regular report for the Top Management and thus keep evidence of complaints received and their outcome.

Spanish legislation carries more similarities with Italian provisions, with specific obligations regarding the preparation of an annual report. However, the internal reports drafted by Group companies are more frequent, with a view to keeping the Top Management continuously informed and taking any necessary corrective actions as promptly as possible.

In Israel, an Ombudsman handles complaints in cooperation with the Legal Office in the company.

Switzerland has no specific national legislation in this regard. Swiss Generali Group companies spontaneously adhere to the provisions laid down by the private insurance Ombudsman Foundation established thirty years ago by the Swiss Insurance Association. Each company submits annual reports to the Group complaint manager.

In Austria - where no specific legal requirements exist either - complaints have been registered in a computer filing system since 2001; half-yearly reports are submitted to Top Management.



	RECEIVED real value		RECEIVED % on policies		ACCEPTED real value		ACCEPTED % on policies		ACCEPTED/RECEIVED %	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
ITALY	12,256	12,323	0.068%	0.069%	4,310	4,354	0.024%	0.024%	35.2%	35.3%
AUSTRIA	495	577	0.007%	0.007%	390	445	0.005%	0.006%	78.8%	77.1%
FRANCE	3,759	3,868	0.059%	0.057%	2,075	2,408	0.032%	0.036%	55.2%	62.3%
GERMANY	16,837	29,224	0.055%	0.096%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ISRAEL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SPAIN	2,327	2,041	0.076%	0.064%	270	226	0.009%	0.007%	11.6%	11.1%
SWITZERLAND	41	18	0.002%	0.001%	20	5	0.001%	0.000%	48.8%	27.8%
TOTAL	35,715	48,051	0.052%	0.070%	7,065	7,438	0.010%	0.011%	19.8%	15.5%

#### INSURANCE COMPLAINTS (SR AREA; 2005-2006)



- In 2006, the companies included in this report received - according to the various national systems - a small number of complaints (on average 7 complaints per 10,000 policies). The figure drops to 1 per 10,000 if only accepted complaints are considered, i.e. those recognised on further investigation as being founded.
- The number of complaints has risen considerably in Germany, following a decision by the Federal Supreme Court in October 2005, whereby some clauses in life policies were not deemed transparent and were therefore invalid. The Court ordered the company to replace the clauses with a minimum return calculated according to a formula defined by the Court itself. The ruling gave rise to numerous complaints from policyholders who wanted the interest on life policies between 1994 and 2001 to be recalculated.
- Only partial information on the average settlement time of accepted complaints is available. The average settlement time (posting an acceleration in virtually all countries) swings between 4 days (Austria) and 28 days (Italy) in the countries for which data is available.

As at 31st December 2006 - in the Sustainability Report Area - the Group was involved in **100,079 disputes** generated by its insurance activity and still pending judgement. The number of disputes includes both cases in which Generali Group companies are the defendants and are therefore called upon to account for their actions, and cases in which Group companies initiate the proceedings, acting as plaintiff and seeking sums from their policyholders.

The Group acted as defendant in most cases. The disputes were generally initiated by policyholders and injured parties against Group companies alleging: rejected claims from policyholders due to the unenforceability of contractual guarantees, claim quantification, contractual aspects. As only incomplete information pertaining to these procedures is available, data relating to motor and general Third Party Liability (TPL) is reported below, these being the main lines of business involved.

	MOTOR: NUMBER		MOTOR: VALUE*		GENERAL TPL: NUMBER		GENERAL TPL: VALUE*	
	2005	2006	2005	2006	2005	2006	2005	2006
ITALY	26,895	23,474	514,309	522,942	10,839	11,421	1,151,208	1,331,714
AUSTRIA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FRANCE	1,212	1,278	34,959	35,767	2,255	2,774	105,304	130,163
GERMANY	7,880	7,650	34,543	42,201	2,078	1,666	20,225	66,566
ISRAEL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SPAIN	9,435	10,113	63,585	62,311	5,889	4,824	47,203	47,968
SWITZERLAND	47	69	9,842	7,455	43	49	16,660	13,668
TOTAL	45,469	42,584	657,238	670,676	21,104	20,734	1,340,600	1,590,079

\*VALUES IN THOUSANDS OF EUROS

- The number of disputes pending judgement has fallen in the motor and general TPL lines of business.
- In the motor sector, litigation is concentrated in Italy and Spain: cases pending in these two countries indeed account for little less than 80% of the total. Despite a downturn since 2005, approximately 55% of disputes overall are concentrated in Italy alone; this situation is mainly attributable to the lack of legal mechanisms for evaluating personal injuries, generally present in other countries, and to the extended timeframes of the Italian legal system.
- As far as the value of disputes is concerned, recorded here as the value sought by claimants for the sake of prudence, there was a slight increase (+2%) in the motor segment in the face of a more sustained increase (+18.6%) in the general TPL sector, where the average value of disputes has grown significantly, rising from about 63,500 euros in 2005 to almost 76,700 euros.

In 2006, neither the EU nor the national **antitrust authorities** took any measures against Group companies.

Only in Italy did the **insurance supervisory authorities** issue fines. These fines were, however, less numerous and less significant than in 2005 (231,000 euros as compared to approximately 2 million euros in the previous year). The fines were mainly attributable to non-compliance with existing claims settlement regulations, especially regarding motor TPL.

## Banking

Group banks are organised differently for managing claims and for handling various types of **complaints**. While Banca Generali and Bausparkasse Badenia have a special Complaints Unit within their Internal Control Department, at BSI the Complaints Office is a division of the bank's Legal Department. In all cases, clear and rapid procedures have been established to be followed when a claim is submitted directly to the office concerned, which generally handles other types of complaints and notifications of mismanagement. Generally, there are several ways to submit a complaint: verbally at a bank branch, or through an intermediary, whether in writing (by letter or e-mail) or by phone. Bausparkasse Badenia requires complaints to be submitted directly to the department concerned, using the phone number and e-mail address indicated on the annual statements sent to clients. In addition to handling complaints, the Complaints Offices also deal with claim evaluation with a view to



INSURANCE DEFENDANT  
DISPUTES  
(SUSTAINABILITY REPORT;  
2005-2006)



identifying potential improvements to company structures and procedures.

In 2006, almost 16,600 complaints pertaining to Group banks were submitted, for the most part concerning Bausparkasse Badenia (over 16,000); conversely, the number of complaints received by BSI remains stable at no more than 50 a year – often much less. The main reasons for client complaints include errors or alleged errors made by the bank in applying rates and delays in executing orders. Issues involving fraudulent use of, and defective credit and cash cards also account for a certain proportion of the complaints.

At the end of 2006, the Group was involved in **3,106** pending **disputes** generated by its banking business; Group companies acted as defendant in 1,901 cases for an overall value of approximately 197 million euros, calculated as the sum of claims demanded. Both the number and value of disputes have risen, driven by the trend recorded in Germany, where virtually all pending disputes are concentrated. For the most part, the grounds for the cases brought against Bausparkasse Badenia are damages for losses incurred by investors who hold the bank responsible for the negative performance of some property investments in the early '90s, whose risk had not been adequately assessed.

## Dialogue with clients

The Generali Group believes that customer satisfaction must be its ultimate priority, this being the key to building and strengthening clients' trust and appreciation over time.

The Group has been regularly conducting several types of survey - in some cases for years - throughout the Sustainability Report area to check the level of customer satisfaction in relation to Generali products and services, the perception of the brand and client/consumer expectations as well as the reasons behind their decisions.

In particular, **customer satisfaction surveys** are periodically conducted - generally on an annual basis -, though their frequency may vary in the different countries (for example, every two years in Austria and every three months in Spain). Surveys are conducted directly or through third companies, mostly through telephone interviews, but paper questionnaires are also used in some countries. In Austria, for example, letters are sent with the purpose of assessing the quality of service assistance provided by the sales force, measured in function of the level of satisfaction expressed by clients. The scope of the survey varies significantly in terms of what aspects are considered, which may be limited, for example, to a single service or to all the situations in which the company is in contact with the client, and in terms of how many people are involved, which may even be thousands. In some cases, the type of research may call for a significant sample of consumers, Group clients or clients who have recently used a particular service (e.g.: liquidation of damages). In Austria, the survey conducted every two years by the Marketing Department refers to a broad sample of the Austrian public; for example, the last survey included approximately

6,400 interviews, 1,600 involving Generali clients. The purpose of the research is to improve customer service in terms of product marketing, internal organisation processes and communication. In many cases, objectives include evaluating the level of company performance in relation to competitors.

These surveys are particularly frequent and wide-ranging in Europ Assistance Group companies, given the great importance of service quality in the specific assistance provided by these companies. In particular, every year Europ Assistance France interviews a sample of 4,000 end clients. The results are communicated to key intermediaries, then discussed to define common strategies for improvement. Having obtained ISO 9001 certification, Europ Assistance España has made a commitment to send its clients letters to assess their level of satisfaction for the services they receive. Certification requires that certain performance standards are upheld and the certified company must adopt appropriate measures to meet standards when they fall short.

Of the many initiatives implemented by the Group, a customer satisfaction survey conducted in Italy by Assicurazioni Generali between 2005 and 2006 merits special mention for the scope of the aspects considered, including all stages of contact with clients, from advance sales to the claims stage, as well as how clients perceive products and their general relations with the Company. The results underscored on the whole a very satisfactory evaluation, but they also revealed considerable expectations for service increasingly tailored to individual needs. These messages were conveyed by the Sales Department to the whole sales network during the road show (as mentioned in the chapter Direct Stakeholders - Dialogue with Members of Staff), encouraging those who are in direct contact with clients to adopt an approach that is more closely tuned to the latter's expectations. Again in Italy, Alleanza Assicurazioni's prompt measures were also worthy of note: as the customer satisfaction survey revealed a series of criticalities connected with premiums collection, the company started a conversion process to automatic payments.

Also in Switzerland, Generali gave a concrete and immediate response to the first customer satisfaction survey towards the end of 2006. An external consultancy company interviewed about 1,000 clients on the subject of non-life products, with a view to improving products, services, communication and, consequently, image. The survey revealed that Generali enjoyed a very positive image in Switzerland, but also highlighted a remarkable potential for improvement, especially where rapidity in solving client problems and claims management were concerned. The Company provided a concrete response by launching a project to improve service and, in particular, phone contact with the client. Moreover, to provide faster, more complete and reliable service to the client, new programmes were introduced, which draw on a number of agreements to offer window repair by a specialist company and vehicle repair by a network of skilled body shops. The latter pick up and return the vehicle, providing the customer with a car while his/her own vehicle is being repaired. These initiatives were widely welcomed, which encouraged the company to continue along this path, offering policyholders a complete assistance service: "Generali Planet".





In Germany in 2005, annual customer satisfaction surveys have been conducted in several companies to identify their strengths and weaknesses, partly in relation to competitors, as well as specific problems and areas for improvement. The study carried out by Bausparkasse Badenia is a good example, as it encompasses certain trends evident also in other companies, namely: the involvement of end clients and the sales networks in these issues, their respective satisfaction being closely related; the comparison of one's performance with that of competitors or the market average; extending the survey also to include the brand's profile and how it is perceived. Whilst satisfaction surveys for old and new bank end clients and for the distribution networks are conducted through telephone interviews, paper questionnaires are still used to assess brand. The results revealed that the company rates lower than average in terms of customer and seller satisfaction, as well as for brand, therefore Bausparkasse Badenia has defined a strategy to increase customer satisfaction and the level of satisfaction among the sales network to bring it in line with the market by 2011. This plan has been incorporated into the Company's 2008 Business Plan, alongside a commitment to taking active measures to raise the brand profile establishing the bank as a real estate financier with a broad and flexible product range.

Spain provides an example of a study aiming to evaluate the performance level of a company, in part through comparison with the market benchmark. The quarterly studies - targeted at motor and house-related insured claimants and conducted by ICEA (a research centre for insurance companies) and other major research institutes - aim to assess the quality of the company's claims management service. Through telephone interviews are carried out to measure approximately 15 parameters enabling ICEA to define a market benchmark for companies to assess the quality of their services. Marketing Department staff and managers from the Claims Management Office meet on a three-monthly basis to evaluate the results of the quality surveys and to identify measures for improvement.

As already mentioned, the Group also pay great attention to how its **brand is perceived**. In Germany, in particular, an annual survey has been conducted since 2005 to monitor results over time; in addition, each month a survey is conducted to measure knowledge and impact of brand promotion activities while monitoring the effectiveness of advertising campaigns. In France, surveys on brand knowledge and perception have been conducted on an annual basis since 1997 by a leading market research company using detailed criteria providing consistency over time, through *ad hoc* surveys that also evaluate the impact of the Group's major communication initiatives.

In France, Generali Iard (Proximité) has undertaken a major initiative implementing an observatory called the "Client barometer". It serves the purpose of favouring customer relations and adjusting marketing policies accordingly. The observatory entails 20 monthly meetings during the year with four client groups, focussing on a number of issues and - in particular - on insurance expectations and the perception of Generali products.



In general, a trend has emerged indicating that surveys are increasingly directed at specifically **understanding the needs, wishes and behaviour of clients/consumers** for the purpose of developing and improving products and services. Genertel has shown particular interest in these aspects and conducted two major studies in 2006, one to identify its clients' reason for renewing or not renewing policies (which, as is known, are not automatically renewed), the other to understand what leads clients of traditional companies to contact or not to contact direct insurance companies. The results of the two studies sparked several ideas on how customer service could be improved. Genertel also organised exploratory focus groups to develop products tailored to the specific needs of certain customer targets. Again in Italy, the Parent Company has conducted several surveys aimed at product creation/updating and focussing on pension, health and home-related topics. One of these deserves special merit. It was a study to determine the pension needs and expectations of Italian employed workers at the difficult moment when they were called upon to select the destination for their severance pay (TFR), with a view to setting up tailored individual pension plans. The study, conducted by means of a telephone interview, involved more than 1,000 people aged between 15 and 54. In Germany, an innovation programme was launched in 2007 to achieve a product development process guided by the consumers themselves.

Lastly, as far as dialogue with the client is concerned, Group companies use their Internet sites to identify the aspects that are most important to the client, as they can monitor access to different areas of the site. They can then fine tune these areas to direct and enhance communication with the client according to the latter's needs.

### **Generali and ANIA for consumers**

*In Italy, the Generali Group is committed to numerous ANIA initiatives aimed at improving the information provided to consumers as well as insurance transparency and quality.*

*Recent initiatives witnessing to this commitment include:*

- adhesion to the **conciliation procedure for controversy arising from motor TPL claims**: a simple, rapid solution devised by ANIA and consumer associations as an alternative to judicial proceedings to solve any controversy that may arise as a result of a road accident. The procedure establishes that a consumer association shall provide assistance to the injured party in his/her dialogue with the insurance company in cases where the company fails to respond or provides an insufficient response to a claim;
- participation in conceiving and implementing the **Blue Form marketing campaign** on direct settlement for motor TPL claims, as provided for by law starting from 1st February 2007;
- participation in conceiving, creating and distributing the **brochure on supplementary retirement plans**, with a view to providing information and raising the public's awareness of new regulations on supplementary pension plans and guiding them in their choice of supplementary retirement plans.



## 2007 Objectives

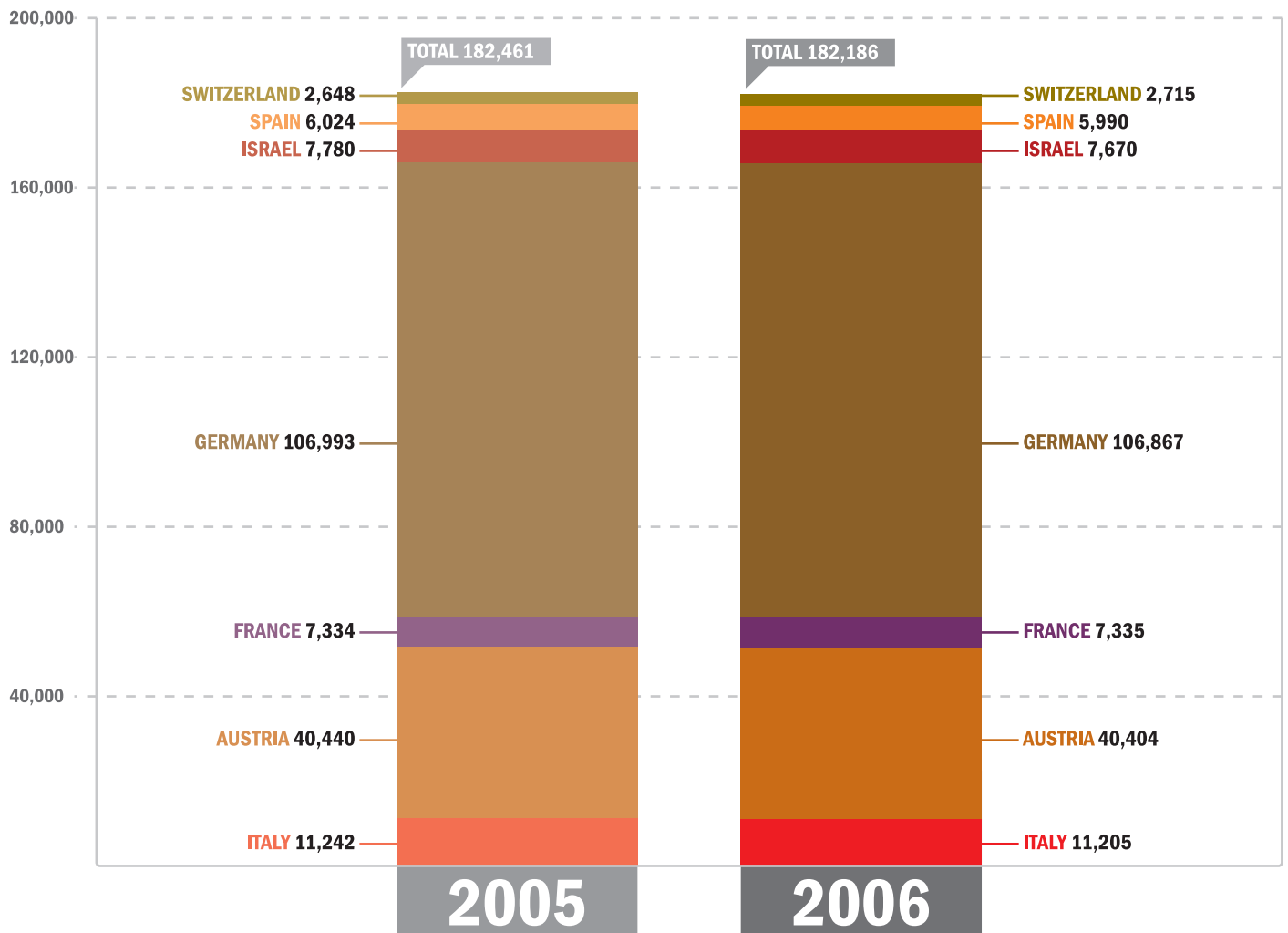
- Extending the use of surveys to customers and the sales force to identify needs and expectations with the purpose of improving/ designing products and services tailored to the client, thus facilitating the task of the sales force.
- In Italy, spreading news relating to retirement savings opportunities to help people make informed decisions about their pension funds.
- Improving services provided trying to solve critical points associated with claim settlement and emerging from complaints/reports received.
- In Italy, providing information on direct reimbursement for motor claims and monitoring the processes to solve any criticalities and improve satisfaction among policyholders.

# SUPPLIERS

## Description



NUMBER OF SUPPLIERS  
(SR AREA; 2005-2006)



COMPETITIVE STAKEHOLDERS

- In 2006, the Generali Group had relations with over 182,000 suppliers in countries of the Sustainability Report area. Though basically in line with 2005, this figure is twice as the one published in the Sustainability Report 2005, as the Sustainability Report 2006 encompasses Europ Assistance companies in Austria, Germany and Switzerland (accounting for a network of suppliers exceeding 110,000 units) and banks.
- The number of suppliers decreased sharply in Spain, on the other hand, following the centralisation of purchases for Spanish Group companies into one common service company.
- The number of suppliers at local level depends on the volume and nature of Group business in each territory and on the policies adopted in purchase management:
  - for example, the particular nature of business conducted by Europ Assistance Group companies requires contact with several types of supplier (car repairers, body shops, doctors, blacksmiths, plumbers, electricians, etc.) throughout the territory. As a result, these companies have many suppliers, totalling 124,800 in the

Sustainability Report area (of which 68,500 in Germany and 40,000 in Austria);

- the number of suppliers is higher in countries where purchases are made by individual companies, while the figure falls when they are centralised into a single entity. This, indeed, prevents common suppliers from being counted more than once and tends to favour common service companies, thereby also pursuing a strategy of cost containment.

SUPPLIERS BY TYPE  
(SR AREA; 2005-2006)



	GOODS		SERVICES RELATED TO BUSINESS		OTHER SERVICES	
	2005	2006	2005	2006	2005	2006
<b>ITALY</b>	566	564	9,059	9,060	2,211	2,175
<b>AUSTRIA</b>	20,220	20,204	15,033	15,025	5,187	5,175
<b>FRANCE</b>	957	960	5,060	5,060	256	260
<b>GERMANY</b>	17,373	17,038	81,286	81,505	4,313	4,230
<b>ISRAEL</b>	420	490	3,600	3,500	3,760	3,680
<b>SPAIN</b>	14	14	5,560	5,526	450	450
<b>SWITZERLAND</b>	745	744	642	650	1,261	1,321
<b>TOTAL</b>	40,295	40,014	120,240	120,326	17,438	17,291

- Suppliers of services are the most numerous category. Among them, services related to the insurance business prevail (surveys, professional consultancies, training, vehicle repair, health care provision, printing, translations, etc.). Suppliers of other services such as cleaning, maintenance, transport and so on, are much less numerous.
- Some suppliers are included in two or all of the three categories shown in the figure; this is why the sum of the various categories is greater than the total figure indicated above.
- Virtually all the suppliers are located in the same country/area as Group companies. Companies capable of supplying services throughout the territory in each country tend to be favoured.

## Purchase policies

According to the Generali model, a Purchase Department within a common service company deals with purchases for all Group companies in each country. This department manages all the stages of the supply process, from the early supplier search stage to the signing of contracts, including all types of goods and services purchased, with the exception of highly-specialised services (for example those relating to marketing, claim settlement, training, consultation, etc.) and urgent matters, which are dealt with by the companies themselves.

This model was implemented in virtually all countries of the Sustainability Report area. The only exception is Germany, where strategic purchases associated with office management, travel, marketing and sales and - through a specific unit - IT services and

materials are managed by the Group's Purchase Department, whereas each company deals directly with operational purchases.

In Israel, purchase management for insurance companies is partially centralized and dealt with by the purchase heads of the seven company departments - IT, operations, property management, support systems (communications, filing, etc.), agent-related events and training, marketing and advertising, human resources and employee training, professional services - who refer to a Group purchase manager.

In Italy, a single warehouse was set up for the purchase and stock management of stationery, printed material, business gifts, etc. Authorised members of staff from individual companies can access a virtual catalogue through the company Intranet to purchase stationery and printed materials.

In 2005, Group companies in Italy adopted an **Ethical Code for Relations with Suppliers**, based on the principles set out in the Generali Group's Ethical Code. The document - made up of three sections: guiding principles, rules of conduct, implementation principles - aims to favour the development of lasting and mutually satisfactory relations with qualified suppliers.

In drafting the Code, reference was made to the "Guidelines for a System based on Sustainability and Integrity in Relations with Suppliers" drawn up by the Procurement Executive Circle, a community comprising procurement executives from the major companies operating in Italy.

The document governs relations with suppliers, based upon the Group's commitment to uphold the **principles of lawfulness, transparency, fairness and loyalty** in all stages of the procurement process.

To avoid any kind of **conflict of interest** in awarding contracts, the roles of the person who places the order and the person who signs the contract, i.e. the Group Purchase Department, are kept separate.

The Ethical Code for Relations with Suppliers establishes a series of supplier **selection criteria** based on:

- compliance with specified requirements;
- competitiveness of services and products;
- financial, technical and quality reliability of the supplier, verified using the most objective criteria (for example, obtaining information and references from Chambers of Commerce, other bodies, etc.);
- geographic location, favouring suppliers who can ensure coverage throughout the national territory.

**Fair and sustainable competition** is promoted, ensuring that anyone who meets the necessary objective requirements can take part in the selection process. As a general rule, estimates are requested from three different suppliers for each order. The reasons for the final choice are recorded and all the documents are then acquired by scanning and remain available for subsequent checks.



In particular, great attention is paid to avoid creating or maintaining dominant positions or economic dependence of suppliers on Generali: to this end, Group companies do not issue orders for amounts exceeding 30% of the supplier's overall revenues.

Exceptions to the Ethical Code for Relations with Suppliers are allowed - where documented and justified based on clear and transparent grounds - only in specific cases of exceptional and urgent nature.

The approach leans towards direct relations, governed by objective criteria. **Contracts** must be very clear and equitable and govern at least the following aspects: description of supply, contract clauses (prices, delivery terms, assessment of conformity, invoicing and payment), subcontracting, termination and resolution, price variations and penalties. In particular, as far as payment is concerned, the agreed terms may only be breached if the supplier has not fulfilled his contractual obligations; any delays attributable to justified reasons must be promptly communicated and explained in writing to the supplier, alongside any penalties to be paid by the supplier himself and connected with the delayed payment.

Group-wide, the respect of payment terms is deemed to be of vital importance: virtually 100% of contracts are paid on time, the only cases of late payment being those cases involving disputes and those - very few - attributable to administrative errors.

By adopting the Ethical Code for Relations with Suppliers in Italy, the Group has made an active commitment to ensuring that all the Code's principles and rules of conduct are followed by all parties involved in the purchase process (**integrity of supply**). To this end, suitable operative mechanisms have been implemented to prevent violation - by suppliers and their supply chains - of applicable regulations concerning health and safety in the work place, environmental protection and public health, as well as of the following international principles:

- the United Nations Universal Declaration of Human Rights;
- the International Labour Organization Conventions;
- the United Nations Convention on the Rights of the Child.

Supply contracts often contain termination clauses for the violation of these principles and, sometimes, envisage sanctions aimed at preventing crimes against the Public Administration or environmental disasters. In France since 2006, suppliers are asked to sign declarations of compliance with all legislation on environmental and workers' rights issues. Termination clauses for failure to comply with the above-mentioned principles are also envisaged. In Italy, Alleanza Assicurazioni also requires a written statement from its suppliers.

If suppliers violate these principles, the Group will implement the appropriate sanction mechanisms.

The Group does not currently require suppliers to hold ecological certification (e.g. ISO 14000) or other certificates ensuring the respect of workers' rights (SA8000). Only in Austria are companies favoured if they possess or can provide written proof of their policies or management systems that uphold these principles. In Germany too, Group companies prefer suppliers who have suitable

references in this regard or who have been known to them for many years; certification, though, is not required, as it is still uncommon in the country, especially among small and medium enterprises.

The Ethical Code for Supplier Relations has been sent to all Group companies worldwide. In March 2006, Austrian Group companies published their own Code for Relations with Suppliers, available at [www.generali.at](http://www.generali.at). The Austrian code is in line with the principles laid out in the similar document adopted in Italy and develops a number of aspects to adjust it to local purchase procedures. Other countries have not formally adopted the Ethical Code for Relations with Suppliers, but they operate with methods that are substantially in line with the principles set out in the Code: systems implemented include measures to guarantee transparency in purchase processes, avoid conflicts of interest, ensure compliance with regulations on environmental issues and human and workers' rights. In particular, suppliers are selected using clear, established and non-discriminating procedures based on objective criteria associated with competitiveness and the quality of products and services provided; where contracts entail large orders and long-term relations, potential suppliers are invited to submit bids.

## Evaluation and dialogue with suppliers

The Group's focus on service quality has led to the implementation of numerous systems for **supplier evaluation** and ongoing **monitoring**. As companies tend to develop lasting relations with qualified suppliers who they consider to be strategic partners for conducting business, in some cases the suppliers themselves are **engaged** in evaluating and improving their own performance, with a view to developing relations and mutual satisfaction. Virtually all companies monitor the collaboration with major suppliers, checking operations to verify the quality of goods and services and the fairness of prices.

In Israel, Migdal conducts mutual checks with suppliers aimed at improving quality and raising the level of service; sanctions are implemented against the supplier if quality falls short than that indicated in the contract. Migdal also keeps an eye on its partners' financial standing, resorting at times to external checks through banks and the judicial system.

In Austria, a supplier monitoring system is based on computer-based procedures; performance is checked against benchmarks for the various sectors on a regular basis, and measured against certain indicators identified by the local Purchase Department in order to optimize costs and nurture relations with top suppliers. Contractual clauses also require suppliers to notify Group companies in Austria if subcontractors are involved in the supply and random checks may be conducted to make certain that subcontractors comply with human and labour rights legislation.

In Switzerland, quality checks are conducted on supplies on a quarterly basis; random checks are also conducted under the contract, to ascertain whether work-related legislation and trade union rights are respected by supplier companies.



French Group companies require new suppliers to follow an entrance procedure, which also includes filling in a questionnaire, aimed at verifying that the necessary technical, financial, legal and ethical requirements are fulfilled. Europ Assistance España also uses a form to gather the information it needs to evaluate potential new suppliers.

For Europ Assistance companies, who provide services to their policyholders instead of monetary damages, relations with suppliers and service quality are of the essence. As a result, monitoring of suppliers is particularly developed: in Austria, Europ Assistance checks quality and price on a regular basis using special evaluation questionnaires sent to all contracting parties, whilst in Germany it has implemented a system to monitor aspects such as turnover, the percentage of complaints and the customer satisfaction index for favourite suppliers.

In Italy, Generali Servizi Informatici analysed order/invoice/payment procedures jointly with some suppliers to ensure compliance with contractual terms. The results led to improvements in this respect, to the benefit of both parties.

## 2007 Objectives

- Introducing the Ethical Code for Relations with Suppliers adopted by Italian companies and standardising supplier policies in the main countries of the Sustainability Report area where the Code has not been adopted, yet.
- Improving (and implementing, where they are not yet present) monitoring procedures to be used for the selection and evaluation of potential suppliers (for example, through questionnaires or joint analysis), involving suppliers in the process.



## Investment policy

The Generali Group is aware of the significant role it can play indirectly - in its capacity as institutional investor - in protecting the environment and human rights, and in social issues in general. Its choices may indeed influence the behaviour of third companies by excluding from its investments, for example, those companies that fall short of minimum requirements or, conversely, favouring companies that stand out for their social and/or environmental policies.

The Group's investment criteria have always focussed on the issuer's safety and reliability. This means rejecting mere speculation and carefully avoiding all high-risk investments, including those posing an environmental or social risk: this is essential for a company selling "safety", whose main task is to fulfil its commitments towards policyholders. As the Group acknowledges the importance of greater transparency in investment criteria and of a clear recognition of the ethical principles forming part of its investment strategy, in October 2006 the decision was made to adhere to the **ethical criteria adopted by Government Pension Fund - Norway**.

Government Pension Fund - Norway was chosen primarily because it shares the same objectives as the Generali Group. Its aim is to ensure that a reasonable share of the country's wealth deriving from petroleum is passed on to future generations, in the light of a sharp drop in future profits from petroleum and an increase in government spending on pensions, health and welfare. To this end, the Fund must ensure high, long-term profitability by investing income from the nation's oil resources.

Moreover, the ethical guidelines adhered to by the Fund are in line with the investment sustainability approach adopted by the Generali Group. Government Pension Fund - Norway enhances its financial interests whilst developing its ethical stance by:

- exercising property rights to generate long-term financial income based on the UN Global Compact and the OECD guidelines for corporate governance and multinational companies;
- excluding from investment those issuing companies that, directly or through their subsidiaries, produce weapons, which - if normally used - may violate fundamental humanitarian principles;
- excluding from investment those companies, which may unacceptably contribute to: serious or systematic violations of human rights such as murder, torture, deprivation of freedom, forced labour, exploitation of child labour; serious violations of human rights in times of war or conflict; serious environmental harm; serious corruption; other particularly serious violations of basic ethical standards.

Unlike most ethical indexes, the Fund does not adopt generic criteria that may exclude entire production sectors from investment on the basis of moral or environmental issues. Indeed, the latter are often controversial and changeable over time (for example, the use of



genetic engineering or nuclear energy, the production of alcoholic beverages, etc.).

The Ethical Committee - providing advice to the Norwegian Ministry of Finance, which is responsible for the Fund - plays a crucial role in the procedure of company exclusion from investment. The Committee comprises renowned experts who continually monitor the companies the Fund is investing in, ready to intervene if ethical principles are violated. Before being excluded, companies are informed of the proceedings and are called upon to justify their behaviour; in cases when they fail to respond or provide an insufficient response, the Ethical Committee proposes their exclusion from investment to the Ministry, which then makes an autonomous decision.

By adhering to the ethical criteria adopted by Government Pension Fund - Norway, the Generali Group has undertaken to apply the criteria to its investments and resources, upholding its commitment to policyholders regarding Group-borne investment risks, i.e. those assets that will be used to pay policyholders in case of claims or upon maturity; the ethical screening does not include - for practical and material reasons - only indirect investments, i.e. those made through collective investment undertakings (OICR).

The **Group's ethical guidelines** prevent, therefore, any new investment in the financial instruments of excluded companies, which are currently:

DRD Gold Limited  
 Poongsan Corporation  
 Wal-Mart Stores Inc  
 Wal-Mart de Mexico SA de CV  
 Freeport McMoRan Copper & Gold Inc  
 BAE Systems Plc  
 Boeing Co  
 Finmeccanica SpA  
 Honeywell International Inc  
 Northrop Grumman Corp  
 United Technologies Corp  
 Safran SA  
 Alliant Techsystems Inc  
 EADS Co (European Aeronautic Defence and Space Company)  
 EADS Finance BV  
 General Dynamics Corporation  
 L3 Communications Holdings Inc  
 Lockheed Martin Corp  
 Raytheon Co  
 Thales SA  
 Singapore Technologies Engineering

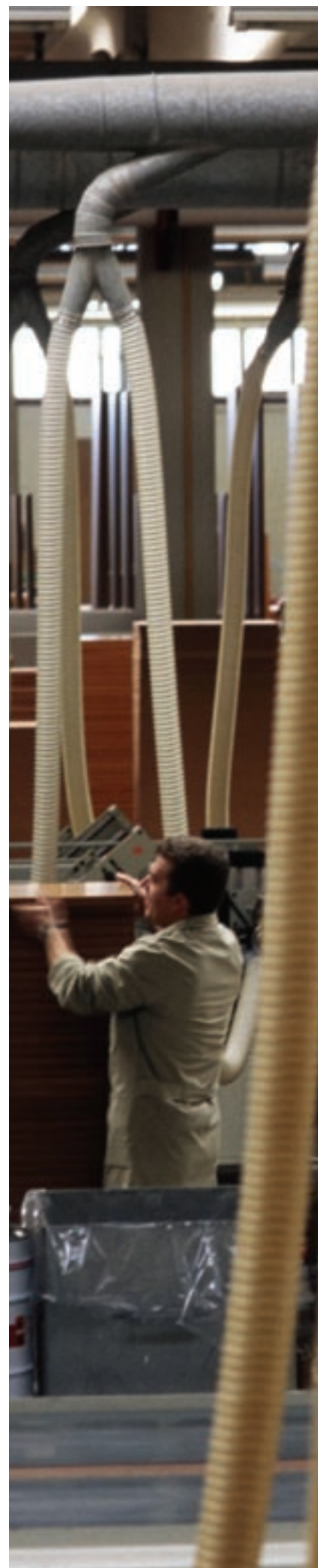
For those investments in portfolio that fall short of the above-mentioned criteria - especially following the exclusion of new companies - a period of time has been established for liquidating the positions after a public announcement of the exclusion by Norway's Minister of Finance. This period shall grant sufficient time to liquidate the investments without affecting portfolio value.

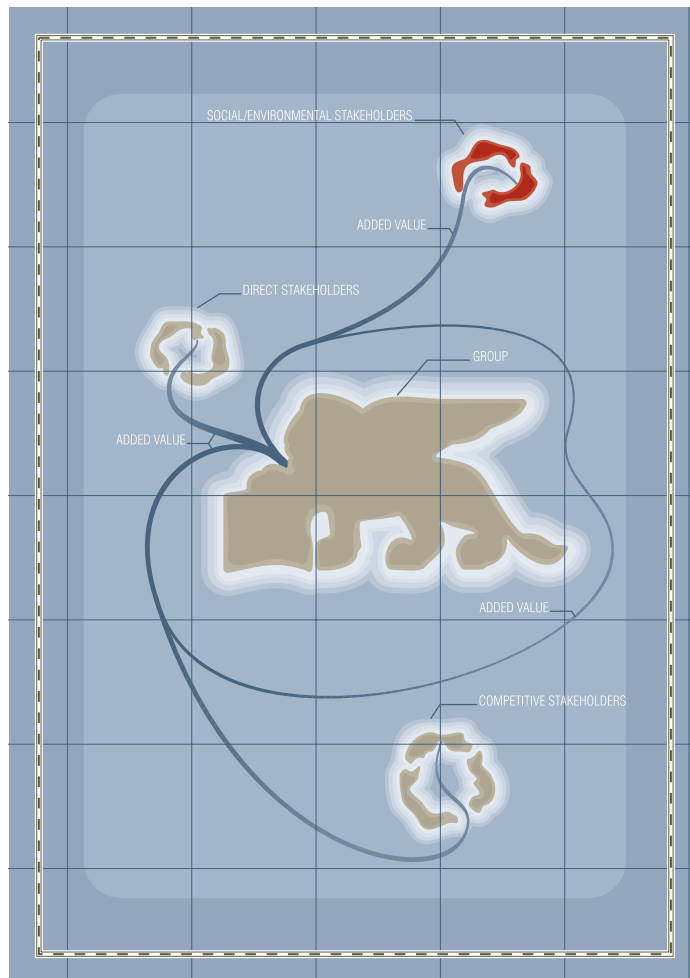
With a view to monitoring to what extent the ethical investment guidelines are adhered to in all countries, a quarterly report is sent to the Financial Risk Control Department within the Corporate Centre.

The Group had approximately 240 million euros in non-ethical investments when it adopted the ethical principles of Government Pension Fund - Norway. The most significant investments were in Finmeccanica, Wal-Mart, EADS, United Technologies Corp. and BAE Systems. Upon adopting the principles, the Group's Asset Management Department took immediate action to liquidate investments that were deemed ethically unacceptable. As already mentioned, sales are conducted with particular attention to market circumstances and individual portfolios, to protect value in the interests of clients. Such caution enabled most - but not all - positions to be liquidated by December 2006, this is why, at the end of the year, approximately **35 million euros** remained in unethical investments.

## 2007 Objectives

- Liquidating positions in companies excluded from investment by Government Pension Fund - Norway that are still part of the portfolio.
- Continually applying, and monitoring compliance with the Group's ethical principles.





## 117 Community

117 Relations with the community

118 2006 highlights

121 Social area

128 Cultural area

133 Environmental area

135 Sports

138 2007 Objectives

## 139 Environment

139 Environmental policies and organisational structure

141 Direct environmental impacts

146 Indirect environmental impacts

148 2007 Objectives

## COMMUNITY

### Relations with the community

In 2006, Group companies continued to develop relations with their local communities following dated guidelines.

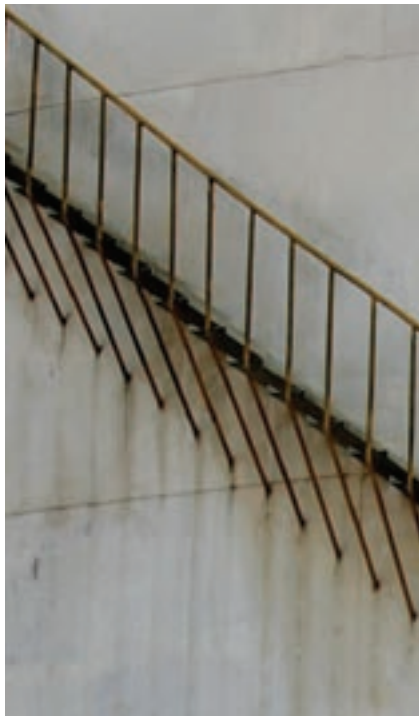
Significant Group growth in new territories resulted in the development of local resources, as is often the case. The Group has pursued expansion, whether establishing new companies or purchasing already existing ones, with a view to developing and enhancing local resources and always employing local staff.

Where its presence is already consolidated, the Generali Group has continued to be an important reference point for local communities, in particular with regard to public authorities and associations committed to alleviating the hardship and sufferings of those in need. The Group supports numerous social, cultural and sports events on a permanent basis, allocating funds year after year to support groups who have a proven track record of long-term initiatives, or to pursue goals that are simply unattainable in just a year. However, the Group also pays attention and provides support to new initiatives that it deems worthy of trust.

The areas that the Generali Group has chosen to deal with in the first place have remained unchanged and range from scientific research, especially medical research, alleviating hardship and suffering, promoting high-profile cultural and artistic events, educational initiatives, raising social awareness, sports and environmental protection. The Group places particular emphasis on children and youth - the future of society - in all areas of intervention.

**Assignment criteria** used to identify which initiatives are going to be supported also remain unchanged. These criteria are applied firstly to the above areas of intervention. The social value of each event as well as the integrity and trustworthiness of promoters and organisers are then evaluated. Checks are made at a later date, to ensure that the funds actually reached the designated destination.

However, individual Group companies can make autonomous decisions: in some cases they channel resources allocated for the community into one or some far-reaching initiatives, whereas in others they share the funds among several different projects. Some companies involve their own members of staff in the decision-making process for allocating resources: Intesa Vita, for instance, often distributes at Christmas funds to volunteer associations who make a social contribution. In 2006, it asked all its employees to participate by making a voluntary donation and to indicate non-profit institutions and associations eligible for receiving donations from the company (company funds were donated to over 30 companies). In France, members of staff are informed of initiatives promoting solidarity and sponsorship of artistic, cultural and sports



events supported by the Group, through seminars held at lunchtime at the Saint-Denis headquarters.

## 2006 highlights

Following on from last year, this section provides information on the initiatives carried out by Group companies to the benefit of local communities in all the countries worldwide where Generali operates.

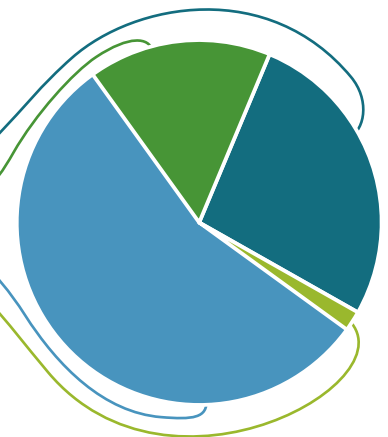
In 2006, the Generali Group allocated 28.4 million euros (5.1 million of which by the Parent Company), up from 18 million in the previous year, divided into the following areas of intervention:

DISTRIBUTION OF FUNDS TO COMMUNITY BY AREA (CONSOLIDATION AREA; 2006)



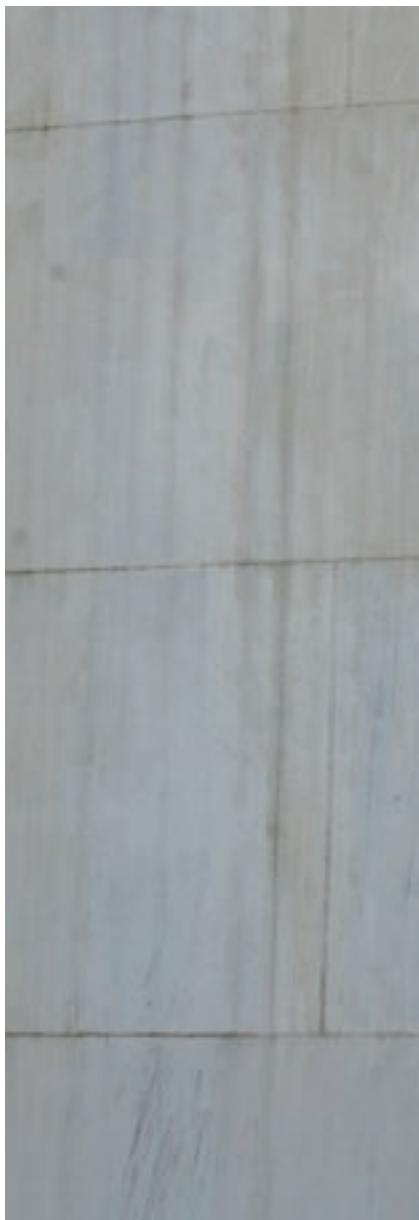
	2005	2006	
<b>SOCIAL</b>	3,842.8	4,510.9	15.9%
<b>CULTURAL</b>	3,451.4	7,544.4	26.6%
<b>SPORT</b>	10,367.6	15,466.2	54.5%
<b>ENVIRONMENT</b>	311.0	869.9	3.1%
<b>TOTAL</b>	<b>17,972.9</b>	<b>28,391.4</b>	

VALUES IN THOUSANDS OF EUROS



- The allocation of resources is influenced in particular by the role of advertising which, for example, at times can considerably increase the Company's economic commitment in sports due to the high costs of sponsoring professional sports events or high-profile initiatives.
- The Group increased the amount of funds allocated for all areas of activity, especially cultural and environmental initiatives, which also witnessed an increase in terms of share. The majority of funds, however, are still allocated to sports, accounting for over half the resources the company allocates to the community.

The motivation behind the initiatives of Group companies is vital to understanding how funds are distributed to the community over time. In this perspective, this year the model created by the London Benchmarking Group (LBG) was applied to Group actions to measure and communicate programmes benefiting the community. This benchmark is now used worldwide by hundreds of companies of all sizes and sectors.



## The LBG model

The starting point for the LBG model is the company's motivation for deciding to support an initiative in favour of the community. Three main reasons have been identified:

- a sense of moral and social responsibility;
- the belief that companies have a long-term interest in promoting the development of a healthy society;
- the knowledge that involving the community may result in direct benefits for company business.

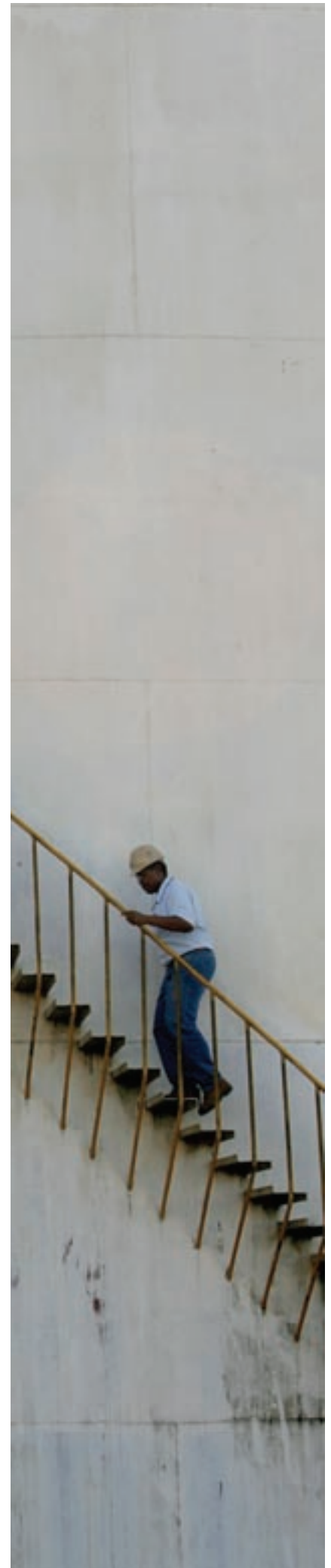
Community initiatives are divided into three categories based on these reasons:

- **Donations:** occasional donations to support a wide variety of good causes to respond to needs and requests from voluntary organizations or local institutions, increasingly integrated with partnerships between the company, its members of staff, clients and suppliers.
- **Investments** in the community: long-term strategic involvement in community partnership to address a limited range of social issues, chosen by the company to protect its long-term corporate interests and enhance its reputation.
- **Commercial initiatives:** activities in the community aimed directly at the company's success (e.g. to promote the brand or a particular product), promoted usually by the Commercial Departments in partnership with non-profit organizations or community-based institutions.

Different types of intervention could be distinguished in three categories.

- **Donations:** food centres for the poor; shelters for the homeless; home/hospital care for the poor and sick; orphanages; support for needy children/families; projects to integrate/develop potential in poor, alienated and disabled children/youth; equal opportunity programmes; contributions to schools/institutes; aid for victims of war/natural catastrophes; funding for theatres; musical/cultural/artistic associations; concerts/charity events.
- **Investments:** funding scientific research in the medical/economic-insurance/environmental fields; study grants; health initiatives; programmes to raise awareness/educate on road safety/the environment/accident prevention; sports/leisure events for children/youth.
- **Commercial initiatives:** sponsorship of exhibitions/concerts/shows/cultural and artistic awards; sponsorship of artists; sponsorship of professional sports and high-profile events; sponsorship of athletes/teams/professional national and international federations; sponsorship of events for clients/members of staff/institutions, etc..

Some adjustments have been made in applying the LBG model to community involvement of Generali Group companies. In particular, considering that most initiatives are supported by Group companies on a regular basis, some for many years, donations are not necessarily occasional. Investments include - in addition to initiatives that may increase sales in the medium-long term - those initiatives that aim to improve technical performance, such as those whose purpose is to encourage children and adults to respect road safety regulations. In order to classify certain cultural and sports activities as investments rather than commercial initiatives, the role of the brand in the event



ALLOCATION TO THE  
COMMUNITY BY TYPE  
(CONSOLIDATION AREA; 2006)



sponsored is taken into account. This factor is indeed fundamental as an indicator related to expectations for increasing business and/or corporate reputation improvement, and in what time frame. As an example, explicit sponsorships of professional or high-profile sports events are considered as commercial initiatives. Here, the connection with the Generali brand is clear and evident. On the other hand, sponsoring youth teams and sports and leisure events for children is mainly considered as an investment, even when - as is often the case - this consists of providing promotional material (caps, bags, uniforms, etc.).

	2006	
CHARITY	5,152.8	18.1%
INVESTMENTS	2,048.3	7.2%
COMMERCIAL INITIATIVES	21,190.3	74.6%
TOTAL	28,391.4	

VALUES IN THOUSANDS OF EUROS



Application of the LBG model to Group's community involvement in 2006 underscored how the great majority of initiatives shared the purpose of advertising, aimed in particular at improving image and strengthening company brand. It is also clear how this component of corporate community involvement is strongly connected with business development needs and can therefore follow irregular trends over time. It may reach a peak when specific products are launched, or on the occasion of high-profile sports or cultural events (such as world championships and the Olympics held in countries where the Group has operations), where the opportunity to increase reputation is seized. Conversely, the other two components offer greater opportunities for long-term consolidation of the Group's involvement in the community, including common development strategies.

The primary initiatives that the Generali Group supported in 2006 are outlined below. Main areas - and in turn sub-areas - have been used to describe the various activities. Prevalence is the criterion adopted for projects that fall under more than one area or sub-area.

Only a limited number of initiatives can be described in detail. They are selected on the basis of relevance - not limited to economic relevance - of the Group companies' commitment and new aspects compared to previous years. However, it is worth mentioning that the number of initiatives described is limited by editorial demands, and is in no way intended to underscore or diminish the importance of any initiative.



## Social area

### 1. Aid

**Primary needs among the poor, homeless, social outcasts and people suffering** - The Group has always been committed to providing extensive support in this field, especially by sponsoring numerous “minor” programmes, most on a yearly basis, promoted by voluntary associations.

- These include food centres that provide hot meals to the poor, such as “**Mensa francescana**” (Italy, Intesa Vita), and “**Banc des Aliments**” (Spain), the **Associação dos Amigos do Barração** (Generali do Brasil), providing support in a number of ways to families living in the slums of Ibiúna (São Paulo), and the **San Vincenzo de’ Paoli Association** (Europ Assistance France), which provides home care to people in need. In the Philippines, Generali teamed up with a local association, **Gawad Kalinga**, to build a village for homeless families living along the river banks in the province of Rizal.
- The Group has also supported orphans sheltered by “**SOS villages**” in Switzerland and Austria for years. In Austria, in particular, aid is provided directly by each Regional Management office, and some members of staff are also directly involved. This year in Serbia, the Group donated funds to enable children in the Novi Sad SOS village to play sports.
- Group companies are particularly aware of people who are suffering, especially children: in Rumania, the Group supports the **Angel Appeal Foundation**, which provides financial help to sick children suffering from AIDS, developing projects to improve the quality of medical services. In Hungary, the Group supports the **Children’s Magic Mountain Foundation**, which helps treat children with asthma and allergies. In Slovenia, Generali sponsored the **Red noses** for a year and in Austria it supported **Klinik-Clowns**, who visit hospitals to entertain and cheer up children with long-term illnesses. Europ Assistance España collaborated with the **Paint a Smile Foundation**, a project to brighten up the children’s hospital of La Paz with paintings on the walls, doors and ceilings to create an imaginary world for children, and make their hospital stay less traumatic.
- In Hungary, the Group donated nine new, fully-fitted **ambulances** to OMSZ, Hungary’s national emergency response service.

**Integration and equal opportunities** - The Group is to a large extent committed to supporting associations that provide rehabilitation for people in difficulty and help them with their reintegration with society, helping some find work. Similarly, it supports numerous programmes offering equal advancement and enhancement opportunities in society for disadvantaged people, in particular through education.

- The “**Tlalim**” project is an emblem of the Israeli company Migdal’s great concern for social issues, a reflection of its great sensitivity and attention to the serious problems afflicting Israel. It is an initiative to support sick children who are absent from school for more than three weeks, providing home schooling, e-learning courses, call centres and closed circuit television broadcasts to help them continue their studies. Several employees of Migdal are also



directly involved, volunteering to visit sick children at home. In 2004, the initiative won the Global Junior Challenge, an international award for innovative use of technology in professional training, solidarity and intercultural cooperation in the equal opportunities category. The Group supports other initiatives in Israel, including the "Atidim" programme that aims to reduce the differences in Israeli society through education, offering talented young people from needy families the opportunity to attain a university degree and guide the process of change in the suburbs, and the **Elem** association, that helps at-risk teenagers, mainly immigrants from Ethiopia and former Soviet Union countries. Migdal also supports the **Wheel House**, an association that helps to integrate children with serious disabilities as active members of the community.

- Assicurazioni Generali also supports numerous initiatives aimed at integration. One such initiative was a large donation to buy new premises for the **San Martino al Campo Community** in Trieste. The building provides temporary shelter for people, especially young people, with serious housing problems - who normally lack the support of a family network, are unemployed and have had painful experiences - and volunteers help them find accommodation and autonomy. The Parent Company continues to support the **Mus-e Association** in Rome in its project to create school classes for children of different ethnicities, integrating art, dance, singing and music. Assicurazioni Generali continue their long-term work with **ASPHI**, a non-profit organisation that uses technology to promote the integration of people with disabilities in school, work and the community. Within the framework of the European Year of Equal Opportunities, Assicurazioni Generali participated in the "futuro@femminile" project, a Microsoft initiative that also involved Accenture and HP, sponsored by the Italian Ministry of Equal Opportunities. The project consists of considerable investment into work, education and daily life, to encourage women to express their potential and contribute to the country's economic and social growth, mainly by overcoming the current technological and scientific gap with men. Thanks to a sweeping network of alliances, relations and partnerships with institutions, associations, companies and universities, various activities are organised for women to improve their skills and potential in a number of areas. In March 2007 in Milan, an event called "I giardini di marzo" ("March gardens") was held, attracting numerous guests from the economic, political, artistic and cultural worlds, hoping to raise public awareness of a number of issues and of the stereotypes and models that contribute to generating gender asymmetry, suggesting equal opportunities as an instrument for enriching and enhancing society.
- Alleanza Assicurazioni chose to allocate a special annual budget for activities organised for youth in Italy that focus on education, rehabilitation, active integration into society and support in moments of difficulty or isolation, as well as projects encouraging integration and providing support for immigrants to actively participate in the economic, social and cultural life of the country. Specific procedures have been developed for requests to be submitted. The requests are then carefully evaluated and selected; at the end of this process the names of the associations (between 15 and 20) to which funds were assigned are published on the company website at [www.alleanza.it](http://www.alleanza.it).
- Generali USA Life Reassurance Company has continued to support the American organization called **United Way**, which - through

the “**Operation Breakthrough**” agency - takes care of over 600 poor children (and their families) every day, helping them develop to their full potential in a healthy, warm and stimulating environment.

- Generali China made a donation to “**Project Hope**”, a welfare programme established in 1989 by the China Youth Development Foundation, whose mission is to collect and subsequently allocate non-governmental financial resources within the country and abroad to provide and improve educational services in the poorest regions of China. The funds were allocated to the construction of a primary school in rural areas of the country.
- In Ecuador, Generali supported **FASINARM**, a foundation that provides an educational programme for mentally disabled children, teenagers and adults using computers.
- FATA, Italy’s leading provider of agricultural insurance coverage, is committed to an integration project linked to its core activity: the pilot agricultural project has been supporting families of former fighters and refugees in the **diocese of Arua**, in the North of Uganda, since 2005. The initiative aims to reintegrate people between the age of 13 and 30 - who returned to their villages after a peace agreement was signed by the government and rebel groups - into social and economic life. The project has defined a plan for food safety and generates earnings through agriculture, also offering education to improve agricultural practices and develop the organisational and management skills of small businesses, in order to help families autonomously support themselves. In 2006, the number of participants in the 10 villages almost doubled (1,500 compared to 800 in 2005). The funds allocated by Fata were for the most part used to purchase equipment, seeds and animals.

**Prevention** - The Group also supports several initiatives aimed at prevention.

- In Switzerland, Generali has continued to provide solid support to the work of the **Samaritan Federation of Switzerland**, an association that provides emergency and social/health services, also offering training in the field of accident prevention and first aid.
- Europ Assistance Italia continues to support the Santa Macrina Centre in Bucharest via the **Eurasolidale** non-profit Committee, which has been addressing the root causes of homelessness among children since 1998. Europ Assistance, in collaboration with the “**Aiutare i bambini**” Milan Foundation, contributed to building a new centre adjacent to the Santa Macrina one and supported health programmes for children. In addition to providing a financial donation, Europ Assistance made its corporate resources and tools available, including a 24-hour helpline where qualified medical personnel provide remote assistance and consultations. It also made a donation every time an individual client renewed his/her annual policy: for each policy renewed, Europ Assistance donated 2 euros to the Foundation.
- In Germany, Bausparkasse Badenia supports the **Hänsel & Gretel Foundation**, which provides concrete support for child victims of violence and abuse, taking action to provide protection and improve their position in society, in part by supporting the families, educators, the police force, judges and doctors involved. It has also done significant work to raise public awareness of prevention and bringing the problems associated with protection of children



to the attention of the authorities. In Greece in 2006, the Group donated the profits from sales of recycled paper to an organisation carrying out similar work, the **Home of abused children**.

- In the Czech Republic, Generali has continued to sponsor **Bambiriada** over the years, an association that depends on the Ministry of Education and organises annual parties in a number of locations in the country for children, showing them how they can enjoy outdoor leisure time. Its goal is to steer young people away from alcohol, tobacco and drugs.

**Aid for victims of natural disasters** - One-off interventions in 2006 included aid provided by local Group companies to populations affected by natural disasters: in Equador, for the victims of the **Tungurahua volcano**, and in the Philippines for the victims of the **Reming typhoon**. In the Philippines, in particular, Generali supported the government in a campaign to inform and prepare the population on the best approach to adopt in the event of an emergency or disaster. Natural disasters are not uncommon in the region, which is situated in the so-called CircumPacific Ring of Fire. Under the campaign, workshops were organised for property owners, safety associations, students and drivers of motor vehicles.

Following the war with Lebanon, the Group subsidiary Migdal decided to help the firemen in the northern regions of Israel to move with their families to the central region of the country providing them with food, transportation and other necessities for a period of respite.

## 2. Scientific research

The Group makes its commitment to scientific research a priority. The Group sponsors numerous and diverse initiatives, especially in the medical field, that is directly connected to the insurance business. Its commitment focuses on illnesses that are currently among the major causes of death, and which seriously affect people's quality of life and self-sufficiency.

- The Parent Company is very active in the field, and has been financing cancer research through the Lugano **Vollaro Foundation** which - in collaboration with the **European Institute of Oncology (IEO)** in Milan, directed by professor Veronesi and of which Assicurazioni Generali is a shareholder - is carrying forwards a research project studying cancer stem cells, to develop ground-breaking therapies for breast cancer and leukaemia in particular. In 2004, alongside other Italian leading scientific institutions, the IEO constituted the **CERBA Foundation - the European Centre for Advanced Biomedical Research** -, a very important initiative which aims to set up a multi-disciplinary centre in Milan for the study of the most common pathologies (oncology, cardiology and neurodegenerative diseases) and neonatology. The research centre will be based on direct and constant interaction with diagnostic and treatment services. The project - sponsored also by local and national public institutions - marked a significant step forward in 2005, when the first bricks for two new buildings were laid. Works are expected to be completed in 2007. One building will house clinical exam rooms, with a particular focus on diagnostics and prevention, the other will accommodate patients and their families. The architecture of the project was inspired

by optimised function and respect for the environment, in the logic of providing a human dimension for patients, a comfortable working environment and optimised energy consumption. The personnel, buildings and technology will provide cutting-edge health services at world level.

- Banca Generali has contributed to supporting the **Italian Cancer Research Association (AIRC)**, making a significant contribution to a fund-raising concert at the La Scala Theatre in Milan. Banca Generali has also confirmed its ongoing support for the **Italian Multiple Sclerosis Association (AISM)**. In 2006 a fund-raising event was organised at Milan Auditorium, with the voluntary participation of nationally-acclaimed artists and personalities of the Italian cultural world. The show explored the theme of friendship and communication between people, through personal stories, speeches, songs and performances. In addition to the funds raised, a donation was also given for Christmas. Generali Belgium also supported the work of the Belgian Multiple Sclerosis Association.
- In Portugal, Generali allocated notable resources to the Portuguese **Alzheimer Association**, which provides treatment for Alzheimer patients while researching effective cures. A two-yearly protocol was signed, through which monthly payments will be made for education and improving the quality of life for patients. Europ Assistance France also supports the French Alzheimer association, which provides information and training to help people identify the early stages of the disease, when pharmaceutical products can be administered to slow down the neurodegenerative process.
- In Germany, Europ Assistance worked alongside the national **AIDS Foundation**, in favour of which it launched cause-related marketing actions, whereby a 1 euro donation was made for every travel insurance policy sold.

Constant attention is also paid to research developments in economics, especially in those areas of interest which are more closely connected with insurance and finance.

- In Switzerland, BSI supports the **Finance Institute** by sponsoring study grants for students of the Faculty of Economics of the University of Lugano to conduct (also in collaboration with other universities and Swiss financial institutions) research on quantitative and institutional issues associated with the financial markets.
- In many countries, the Group promotes and/or participates in researching issues related to retirement. In Italy, Generali is associated with the **Pension Forum** of the Bocconi University in Milan, which is engaged in **research** for the development of pension funds. In Hungary, the Group has sponsored research through independent companies on the future of the Hungarian pension system. In the Czech Republic, the "**Generali Top Talent 2007**" was launched in October 2006, a year-long competition for all university students in the country on the theme of national pension reforms. One of the competition's objectives is to identify potential new members of staff, as well as to find new ideas for practical solutions.
- In the Netherlands, Generali participates in the "**ISI-Project**", an important project started in 2004 by a consortium of 15 operators, including brokerage associations, insurers, technology partners and scientific institutions. The objective of the research project is



to identify trends that influence distribution through a number of channels, for the purpose of developing and stimulating innovation in the Dutch insurance distribution market. Generali's contribution to the research project - recognised by the Dutch Minister of economic affairs - concerns in particular the market of independent brokers, the only channel used by the company, currently characterized by strong pressure from direct sellers.

- In Rumania, Generali supports the country's **Association of Probability and Statistics (NGO)**, promoting research in the field of mathematics and statistics.
- Among one-off initiatives in the field of scientific research, a study carried out by Generali France is worth mentioning, which aims at including sustainable development criteria in underwriting professional line risks.

### 3. Training/Education

The Group has undertaken numerous initiatives in this field, which bear witness to its commitment in the countries and communities in which it operates. The Group pays special attention to training linked to the insurance business and, more generally, to the spreading of the insurance culture.

In addition to the donations to all types and levels of schools, at times involving sizable donations of useful items such as new computers or computers no longer needed by the companies, Group companies maintain fruitful relations with **universities** and **post-university schools**. It does so by taking part in several exchange projects: internships, lectures by Group employees, provisions of grants, etc., through which the companies demonstrate their interest in training highly-specialized potential employees while, on the other hand, contributing directly the training activities.

- In Israel, in 2006, an important new five-year collaboration agreement was signed with the Arison School for Business Administration in the Interdisciplinary Centre Herzliya. Under the agreement, Migdal is committed to sponsoring a programme for specialisation in insurance studies and the creation of an academic centre sharing the company's name.
- In Italy, Assicurazioni Generali has been supporting the Master's Degree in Insurance & Risk Management (MIRM) organised by the Trieste School of Management (MIB), with which it has always cooperated since its creation. This collaboration involves the provision of grants and the involvement of Generali members of staff members in class activities. Generali Properties Asset Management provides economic support for a number of post-graduate master's courses focussing on property.
- Group companies have also developed relations with local universities in other countries. In Germany, the Group has established close ties with the RWTH in Aachen - the largest German technical university and one of the best known in Europe for its high-level courses and quality of its service -, supported since its inception by AMB. In Spain, the Group has very good relations with the Complutense University of Madrid, one of the oldest and most prestigious universities in the country; its support went in particular to the implementation of summer courses. Group companies in the Czech Republic have enjoyed close collaboration with the Hradec Králové University (Hradec Králové

is an important city in the Bohemian region), for many years. It offers internship opportunities and work-related projects to students as well as lectures by Group employees. Czech students at upper secondary schools are also offered the chance to gain work experience with Generali. In Switzerland, BSI collaborates with and supports the Swiss Finance Institute of the Faculty of Economics at the University of Lugano, which, in addition to coordinating research, offers post-graduate training programmes to tackle the challenges of globalisation, which make the competition between financial markets increasingly intense.

Other major initiatives in favour of education and training institutions include the support (in the form of grants) the Parent Company has been providing for years to the activities of the **United World College of the Adriatic in Duino, Trieste** - an international institution offering young people from all over the world the opportunity to meet and interact with the community they live in.

#### 4. Raising social awareness

The Group plays a vital role in raising awareness on insurance-related topics, especially those regarding road traffic.

- In France, Generali has made a significant contribution to an initiative called **“Le permis piéton pour les enfants”** in collaboration with the National Police Force and Sécurité routière, a company specialising in road safety. The purpose of the campaign is to raise awareness among 750,000 8-9 year old school children about the risks they are exposed to on their walk to school.
- In Portugal, Generali worked alongside Michelin to organise **“Michelin Junior Bike”**, a bike ride held in an enclosed area involving about 600 4 to 11 year children old to raise helmet awareness among children and parents.
- In Central and Eastern European countries, the Group has been sponsoring initiatives that aim to raise social awareness for years, such as **“Apple and Lemon”**, an annual road safety educational campaign for adults and children, organised in collaboration with the national Committee for Road Safety and the police force in various cities of Hungary and the Slovak Republic. During the event, children award good drivers with an apple and punish reckless rule-breakers with a lemon. In Hungary, Generali-Providencia repeated the **Generali “Car Hunting” Cup / the “Pentecost Car Hunting”** initiative, whereby civilian volunteers join the police force in looking for stolen cars and preventing road crime.
- In Argentina, Generali continued its outstanding efforts to increase road safety education. In particular, it organised 12 work days on associated topics in a number of secondary schools in Buenos Aires, running ads in newspapers and on the radio and activating special road-side promoters to provide messages and advice to drivers and pedestrians.
- In Rumania, Generali contributed to the publication of a Guide written by the Association for Road Safety on the advantages of using safety belts.
- In Austria, Generali continued to support **Club Mobil**, which organises safe driving courses for people with disabilities.

The Group has also committed to support some significant initiatives in the field of health.



- In Italy, INA ASSITALIA entered a collaboration agreement with the **National Observatory on Women's Health (ONDA)** for prevention and early diagnosis which - as mentioned in the "Clients" chapter - was made available to women holding health policies with the company. A voluntary contribution from the Group will support the Observatory, whose main objectives include promoting the concept of prevention. The company is also committed to supporting the distribution of a White book on women's health through its agency network, resulting from collaboration of ONDA with the regional Observatory of the Cattolica University of Rome.
- In Serbia, the Group sponsored a charity dinner to support the **"Katarina Rebraca" fund for the prevention of breast cancer.**
- In France, Europ Assistance supported the activity of the **Grefte de Vie** (life graft) Foundation that promotes organ donation among French population.
- With INA ASSITALIA's support for the **Umberto Veronesi Foundation**, the Group contributed broadly to promoting scientific research in Italy, spreading a culture aimed at creating a collective conscience on problems and decisions associated with research, and acting in synergy with the school, other research institutions on the territory and the media.

The Group's commitment extends to activities aimed at raising public awareness of problems such as war, drugs and marginalization.

- The Parent Company helps support the work of the **Luchetta Ota D'Angelo Hrovatin Foundation** in Trieste, that assists children (and their families) in war-torn countries in need of medical care. In 2004, the Foundation created an award organised into several categories for journalists who have been able to look beyond the drama they witness, raising awareness of the values that inspired the four journalists from Trieste killed twelve years ago in Mostar and Mogadishu.
- Assicurazioni Generali has also continued its work with the **San Patrignano Community** for drug addicts. For several years it has been sponsoring a wine and culinary event conceived and organised by the 1800 youths who live in the community, aimed at making the greatest anti-drug community in Europe increasingly known to people.

## Cultural area

The Group has always shown special dedication to cultural and artistic affairs, with a view to spreading knowledge and healthy recreation, that can inspire thought and lift the spirit. The Group supports numerous, far-reaching events, and a broad array of activities.

### 1. Exhibitions and restoration

**Exhibitions** - The Group's commitment to culture is mainly targeted at sponsoring permanent and temporary exhibitions of the most diverse forms of artistic expression.



- The Austrian Group and BSI have shown a particularly impressive involvement in the artistic area. The Austrian Group set up the **Generali Foundation** in 1988, a non-profit organisation whose objectives include promoting contemporary art and putting together a collection focussing on photography, film and videos. The funds allocated are used to buy works which are displayed each year in important international exhibitions including, in 2006, the Ukrainian artist Edward Krasinski's show, one of the protagonists of neo-avant-garde art in the Sixties. Generali has been supporting **Künstlerhaus**, a museum of modern art located in Vienna's city centre for a number of years. Since its inception, BSI has been outstanding in promoting and spreading culture and art, not only through its patronage of the arts, but also through the organisation of events in which it itself is protagonist. The **BSI Art Collection** was created in 2000 with a view to linking the bank to contemporary, pioneering collecting, making clients part of its passion and values. The collection has grown alongside renovation of the bank's offices, for which the works - ranging through a broad spectrum of expressive language, especially installations, sculptures, collage, drawings and photographs - were especially conceived and created by outstanding contemporary artists, defining a distinct identity for each space. The "**BSI Albums**" are a new exhibition project including a series of rare and original collections in the BSI windows that are visible day and night, on show for passers by. Free catalogues on the works are available from bank counters.
- The Parent Group is also strongly committed to the arts, supporting numerous types of initiative. In celebrating its 175th anniversary, the General Group organised a didactic exhibition of Roman archaeological finds at its Headquarters in Trieste, many of which were discovered in the early twentieth century when the foundations for the Assicurazioni Generali building were laid in piazza Venezia in Rome. Free to schools and the public, the exhibition - called "**Radici del presente**" ("The Roots of the Present") - was characterised by an original backdrop which presented each exhibit within an artistic and architectural context, making its aesthetic function and cultural importance comprehensible to visitors. A catalogue accompanied the exhibition, and included a DVD containing videos presented at the exhibition. It was a remarkable success among the public (it was visited by over 4,000 people, most of whom were students) which encouraged the Company to repeat the exhibition in autumn of 2007 in the Mogliano Veneto premises.
- In 2006, Assicurazioni Generali supported numerous major art exhibitions. These included the "**Antonello da Messina**" exhibition - co-financed by Banca Generali - which gathered almost all the works by the great artist whose Flemish influence marked a turning point for Italian Art in the fifteenth century at the Quirinal Stables. Another exhibition Generali supported that merits special mention is the "**Gentile da Fabriano and the Other Renaissance**" exhibition held in Fabriano, the first exhibition of works by the renowned master, whose original style in many regards anticipated the Renaissance. Assicurazioni Generali supports the **Associazione Amici della Biennale (Biennale & Friends) in Venice**, with financial backing aimed also at the organisation of major art exhibitions. For a number of years Generali has also allocated resources to the **Venice Patriarcato**. In 2006, its support contributed to expand the Modern Fund of the old Studium Generale Marcianum library.



- In September in France, to mark the inauguration of the Chaalis Abbey on completion of the restoration sponsored by Generali France alongside the World Monuments Fund, Chairman Bernheim was awarded the title of *Commandeur de l'Ordre des Arts et des Lettres* by the French Ministry of culture. This was official recognition of the Group's patronage activity in the country. In 2006, the Group sponsored "**Splendore di Venezia**" ("The splendour of Venice"), an exhibition of the most famous Italian painters of the XVI century held in Bordeaux and Caen.
- In Switzerland, the Generali Group supported the **Pierre Gianadda Foundation** in Martigny, sponsoring a number of initiatives, including, in 2006, a exhibition of works by the Swiss painter Eduard Vallet.
- In Germany, Central Krankenversicherung is highly dedicated to art and literature: it supports the **Kölnische Kunstverein** by helping set up shows and organise the "**Central-Kunstpreis**", an internationally acclaimed biennial art competition. It also actively participates in the organisation of the annual international literary festival in Cologne.

**Restoration** - Group companies have also completed two significant restoration projects:

- in Poland, Generali has participated in financing **restoration of the Wilanów building** in Warsaw, one of the most prestigious monuments in Polish culture;
- in Germany, the Group helped finance the drawn-out **restoration works on the Frauenkirche**, to rebuild the Baroque cathedral in Dresden from ruins after one of the most terrible bombardments of the Second World War.

In all the countries where it operates, the Group demonstrates great openness and willingness to support various types of initiatives promoted by the authorities and public and private institutions who are committed to promoting the Italian culture and industry, especially in countries showing good potential for strong economic development.

- Local Group companies have sponsored artistic events, such as the exhibition on Leonardo da Vinci's "**Atlantic Code**", hosted in the Bratislava castle from 28 April to 15 September 2006, as an initiative of the Slovak National Museum and the Italian Embassy, and at the Museum of Art and Crafts in Zagreb from 6 December 2006 to 25 February 2007. In Rumania, Generali Asigurari contributed to the art exhibition "**Dacia Augusti Provincia**" organized by the "Vito Grasso" Italian Institute of Culture. In China, the Group sponsored "**Figures and Images of XX Century Italy**", an exhibition organized by MART (the Museum of Modern and Contemporary Art of Trento and Rovereto), held in Beijing and Canton, promoted by the Minister of Foreign Affairs as part of the celebrations for the year of Italy in China.
- As far as music is concerned, Chinese Group companies sponsored a concert by the **Shanghai conservatory symphony orchestra**, before the latter started a tour that included concerts in Italy and Germany. Performances of Balanchine's ballet "A Midsummer Night's Dream" by the **Scala theatre dance troupe** in Beijing as part of a tour organised by the Italian Embassy in Beijing enjoyed support from Generali China and Generali Hong Kong. In Hong

Kong, the Group sponsored the **movie festival** organised by the local Italian Chamber of Commerce.

- Initiatives promoted by Italian businesses abroad and supported by Group Companies include the annual meeting of **Unimpresa**, an association of Italian businesses in Rumania, and the national conference of the Association of leasing banks.
- The Group has been supporting the **Christmas market** in Greece for over a decade alongside the local Italian Chamber of Commerce and the **lottery**. Profits are allocated to help needy people of Italian origin who live in the country.
- In the Czech Republic, the Group sponsored a large convention organized by **Sokol**, a young people sporting movement with a long tradition in the country.
- In Hungary, Generali sponsored a project to support autonomous management in small towns and villages, involving projects to improve the material and social well-being of the people living there, held in collaboration with the municipal authorities.
- Again in 2006, Europ Assistance France sponsored the **Forum pour la Gestion des Villes**, an association that promotes collaboration between public administrations and private companies in city management.

## 2. Music, dance and theatre

The Group increased its commitment to support high-profile events, artists and major institutions, especially leading theatres, who find themselves increasingly in need of funding from private institutions in order to continue their work. The Group is also mindful of young artists, and it plays an important role on a local scale, sponsoring numerous projects.

- Numerous **theatres** receive support from the Group. The company that is most devoted to this field is Assicurazioni Generali, which has supported some of the leading Italian lyrical theatres over the years: La Scala in Milan, La Fenice Theatre in Venice, the Verdi Theatre in Trieste and, alongside INA ASSITALIA, the Accademia di Santa Cecilia in Rome and the Maggio Musicale Theatre in Florence. Several Group companies abroad also support theatres: in Slovenia, Generali backs the Ljubljana theatre, in Argentina the Colon Theatre.
- For a number of years, the Banco Vitalicio has been backing the Barcelona **Palau de la Musica**, an association promoting and spreading music, with a view to strengthening the city's image and prestige as a cultural and musical centre.
- Group companies also sponsor numerous concerts and musical events. Of these, special mention goes to the Italian tour of the prestigious **New York Philharmonic**, sponsored by Assicurazioni Generali, which returned to Italy after an absence of more than twenty years. The tour included 11 concerts in various Italian cities and in Ljubljana, Slovenia.

Beside sponsoring the Monte Carlo Gala Concert, the BSI Winter Festival and other musical events, since 2002 BSI has been supporting the "**Martha Argerich Project**", a musical event involving a series of concerts and featuring a number of famous or young musicians playing alongside the renowned Argentinean pianist, including winners of grants provided by BSI to students of the Lugano Conservatory. In 2006, Generali Pojistovna supported "**Prague Autumn**" in the Czech Republic, a classical music festival,



and confirmed its sponsorship (started in 2004) in favour of the renowned violinist **Pavel Šporci**. In addition to supporting numerous concerts, in 2006 Generali Austria contributed to the celebration of the **250th anniversary of Mozart's birth**. Generali France sponsors the "**Prades Chamber Music Festival**"; in 2006, following this initiative, two concerts were held in Saint-Denis and a conference was organized on the life of Mozart, open to Group members of staff and the general public.

Among the initiatives devoted to young artists, the following are worthy of mention:

- the **Orpheum Foundation** supported by Generali in Switzerland for several years, which offers young solo instrumentalists the opportunity to perform in concert;
- the concert performed at the "**Ravenna Festival**" by the young "Luigi Cherubini" orchestra conducted by Riccardo Muti, dedicated to Berlioz's "Symphonie fantastique" and sponsored jointly by Assicurazioni Generali and La Venezia;
- the music Festival for children "**Dida carolija**", a competition sponsored entirely by Serbian Group companies (auditions, semi-finals and finals).

**Theatrical events** include "Imperatori alla Sbarra" ("Emperors at the Bar") which, held in the splendid Basilica of Maxentius in Rome, saw the performance of "Trial of Julius Caesar - Anatomy of a Murder" and "Trial of Nero - Confessions of Agrippina". The event was sponsored by the Parent Company as part of its ongoing, annual commitment to support the Civita Association.

Moreover, support was also awarded to major prose theatres, such as the Burgtheatre in Vienna (Generali Austria) and the Thalia prose theatre in Hamburg (Volksfürsorge).

In Austria, the Group plays an important role in the world of entertainment, and has been sponsoring the "**Linzer Klangwolke**" and the "**Bruckner Fest**" for many years, two important music festivals held in Linz in September. In 2006, Generali also backed the "**Wiener Festwochen**" (Vienna weeks), an important festival held in the capital in May and June, with numerous musical, artistic and theatrical events. In Germany, Aachener und Münchener Versicherung sponsors "**Aachen Kultursommer**", an event organised every summer with musical, theatrical and dance performances in squares, museums and churches around the city, and "**Kölner Lichter**", a summer festival of sounds and firework displays held on the banks of the Rhine. Bausparkasse Badenia sponsors the event "**Tag der Sachsen**" (Saxons' Day), the largest national folk-festival of Saxony, with music, exhibitions and information on the traditions of the local population, which was held in Dresden in 2006 as part of the events organised to celebrate the 800th anniversary of the city's foundation. In France, relocation to Saint-Denis gave rise to a long-term sponsorship for the "**Saint-Denis Music Festival**", a musical event that is held every year throughout the month of June. In Switzerland, the Group supports numerous events - not only musical - and the work of associations in Adliswil and Geneva. In Colombia, the Groups supports the "**Popayàn religious music festival**", the oldest of its kind in America, which is part of the traditional celebrations of the Holy Week, attracting artists from a number of American and European countries.

In the cultural area, the decision of Assicurazioni Generali to participate in the "Amici di San Giorgio" ("St. George's Friends") initiative is particularly relevant. The initiative, promoted by the **Cini Foundation** in Venice, aims to allow private financiers to support numerous cultural, scientific and artistic activities with a view to profitable, long-term collaboration.

### 3. Artistic/literary awards

Some of the initiatives that benefit from the contribution of Assicurazioni Generali in 2006 are well established, such as the "**Campiello literary prize**" in Italy, sponsored by the Parent Company, and the "**Medienpreis der AachenMünchener**" in Germany, a nationally acclaimed prize sponsored by Aachener und Münchener Versicherung since 1997 for communication on insurance-related topics.

In Germany, the Group helped finance the "**Internationaler Karlspreis**" awarded each year by the city of Aachen to people who have made significant contributions to European unity. The award is named after Charlemagne, who lived in Aachen, from where he ruled the Sacred Roman Empire (an *ante litteram* European Union) and where he was later buried.

### 4. Publishing

The Group supported the publication of numerous prestigious works, including art catalogues and commemorative books. In 2006, Assicurazioni Generali continued its collaboration with the **Lorenzo Valla Foundation**, for the publication of precious volumes of classical Greek and Latin works. Funding from Generali and other institutions contributed to keeping the price of the volumes low to encourage the books' distribution among young people and the less affluent. This policy helped the Foundation's books become the best-selling commented editions of classics worldwide.

## Environmental area

In 2006, the Group's financial support to environmental issues increased considerably. In particular, the Group backed a series of interesting activities varying in type and scope, though the extent of its commitment remains somewhat limited.

In France, Generali has been particularly active in the field, pursuing numerous initiatives to provide information and raise awareness in the general public on environmental issues.

- A conference on "Man and the future of the planet" was sponsored, with the participation of eminent specialists and advocates from the world of politics, who debated on topics such as energy, climate change, biodiversity and urbanisation.
- A campaign was devised to raise client awareness of risk prevention in the home and on environmental protection.
- The [www.generali-avenir.com](http://www.generali-avenir.com) website was set up, specifically dedicated to preventing everyday and environmental risks, aiming to raise awareness among individuals and companies of



the importance of acting responsibly to safeguard our future (see the chapter Group - Communication Strategy for more details).

In Italy, Europ Assistance has been conducting several important initiatives focussing on environmental protection. In particular:

- since 1996 it has worked with the “**SOS Cetacei**” (“Cetacean Emergency”) programme promoted by the Centro Studi Cetacei at the Milan Natural History Museum to protect cetaceans in the Mediterranean Sea. The company’s contribution entails the provision of a dedicated telephone line, active 24 hours a day throughout the country, to report sightings of cetaceans that are stranded or in difficulty and coordinate the ensuing rescue efforts;
- in 2006, the company joined the “**TARTANET**” project, resulting from collaboration between the European Commission and the Ministry of the Environment and run by the Department of Wildlife Conservation of the CTS (Student Tourism Centre). Its long-term objective is to safeguard the loggerhead sea turtle (also known as *Caretta caretta*). To this end, a network of centres located along Italy’s coastline was created to provide a timely and effective response system. Also in this case, Europ Assistance Italy activated a 24-hour turtle emergency response number to report sightings of turtles that are stranded or in difficulty, which in turn notifies the nearest rescue centres;
- since 2001, the company has been supporting “**car sharing**” initiatives in collaboration with Legambiente, with a view to addressing problems associated with urban mobility, to reduce pollution and improve the quality of life. Managed entirely by Europ Assistance VAI 24-hour call centre and active in Milan, Bolzano and Rimini, the service provides a number of ecological vehicles and electric cars to its clients.

Alleanza Assicurazioni has continued to be an active supporter of environmental issues for many years, backing “**Il cammino dell’Alleanza**” (“The Alleanza Walk”), a multi-awarded project with high social value aimed at recovering footpaths in Italy in collaboration with the FIE (Italian Hiking Federation) since 1998. The initiative is accompanied by a number of guides and maps providing cultural, natural, historical and culinary information. Group companies have been ongoing supporters of the **FAI (the Italian Environmental Fund)**, a private, non-profit foundation committed to safeguarding, preserving and promoting Italy’s artistic and environmental heritage. In particular, in 2006, Assicurazioni Generali contributed to a concert of pianist Maurizio Pollini at the La Scala Theatre in Milan, whose profits went to the foundation. Alleanza Assicurazioni sponsored the “**Apprendisti ciceroni**” (“Budding Ciceros”) project as part of the “FAI spring day”, with cultural initiatives organised at hundreds of monuments – most of which are normally closed to the public – in 200 Italian cities, opening them to visitors. Also thanks to Alleanza’s support, visitors were guided by more than 9,000 young students from the secondary, middle and elementary schools, who illustrated the monuments from a historical and artistic point of view. Banca Generali worked alongside the Fund in organising fund-raising guided tours to the Ara Pacis museum in Rome, held as part of the Christmas celebrations the FAI shares with all its supporters.

The more important initiatives supported by Group companies in other countries include:

- Generali Austria's sponsorship of "**Energy Globe**", a competition attracting every year about 700 projects sent in from all over the world that make careful, moderate use of resources and draw on alternative energy sources. "Energy Globe" aims to deliver information on sustainable and repeatable projects to the global public: the winning projects are presented at an award ceremony shown on television and watched by 2 and a half billion families;
- initiatives supported by BSI involve, in particular, the contribution to the project on electric vehicles (AssoVEL2) by the Association on sustainable mobility. The body promotes environmentally-friendly vehicles and sustainable mobility solutions also by organizing an annual exhibition in Lugano. BSI also supports **San Salvatore funicular** on Mount San Salvatore, which has been operating for over one hundred years, allowing tourists to admire one of the most attractive areas in the surroundings of Lugano;
- sponsorship in Guatemala on at least two projects a year focusing on environmental protection. In 2006, these initiatives involved cleaning up the **Amatitlán and Atitlán lakes**, two panoramic stretches of water located in ancient calderas and surrounded by volcanoes;
- donation made by Generali Hong-Kong on the occasion of the walk organized annually by **Green Power**, an independent environmental organization, which focuses in particular on renewable energy sources and plays a role in several governmental advisory bodies. It is one of the largest fund-raising races, and the proceeds are donated in their entirety to educational programmes for nurseries, primary and middle schools.

## Sports

The Group's contribution to sports events is wide-ranging and is based on several criteria. When sponsoring professional teams or major events attracting large audiences, the commercial interest prevails, although linked to various kinds of community interests. In the case of initiatives and sports events for younger age brackets, social factors play a prominent role, focussing on the physical and educational benefits of practicing a healthy sport.

### 1. Youth sports

The Group supports numerous, small-scale events for youth groups, often by providing uniforms or sports equipment. This helps young people and many groups continue their highly educational work in a wide range of sports disciplines, such as tennis, golf, football, swimming, volleyball, basketball, rugby, sailing, motorbike racing, triathlon, cycling, marathon, etc..

Among others, the following initiatives are worthy of mention:

- Fata's sponsorship of the **Italian under-20 national fencing team**;
- Generali France supported the French amateur horse riding championship, the "**Generali Open de France**", the largest European event of its kind: it attracts more than 12,000 competitors, mostly under 18 years of age;



- support for the charity initiative called “**Per un Canestro Vincente**” (“For a Winning Basket”) promoted by the sports association Leone XIII Basket on its fiftieth anniversary. At the Milan Palalido, the association’s first team and players selected from Italy’s national basketball teams from the past 50 years took part in a friendly game, with proceeds going entirely to the Maria Letizia Verga Committee, which provides care and support to children with leukaemia and their families;
- Assicurazioni Generali continues to support the **Sport Integrato** (Integrated Sports) **Association**, set up at the Carducci high school in Trieste, which promotes the involvement of disabled and non-disabled students in various sports;
- in Switzerland, BSI donated revenues from the sales of tickets for concerts held between Christmas and New Year in the panoramic backdrop of Église au Bois as part of the “BSI Winter Festival”, to the **Saint Moritz ski school for the blind**, a worthy cause that enables the visually impaired to enjoy winter sports;
- Generali Portugal sponsored the participation of the **Generali Karting Team** – a team comprising company members of staff – in the national Karting championship, karting being a very popular sport in the country. For both sports and socio-cultural reasons, Generali Portugal also sponsors events involving **vintage cars**, such as the Algarve Classic Cars;
- in Serbia, Generali provided insurance coverage to all children who are members of the national football Association;
- sponsorship (since 2003) of the annual “**Sports day**” for children organised in the Czech Republic, an occasion for all families with children to play and have fun together;
- since 2002, Alleanza has been the major sponsor of the “**Fitwalking Tour**”, a series of proposal events aiming to draw attention to the “art of walking”, a sporting activity launched by the Damilano brothers (Maurizio Damilano won the gold medal for race walk at the Moscow Olympics) with a view to promoting the sporting walking as an element of psychological and physical wellbeing.

## 2. Professional sport and large audience events

Group companies are very active with this kind of sponsorship and play a key role in their countries. With the Group’s commitment, rewarded in image and marketing, communities can hold national and international scale events with positive repercussions for the local economy and image. In developing markets, this can mean a chance for great economic growth, with implications on a number of levels. Sponsoring famous teams and athletes can also encourage young people to take up sport and emulate great champions. In many cases, the companies welcome the chance to put on large audience sports and cultural events to enhance loyalty among customers, employees and sales networks.

In 2006, the major sports events sponsored by Group companies were:

- **professional events at international level**, such as the Final Four Volley world championship (INA ASSITALIA) and the bridge world championship, tennis tournaments such as the “Kitzbühel Generali Open” (sponsored by Generali Austria and Generali Providencia, Hungary), “Ladies Linz” (Generali Austria), the “Watson Water Champions Challenge 2005” (the Hong-Kong branch was the



official sponsor and insurer), the “Timisoara Challenger” in Rumania and the “Generali Tappe Open”, a tennis tournament for people bound to wheelchairs as part of an international tour (Europ Assistance Austria), equestrian competitions such as the “International Olympic Showjumping Championship (CSIO)” held in San Gallo in 2006 (Generali Schweiz) and “CHIO” (sponsored by Aachen und Münchener for over 50 years), sailing regattas such as the “Trieste Challenge” (Assicurazioni Generali), “Generali Solo” (Generali France), the “Vodice Easter Regatta” (Generali Croatia), cycling races such as the “Gran Fondo internazionale Felice Gimondi” (Assicurazioni Generali) and the “Cycling Tour of Germany” (Bausparkasse Badenia), athletics meetings (Bausparkasse Badenia), races in the “26th World rally championship” (Argentina), races in the “Alpine Skiing World Cup” (Generali Austria);

- **large audience events** such as the “Barcolana” regatta in Trieste (Assicurazioni Generali, INA ASSITALIA and Banca Generali) and the “Bavisela” European marathon in Trieste (Assicurazioni Generali), very popular sports events which are also associated with large celebrations featuring personalities from the world of sport and music;
- **federations and national teams:** in France, the Group has become the major insurer and a leading sponsor of many national sports federations, including riding, golf and volleyball teams; Assicurazioni Generali, on the other hand, sponsors the six weapons of the FIS (Italian Fencing Federation) at European and World championships and is the official insurer of the Italian football team; Generali Austria and Poland co-sponsored the national ski-jumping team; the Banco Vitalicio sponsored the Ski Federation of Catalonia; in Austria, Europ Assistance backed the national rugby team and Generali Austria sponsored the national football team – also in view of the European Championship to be held in Austria in 2008 –, as well as the Austrian Olympic and Paralympic teams for the 2006 Turin Winter Games; Generali Croatia sponsored the national anthem for the Croatian football team at the World Cup held in Germany;
- **football teams:** Group companies supported football teams belonging to the first and second division (INA ASSITALIA, AM Versicherung and Generali Slovenia), basketball teams (Migdal, Generali Belgium), ice-hockey (BSI);
- **leading athletes:** Israeli judoka Arik Ze’evi, whom Migdal decided to sponsor until the 2008 Beijing Olympics after he won a bronze medal at the Athens Olympics, ski jumper Adam Małysz, winner of four World Cups, sailor Yann Eliès who was sponsored by Generali France in the French Figaro-Bénéteau championship. The Parent Company has also continued to support Stefano Lippi, an athlete with disabilities and already a silver medal winner at the 2004 Paralympics;
- the CETURSA **ski station** in the Sierra Nevada (Banco Vitalicio, Spain, since 1993).

Migdal’s example merits special mention. In Israel, in addition to sponsoring the Hapoel Migdal Jerusalem basketball team and judoka Arik Ze’evi, the company involves athletes in activities to promote sports particularly aimed at children and young people in the less fortunate social-economic brackets.



## 2007 Objectives

- Redefining the role of the “Generali Foundation”.
- Actively collaborating in outstanding educational projects, especially in the insurance and financial fields.
- Supporting scientific research, especially in the medical and economic/insurance/financial fields, at times directing it towards business objectives.
- Supporting significant cultural initiatives in the fields of art, music, history and literature.
- Giving the public access to the Group’s art treasures.
- Defining a clear policy on the type and goals of investments in sport.

## Environmental policies and organisational structure

Protecting the environment as a primary asset is one of the Generali Group's guiding values. As defined in its Ethical Code, the Group has made a commitment to direct its own decisions towards ensuring compatibility between economic and environmental factors.

In 2005, the Group established an organisational structure to define environmental policies to be adopted Group wide. The **Eco-Committee** is the key body in the structure, as illustrated in more detail in the chapter "Group - Identity". The committee handles direct environmental impact as well as those Group activities that have an indirect impact on the environment. As regards the former aspects, issues associated with consumption - in particular of energy, paper and water - mobility management, property and waste disposal have already been dealt with. As far as indirect impact is concerned, the Group has carefully considered the opportunity to encourage eco-compatible behaviour in third parties through purchasing (suppliers), in designing and providing insurance products (clients), and in institutional investment activities (issuing companies).

A **contact person** has been appointed in each of the countries where the Group operates to divulge directives and implement actions aimed at adopting policies suggested by the Eco-Committee. Moreover, some countries have appointed **committees or work groups** to tackle environmental issues on a national scale.

In France, a pilot group was given the task of studying and implementing all Generali France initiatives pertaining to sustainable development. This body, headed by the General Manager and the Human Resource Manager, is divided into four distinct sections which deal respectively with: non-life products for professionals and companies; non-life products for individual clients; life and health products; promoting high quality environmental standards and direct impact management.

In Germany, most Group companies are part of the Environment Working Group, an intra-group body that defines environmental guidelines - in particular with reference to waste disposal - on the basis of the most recent legislation. Moreover, each Group company has its own environmental manager (reporting to the Top Management) who works with a team comprised in part of staff members working in the Facility Management Department and whose job is to review proposals to reduce spending on energy.

In Spain, a committee is responsible for compliance with regulations pertaining to safety, health and the environment. The committee - whose members include trade union representatives - reports directly to Top Management.

The Group promotes **action to educate and raise awareness** of environmental themes targeted at its members of staff as well as the general public. In Germany, employee training programmes include a part specifically dedicated to product ecology and respecting environment within business management, while special Intranet sites provide information on correct behaviour to safeguard the environment.



In France, members of staff are invited to attend conferences on environmental issues during the national week for sustainable development; moreover, as part of a Generali France project for small and medium enterprises (described in more detail below), *ad hoc* training has been devised for agents and clients to improve their understanding of environmental problems.

Educational initiatives in Spain address, in particular, the issue of reducing paper consumption, selective waste collection and specific activities to promote eco-compatible behaviour in general.

Generali France has proven particularly active in the field, launching a campaign to raise awareness among clients and the general public through the following initiatives:

- the creation of the [www.generali-avenir.com](http://www.generali-avenir.com) website (described in chapter "Group - Communication strategy") with the threefold objective of raising awareness among individuals as well as companies of environmental issues, urging them to take action to preserve their future and promoting exemplary initiatives that contribute to safeguarding environmental balances;
- a sweeping advertising campaign targeted at the general public;
- participation as a partner or sponsor at important conferences on environmental issues;
- drawing up a guide - with 200,000 copies published - containing useful advice to prevent the risk of accidents in the home and adopt behaviours aimed at preserving the environment, such as limiting water or energy consumption or cutting waste.

Generali France has also entrusted an important research institute with a study to create the first benchmark to evaluate the behaviour of company managers with regard to sustainable development, with particular reference to environmental problems. The results of these studies are available on line at [www.generali-avenir.com](http://www.generali-avenir.com), and the analyses will be repeated every eighteen months, involving four hundred company managers of small and medium enterprises. Agreements were made with the French Environment and Energy Management Agency (ADEME) as part of an advertising campaign targeting clients and providing information on risk prevention in the home and respect for the environment. Its aim is to devise a competition to raise students' awareness of sustainable development, involving the participation of the scientific magazine "La Recherche". Generali France is a member of the "Planète gagnante" ("Winning Planet") association, which groups companies who tackle environmental problems and make significant contributions to educate the public on the issue.

In Germany, the Group has been committed to the environment for several years: since 1990, it has been publishing environmental studies accessible to members of staff via the company Intranet, distributed to the sales force at special events and also available to the general public.

In Switzerland, BSI Bank supports the AssoVEL2 (Electrical Vehicles) project that promotes the use of electrical, non-polluting motor vehicles.

## Direct environmental impacts

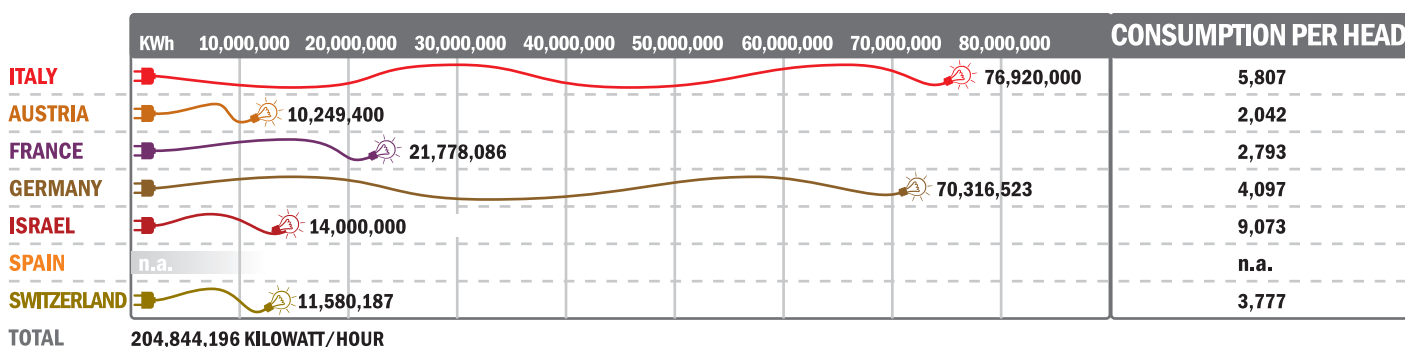
All Group companies are committed to various degrees to applying the most suitable practices in their work, making a concrete contribution to protecting the environment.

### Management of buildings and company structures

Management of buildings and company structures is increasingly conducted with a view to minimising negative impacts on the environment and continually improving operating comfort for members of staff. The task normally falls to representatives from the company's main technical departments, dealing with the management of buildings and systems, safety, health and purchases. When Group premises are refurbished or built, eco-compatible criteria are generally applied to the greatest extent possible. In this regard, it is worth mentioning that Generali France is constructing four new buildings incorporating high environmental quality (HQE) standards. In particular, the Generali Tower at La Défense in Paris (scheduled for completion in 2011) will use renewable energy to limit emissions of carbon dioxide and will be equipped with solar collectors and wind engines.

In line with Group objectives, data collection for electrical energy, water and paper consumption was carried out in 2006 throughout the Sustainability Report area, and information was also gathered on waste collection and disposal. In many cases it was not possible to collect detailed information, though suitable procedures have been put in place to enable future monitoring.

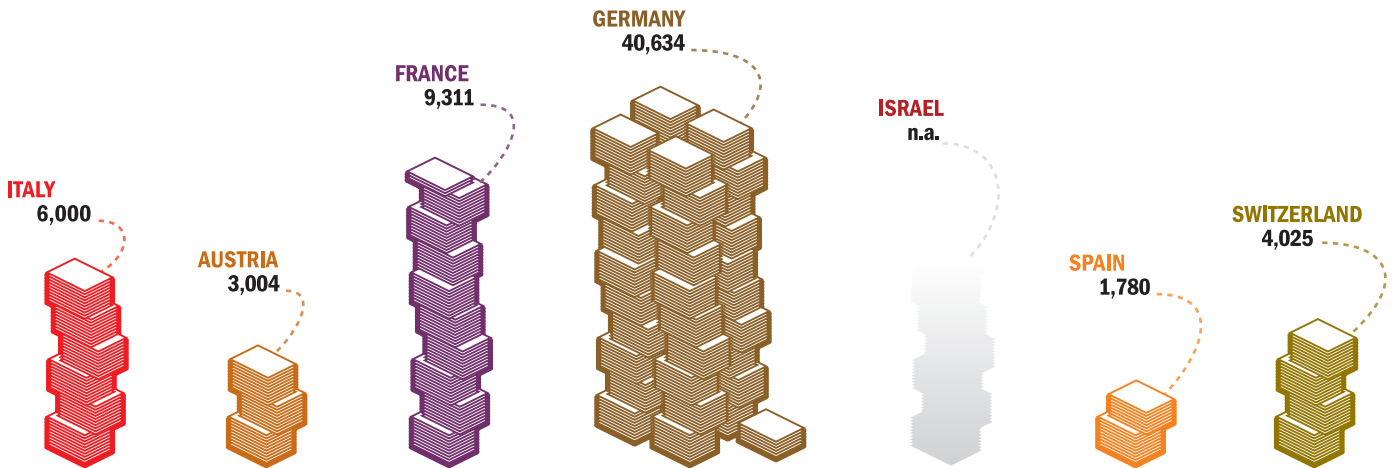
### Electrical energy consumption



- As far as electrical energy consumption is concerned, data was collected for all countries included in the Sustainability Report area, with the exception of Spain. The graph clearly shows that Italy and Germany use the greatest quantities of electricity: alone they account for over 70% of total consumption.
- Where per capita consumption is concerned - defined as the ratio between overall consumption and the number of members of staff in each country - the highest levels are observed in Israel, where consumption is four times higher than in Austria and three times higher than in France (the two countries where consumption is lowest). Per capita consumption is also significant in Italy, while medium levels are recorded in Germany and Switzerland.



## Paper consumption



TOTAL: 64,754 HUNDRED KILOGRAMS OF PAPER

- Figures on paper consumption (including white paper and printed documents) are also rather comprehensive. Only data on consumption in Israel are unavailable, alongside other figures pertaining to Italy (Europ Assistance), Germany (Europ Assistance and Bausparkasse Badenia) and Switzerland (BSI).
- Per capita consumption cannot be calculated because this data is missing. Nonetheless, the data available clearly shows how consumption is very high in Germany (although this data is incomplete) and significant (though much lower) in France. Per capita consumption, conversely, appears to be rather contained in Italy and Austria.

## Water consumption

Data on water consumption is also now being collected, initially limited to premises belonging to Group companies in Italy. Data shows that, in 2006, **760,000 cubic metres** of water were used.

In order to contain and where possible curb consumption of electricity, water and paper, a number of measures are being introduced across Group companies which are - or are becoming - common practice for greater environmental protection. These measures include programming times for turning lights and air-conditioning systems on and off, using flow restrictors in bathrooms and adjusting temperature in work rooms in compliance with current regulations in force in the various countries, replacing filament light bulbs with energy saving bulbs, and using electronic instead of paper filing systems for e-mail and other types of documents. In some companies, faxes and individual printers are being replaced with multi-functional machines that can save energy and toner and the front/back printing option has been set as default on printers where it is available.

In particular, some initiatives introduced in various countries to reduce energy consumption merit special mention. In Italy, a project was launched in collaboration with the Politecnico di



Milano Technical University to improve energy performance in the Mogliano Veneto headquarters. In the early months of 2007, winter temperatures were mapped and technological adjustments were identified for the purpose of reducing environmental impact, containing energy costs and improving the work environment. In particular, fuel oil boilers will be replaced with new methane condensing boilers, offering better yield by recovering the heat from exhaust fumes. The improvements will continue with a centralised operating temperature management system to control the various areas, replacing local thermostats accessible by members of staff with centrally-adjusted thermostats. In summer, the methane-fuelled cogenerator already existing in the building - but never used - will be used to produce both heat and electricity. Lastly, roofs are going to be installed over car parks in the Mogliano Veneto headquarters, incorporating photovoltaic solar panels. The project will continue throughout the year, with summer temperatures being mapped and a study conducted to improve interior lighting performance and the use of clean energy.

In Switzerland, most of the energy used by BSI traditionally comes from renewable sources (except for the energy used for heating) and buildings are fitted with energy recovery devices. As for the Generali Group offices in Adliswil, a contract has been signed with the canton of Zurich, whereby the company will reduce annual electric energy consumption by 2% a year until 2014.

In Austria, the Group has appointed an external consultation group to study and devise a programme to optimise energy consumption; a contract was also entered to supply renewable energy.

In Germany, the Group is planning involvement in an ecological project (ÖKOProfit-Project) subsidised by the State to promote the use of energy saving technology applied to aeration systems.

## Waste management

As far as waste management is concerned, selective collection systems are generally used for recyclable waste (paper, plastic, glass and aluminium), while hazardous waste (hospital or chemical waste, batteries, etc.) is disposed of in accordance with current legislation in the various countries where the Group has operations. Toners are also collected and disposed of by selective methods. Available figures for 2006 show that the highest part of recycled waste relates to paper.

## Carbon dioxide emissions

Detailed information is not yet available for carbon dioxide emissions, but IT systems are being installed for monitoring purposes. The following, however, should be noted:

- in Germany, district heating is widely used in Group offices. This system provides an important opportunity for rational use of energy resulting in reduced carbon dioxide emissions compared to other heating methods. Energy saving and eco-compatible technology is also used for air-conditioning systems, such as closed circuits that do not produce carbon dioxide emissions; the use of air-conditioning is limited to certain areas, such as IT centres and rooms used for meetings and conferences;
- the Group headquarters in France (Saint-Denis and boulevard Haussmann) do not use their own boilers for heating, therefore



only provincial buildings generate carbon dioxide emissions. Electricity is used for air-conditioning; the only carbon dioxide emissions derive from generating sets, which provide a very reliable service. Since January 2006, all vehicles belonging to members of staff have conformed to regulations introduced by Generali France demanding very low CO2 emissions; however, corporate policies widely encourage the use of hybrid vehicles;

- in Israel, heating generates no carbon dioxide emissions as electricity is used on an exclusive basis. As for emissions caused by vehicles, the level of CO2 detected in the Migdal car park is much lower than the limits allowed by law.

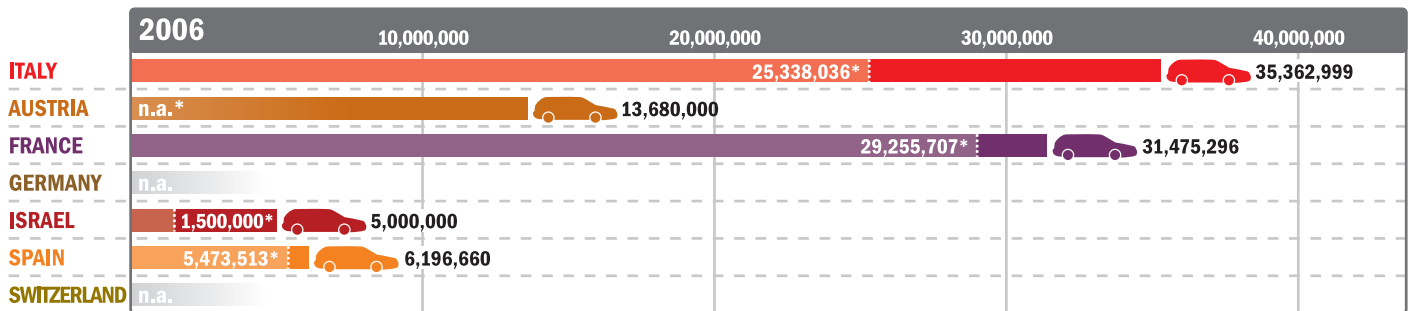
### Mobility

The Group also focuses on mobility to tackle and help solve problems associated with traffic and environmental pollution. In this perspective, Group companies in a number of countries have entered discounted fare agreements with public transportation providers and/or the national railways to encourage members of staff to use these networks. In several cases, company subsidies are envisaged for the purchase of public transport season tickets by staff members. Several shuttle services are also in place connecting Group offices scattered throughout the same city, or offices located outside the centre with a railway station or the nearest underground station. The Group's growing commitment to mobility also became apparent when it recently relocated some important offices. The new sites were selected with consideration for the accessibility to the new locations and the efficiency of the local public transport network.

In particular, a company mobility manager was appointed at the Parent Company pursuant to the Decree of the Italian Ministry of the Environment on "Sustainable mobility in urban areas" dated 27 March 1998. In Switzerland, a central office coordinates travel arrangements among BSI bank staff to rationalise the use of transportation. In Germany, Group company Intranets have a special section dedicated to car pooling.

Again with a view to mobility and in response to a set objective, the Group is gradually increasing its use of videoconferences to reduce journeys of staff members for work purposes. An extensive system of e-learning courses is being introduced for this purpose.

KILOMETRES DRIVEN BY STAFF MEMBERS ON A MISSION (SR AREA; 2006)

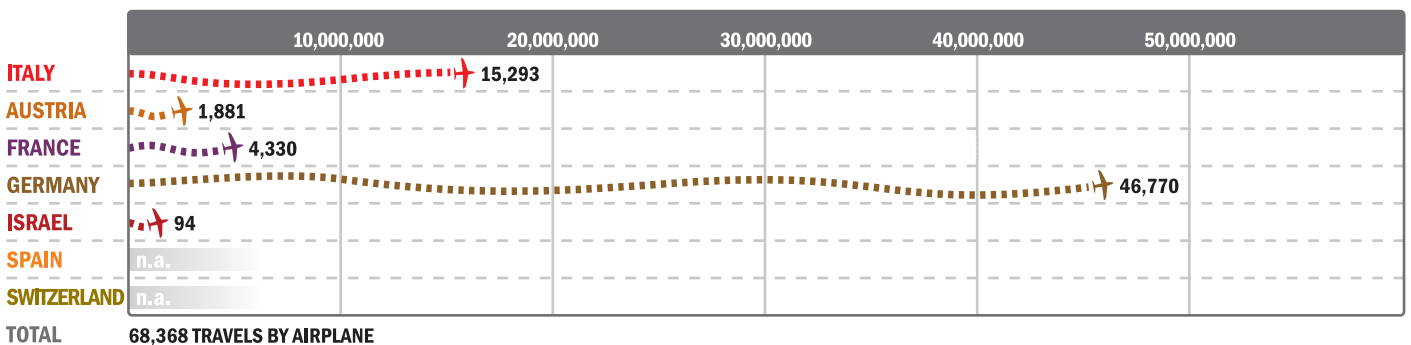
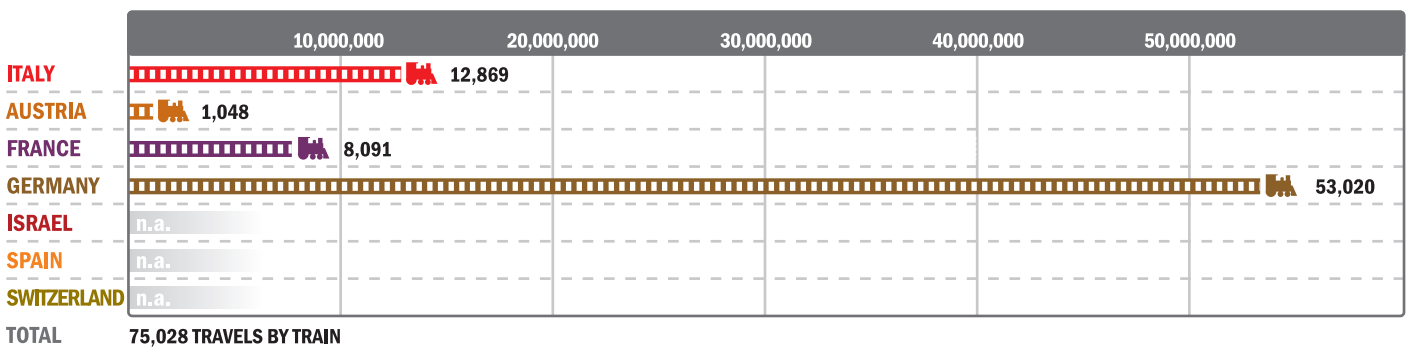


[\*] OF WHICH BY COMMERCIAL STAFF

TOTAL KM. 91,714,955 [61,567,256\*]




- The 2006 objective of monitoring kilometres travelled by staff members for work purposes with their own car has been met, keeping this figure distinct from kilometres travelled by the sales force. This distinction is available for all countries in which data was collected, with the exception of Austria.
- Kilometres driven by the sales force alone are particularly high in France, Spain and Italy compared to the total figure for each country.
- For obvious reasons, the measures undertaken to reduce the distances travelled apply only to administrative staff and not to the sales force, while other solutions may be appropriate for the latter, such as providing incentives to purchase eco-compatible cars.

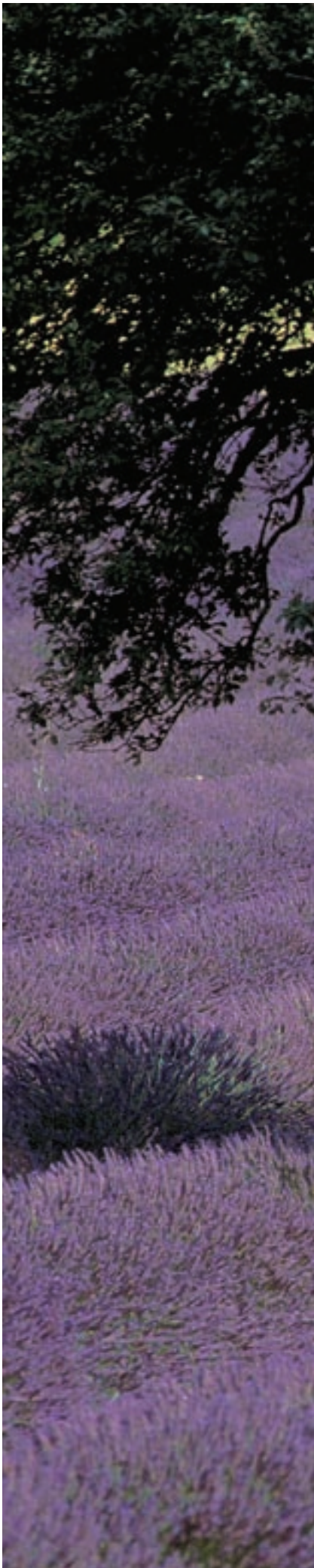


- Where possible, the number of journeys made by train or by plane in 2006 by staff members for work purposes was recorded.
- The data shows that trains are the preferred means of public transport, especially in France, but trains are also used to a significant extent in Germany. In Italy, conversely, travelling by air is preferred.

It should however be noted that a preference for a particular means of transport for work-related travel is partly attributable to the distribution of Group offices on the territory, in addition to the availability of efficient train and air connections.

In the first half of 2007, a "Travel policy" was defined for staff at the Parent Company, which comes under the process of standardisation and communication of group policies, aiming to ensure homogeneous behaviour. One of the policy's targets is to reduce the overall number of trips for work purposes: indeed, it states that

 NUMBER OF TRAVELS MADE BY STAFF MEMBERS ON A MISSION (SR AREA; 2006)



conference calls or videoconference technology should be evaluated as an alternative to work trips and, where travel is unavoidable, public transportation is encouraged over private vehicles. Car pooling is also encouraged, especially for travel between different Company offices.

## Indirect environmental impacts

As previously mentioned, Group activity can also have an indirect effect on the environment.

### Procurement ecology

In particular, procurement ecology relates to the influence the company can exercise on its own suppliers in its purchasing activities with a view to raising their environmental awareness. In 2005 in Italy, the Group adopted a series of precise rules under the Ethical Code for Relations with Suppliers. As outlined in more detail in the chapter "Suppliers", the Group sets up operational systems to prevent regulations on health and safety in the workplace, environment and public health from being infringed by suppliers and their supply chains. To this end, supply contracts often contain special clauses establishing sanctions that may lead to early termination if the supplier fails to comply with existing regulations. Moreover, in some countries certified suppliers or suppliers with suitable environmental references are selected over and above those lacking these prerequisites.

### Product ecology

Product ecology is intended as inducing eco-compatible behaviour in the Group's clients through planning and providing products and services. So far, Group initiatives in this field have focussed on non-life lines of business exclusively, with products and services targeted at the corporate and individual segments.

In the **corporate sector**, the chance for companies to encourage eco-compatible behaviour in client is greater. The Group's policy for the assumption of property risks and third party liability carefully evaluates companies who present a high risk under a socio-environmental profile and, at the same time, it provides preventive consultancy aimed at helping clients set up or improve safety measures to effectively reduce risk exposure, leading to more favourable premium levels. The risk rate and consequently the client's premium are increased if formal and/or substantial gaps in the adoption of suitable preventive measures are found. The absence or insufficiency of said measures may even lead the Company to refuse to provide insurance coverage. Companies which pose lesser risks to the environment are, conversely, generally awarded discounted premiums. In Germany, Generali Versicherung offers corporate clients a specific insurance coverage product for alternative heating systems such as solar and photovoltaic systems, or those fuelled by renewable sources such as biomass and vegetable oil. In France, Generali France offers a 10% discount on premiums for C.A.R. contracts relating to office buildings with HQE (high environmental quality) certification.

In some cases, insurance conditions impose specific regulations, aimed at encouraging responsible behaviour to prevent or limit environmental damage under the contract. This is the case for Assicurazioni Generali's pollution TPL policies, which provide compensation for emergency or temporary measures to prevent or contain claimable damage, excluding damages caused by deliberate non-compliance with legal provisions or non-prevention of damage.

The Parent Company is therefore clearly committed to environmental protection and promotes initiatives tackling the issue in Italy. Assicurazioni Generali belongs to the "Pollution Third Party Liability Insurance Pool", a body comprised of Italian Group companies whose purpose is to share catastrophic risks caused by environmental pollution. This body - which also involves some reinsurers - has contributed to spreading a more uniform knowledge of this specific risk sector among insurance companies.

The Parent Company also promoted an **agreement between ANIA and Confindustria** that effectively sums up the Company's (and, more generally, ANIA's) collaboration strategy with businesses in the field of environmental protection. The agreement, indeed, states that *"...environmental protection being an important factor of competitiveness at an international level, and sustainable development being an objective shared by the major industrialised countries..."*, ANIA undertakes to raise awareness among insurance companies so that tariff conditions adopted when drawing up insurance policies for pollution TPL favour companies that belong to the Confindustria system and are eco-certified under ISO 14001 and EMAS standards, while Confindustria undertakes to inform member companies of ANIA's activities in the area of environmental issues.

Remaining within the topic of product ecology, the pioneering system developed by Generali France for small and medium enterprises merits special mention. It proposes an evaluation (provided to companies free of charge) of performance and risk control standards based on several analysis criteria, some of which pertaining to sustainable development. Following this evaluation, the company is attributed a score. A score of 15/20 or higher earns the company the **"Agir pour notre avenir"** ("Take action for our future") mark created specially by Generali. The quality mark entitles the company to a discount of up to 30% on insurance premiums and to additional services, such as risk management guidance, assistance from Europ Assistance when needed, and access to a special claim management line. Conversely, insurance coverage may be refused to companies with a score lower than 8/20, or it may be subordinate to a commitment to reduce risk exposure and environmental impact.

Coverage associated with environmental protection provided by the Group to **individual clients** in the various countries meriting special mention includes the particularly favourable insurance coverage conditions offered to owners of eco-friendly cars in Switzerland and France; in France, moreover, interest-free loans are granted to buyers of eco-friendly vehicles. In Austria, clients with household policies receive free consultation from an expert, who identifies



potential methods to optimise energy consumption in their homes and reduce emissions that are harmful to the environment.








## Investments







Lastly, a further impact is associated with the Group's institutional investment activity related to the management of its own capital and of assets covering commitments towards policyholders. Given the significant amount of resources it manages, the Group can induce eco-compatible behaviour in the companies it chooses to invest in. The Group's investment policies are outlined in greater detail in the chapter "Competitive stakeholders - Candidates for investment", where its decision to adhere to the ethical criteria adopted by Government Pension Fund - Norway is also illustrated. This excludes any possibility of investing in financial instruments issued by companies presenting unacceptable risk of contributing to serious environmental damage, which are therefore excluded from investment by Fund procedures.










## 2007 Objectives

- Completing data collection on electrical energy consumption with particular reference to Spain.
- Completing data collection on paper consumption with particular reference to Israel, Europ Assistance Italia, Europ Assistance Versicherung (Germany), Bausparkasse Badenia and BSI.
- Starting to collect data on water consumption in all Sustainability Report areas.
- Developing further initiatives to reduce energy and paper consumption, involving simple actions (such as programming times for turning lights and air-conditioning systems on and off, making greater use of e-mail and electronic filing, using flow restrictors in bathrooms) as well as far-reaching projects (e.g. adjustments to improve energy performance in Group headquarters at Mogliano Veneto and Adliswil).
- Starting to collect data on waste disposal in all Sustainability Report areas.
- Starting to collect data on carbon dioxide emissions in all Sustainability Report areas.
- Continuing along the process of standardising and communicating corporate policies, to ensure a uniform approach, define a Group travel policy in Italy as a pilot project and reduce the overall number of business trips.
- Developing further the use of virtual meeting halls, making booking methods easier and more accessible. Monitoring the number of videoconferences.

## TABLE OF OBJECTIVES

stakeholder	2006 objectives	degree of achievement	page	2007 ONWARDS objectives
<b>MEMBERS OF STAFF</b>				
<b>Salary policies:</b>	Introducing variable salary systems linked to MBO mechanisms for management in all countries, as part of the process for the standardisation of salary policies within the Group.		60	Developing the concept of "total reward" (including fixed and variable components, benefits and enhancement opportunities) for managers and middle managers on an equal basis across major EU countries.
<b>Training:</b>	Adopting additional ASTD benchmarks to verify the Group's positioning.		75-76	Improving the Group's positioning against benchmarks, with particular regard for "Total hours of training per employee" and "Average cost per learning hour". Increasing investments in training to 2.1% of payroll.
	Extending training programmes to all staff levels, especially those pertaining to a shared leadership model.		72	Launching the "shared leadership" programme for all Group employees in Italy (about 7,000), with voluntary participation.
<b>Health protection and prevention:</b>	Spreading a culture of prevention and health protection through the safety portals.		56-57	Creating the portal for Italian Group companies, to be extended globally.
<b>Dialogue:</b>	Developing harmonised surveys on employee satisfaction at Group level.		77-78	Launching surveys on employee satisfaction in countries where they do not yet exist (Belgium, the Netherlands and Central and Eastern Europe) with harmonised survey methods and areas across the Group. Conducting surveys in other countries at set intervals; in particular, in Italy, conducting the second "Ascoltiamoci" survey. Implementing methods and tools for analysing results and finding common solutions under the Group's International Human Resources Committee.
	Developing activities and initiatives for dialogue with the sales network.		78	Extending the use of trade satisfaction surveys in Italy under a pilot scheme, to be subsequently extended to other countries. Increasing contact with the sales network with a view to understanding/solving local needs/problems.
<b>Focussing on members of staff:</b>				Introducing new instruments to help members of staff combine work and family (e.g.: creation of new nurseries). In particular, conducting a feasibility study in Italy.
<b>SHAREHOLDERS</b>				
<b>Relations with investors:</b>	Developing relations with investors oriented towards ethical investments.		83-85	Organising individual meetings between the Investor Relations Department and investors, paying particular mind to ethical aspects, e.g. ethical funds.

stakeholder	2006 objectives	degree of achievement	page	2007 ONWARDS objectives
<b>CLIENTS</b>				
<b>Products and services:</b>	Developing products and services to increase customer satisfaction, also taking into account the needs of the sales force.		91-96	Extending the use of surveys to customers and the sales force to identify needs and expectations with the purpose of improving/ designing products and services tailored to the client, thus facilitating the task of the sales force. Spreading news relating to retirement savings opportunities to help people make informed decisions about their pension funds (Italy).
<b>Relations with clients:</b>	Improving relations with policyholders/injured parties, especially in the claim settlement stage.		96-98	Improving services provided trying to solve critical points associated with claim settlement and emerging from complaints/reports received. Providing information on direct reimbursement for motor claims and monitoring the processes to solve any criticalities and improve satisfaction among policyholders (Italy).
<b>SUPPLIERS</b>				
<b>Purchase policies:</b>	Adopting the Ethical Code for Relations with Suppliers across the Group.		111	Introducing the Ethical Code for Relations with Suppliers adopted by Italian companies and standardising supplier policies in the main countries of the Sustainability Report area where the Code has not been adopted, yet.
<b>Selection and evaluation:</b>				Improving (and implementing, where they are not yet present) monitoring procedures to be used for the selection and evaluation of suppliers (for example, through questionnaires or joint analysis), involving suppliers in the process.
<b>CANDIDATES FOR INVESTMENT</b>				
<b>Investment policies:</b>	Aligning investments with the ethical criteria set out by Government Pension Fund - Norway.		115	Liquidating positions in companies excluded from investment by Government Pension Fund - Norway that are still part of the portfolio. Continually applying, and monitoring compliance with the Group's ethical principles.
<b>COMMUNITY</b>				
<b>Social area:</b>	Strengthening support for organisations that help the weakest members of society.		121-124	Redefining the role of the "Generali Foundation".
	Developing closer relations with major research centres and universities.		124-128	Actively collaborating in outstanding educational projects, especially in the insurance and financial fields. Supporting scientific research, especially in the medical and economic/insurance/financial fields, at times directing it towards business objectives.

stakeholder	2006 objectives	degree of achievement	page	2007 ONWARDS objectives
<b>Cultural area:</b>	Strengthening support for culture in countries where the Group operates.		128-133	Supporting significant cultural initiatives in the fields of art, music, history and literature. Giving the public access to the Group's art treasures.
<b>Sports:</b>	Increasing support for sport among youth and disabled people.		135-138	Defining a clear policy on the type and goals of investments in sport.
<b>ENVIRONMENT</b>				
<b>Electrical energy consumption:</b>	Extending data collection relating to electrical energy consumption in the Sustainability Report area.		141	Completing the collection of data with particular reference to Spain.
<b>Paper consumption:</b>	Collecting paper consumption data.		142	Completing the collection of data with particular reference to Israel, Europ Assistance Italia, Europ Assistance Versicherung (Germany), Bausparkasse Badenia and BSI.
<b>Water consumption:</b>	Starting to collect water consumption data.		142	Starting to collect data in all Sustainability Report areas.
<b>Reducing consumption:</b>	Setting up initiatives to reduce electricity, paper and water consumption.		143	Developing further initiatives to reduce energy and paper consumption, involving simple actions (such as programming times for turning lights and air-conditioning systems on and off, making greater use of e-mail and electronic filing, using flow restrictors in bathrooms) as well as far-reaching projects (e.g. adjustments to improve energy performance in Group headquarters at Mogliano Veneto and Adliswil).
<b>Waste:</b>	Starting data collection on waste disposal.		143	Starting to collect data in all Sustainability Report areas.
<b>Carbon dioxide emissions:</b>				Starting to collect data in all Sustainability Report areas.
<b>Mobility:</b>	Improving the monitoring of "kilometres travelled" by car per employee for work purposes, while implementing a distinction between administrative staff and the sales force.		144	Continuing along the process of standardising and communicating corporate policies, to ensure a uniform approach, define a Group travel policy in Italy as a pilot project and reduce the overall number of business trips.
	Increasing the usage of virtual meeting halls by using web conferencing and teleworking tools.		144	Developing further the use of virtual meeting halls, making booking methods easier and more accessible. Monitoring the number of videoconferences.



stakeholder	2006 objectives	degree of achievement	page.	2007 ONWARDS objectives
<b>COMMUNICATION</b>	Specific objectives had not been set for 2006.			
<b>Business communication:</b>				Developing and reinforcing not only financial communication, but also business communication, mainly targeted at the retail consumer, with a view to spreading and consolidating the insurance culture.
<b>Websites:</b>				Continuing efforts to improve disabled accessibility, with regard to the corporate website www.generaliali.com and other company websites. Improving the corporate website www.generaliali.com – and other company websites – increasing the amount of information provided, optimising navigability and enhancing interactivity to the benefit of users. On the Group institutional website, creating a section dedicated to corporate social responsibility.
<b>Company Intranet:</b>				Creating a Group Intranet to boost internal efficiency and better support communication, information sharing and team work using Italy as a pilot area, to be later extended to other countries.
<b>Company magazines:</b>				Launching a new monthly magazine called “Il Bollettino on line” to be published by the Parent Company and available in electronic format only. Its aim is to provide up-to-date information while reducing paper consumption. Turning “Il Bollettino” into a six-monthly paper publication.

key:

-  Achieved
-  Almost entirely achieved
-  Partially achieved
-  In progress
-  Not achieved



## GLOSSARY

- **AA1000 (AccountAbility1000):** a standard developed by the Institute of Social and Ethical Accountability (ISEA) to promote the adoption of CSR principles, thus providing stakeholders with quality assurance in accounting, auditing and social and ethical reporting.
- **ANIA:** Italian Association of Insurances Companies (Associazione Nazionale fra le Imprese Assicuratrici).
- **Asset:** any item of economic value owned by an individual or company, especially that which could be converted to cash, such as: properties, cash, receivables, etc..
- **Asset Management:** the business of managing third party (and other) financial investments.
- **Benchmark:** an objective reference parameter used to evaluate company performance in relation to analogous companies.
- **Best practice:** the most significant experiences or those achieving the best results which are adopted in similar contexts.
- **Broker:** an insurance or reinsurance intermediary whose profession entails creating direct contacts between an insurance or reinsurance company, with whom he has no binding commitments, and people who intend to draw on his services to obtain risk coverage. He helps determine the content of contracts and where necessary participate in their management and execution.
- **Captive company:** company which provides its products and services to companies in its group.
- **Claim:** an event insured against in the contract.
- **Collision damage waiver:** policy that covers accidental damage to the insured vehicle.
- **Combined ratio:** overall costs for claims and expenses expressed as a percentage of the value of earned premiums for the financial year. The combined ratio is equal to the sum of the expense ratio and loss ratio.
- **CONFINDUSTRIA:** Confederation of Italian Industry representing Italian companies.
- **Consolidated Financial Statements:** a document that shows the financial and asset status, economic results and variations in the shareholders' equity of a group of companies considered as a single economic body. It derives from combining the financial statements of the companies belonging to a group, net of amounts relating to internal group operations.
- **Consolidation area:** a group of companies brought together by means of the "integral consolidation" method and included in the Consolidated Financial Statements.
- **Core business:** the main area of business for a company operating in many fields.
- **Core competence:** competence critical to the development and success of a company.
- **Corporate Centre:** the body of the Group that is responsible for managing, coordinating and controlling activities within the scope of the general guidelines defined by the Parent Company Board of Directors.
- **Corporate Governance:** a governance system encompassing various bodies (levels, composition, competence, etc.) and the rules that govern the relations between them (right to vote, delegation of powers, etc.).
- **Credit rating:** credit evaluation by quantifying the likelihood of a person's/company's insolvency.
- **CSR (Corporate Social Responsibility):** "Companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. [...] Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing 'more' into human capital, the environment and the relations with stakeholders". (Source: "Promoting a European framework for Corporate Social Responsibility" - the European Commission's Green Paper).
- **Customer satisfaction:** a process of knowing clients' perceptions and expectations concerning a service or product. It is used to compare in relative terms the value of a particular service offered to the public.
- **Customer service:** a group of services provided to the client.
- **Direct business:** premiums from insurance contracts.
- **Disputes:** disputes pending before the judicial authorities.
- **Dividend:** part of the net profits of a joint-stock company distributed to shareholders annually.
- **Dow Jones EuroStoxx 50:** this euro-area index represents 50 leading European companies in their fields, listed on the Dow Jones EuroStoxx Index.
- **Dow Jones EuroStoxx Insurance:** a weighted index based on capitalization measuring the performance of the insurance sector in European Monetary Union member countries.
- **Eco-Committee:** a decision-making body that considers issues relating to environmental policies.
- **Ecology of supply:** attention to environmental issues in the supply chain.
- **E-learning:** activities that exploit the potential of the Internet to provide users with education and training.
- **EMAS (Eco Management and Audit Scheme):** a management and environmental control system compliant with European Community Regulation no. 761/01, which establishes the rules governing the voluntary adoption of environmental management systems and the drawing up of Environmental Statements.
- **Embedded value:** represents the intrinsic value of an insurance company and equals the sum of adjusted shareholders' equity and portfolio value.
- **Employed sellers:** the sales force on payroll.
- **Engagement:** the process of involving stakeholders.
- **Environmental policies:** statements by an organisation regarding its intentions and the principles it adheres to in the field of environmental issues.

- **Ergonomics:** a scientific study of the relationship between man, machine and workplace with a view to meeting the worker's psychological and physical needs and increasing efficiency.
- **Ethical Code:** the ethical code expresses the commitments the company has assumed towards its internal stakeholders. This document is voluntarily drawn up and is used by companies to decide which approach to adopt with regard to significant environmental, social and economic issues. This proves particularly important in countries that have no national protection of human and labour rights or the environment.
- **Expense ratio:** supply and administration expenses expressed as a percentage of the value of earned premiums for the financial year.
- **Fair value:** evaluation of what could be defined as equitable "market" value in compliance with international accounting principles IAS/IFRS.
- **Financial advisers:** professionals who provide financial intermediation.
- **Focus group:** type of quality survey where a group of people is questioned on the personal attitudes to a particular subject.
- **GBS (Study Group for Social Reporting):** a Group set up in 1998 with the objective of contributing to defining the contents and characteristics of the social report.
- **GRI (Global Reporting Initiative):** an institution created in 1997 by UNEP (see paragraph) and CERES (Coalition for Environmentally Responsible Economies) whose objective is to develop and disseminate the guidelines for drawing up a voluntary report on economic, environmental and business performance of company activities.
- **Guidelines for Corporate Governance and Multinational Enterprises in the OECD:** recommendations addressed by governments to multinational enterprises, basically concerning voluntary principles and standards for responsible business conduct.
- **IAS/IFRS principles:** international accounting principles.
- **Index-linked** (contracts, products): Stock Market index-linked policies.
- **Information technology:** technology used to gather, preserve, update and convey information needed by any operating body.
- **Institutional investors:** bodies whose purpose is to carry out and manage investments for themselves or third parties (banks, insurance companies, trustees, pension funds, etc.).
- **Intranet:** Internet network accessible only to company staff.
- **Investor relations:** relations between the company and its investors.
- **ISO (International Organization for Standardization):** international network of technical standard-setting bodies. The major standards include ISO 14001 (referring to environmental management systems) and ISO 9000 (relative to quality systems).
- **ISO 14001:** a standard relating to environmental management systems issued by the ISO international standards body. The standard outlines the requirements for environmental management systems, thus enabling companies to plan a policy and establish objectives, with consideration to legislation and information regarding major environmental issues.
- **ISVAP:** Istituto per la Vigilanza sulle Assicurazioni Private e di interesse collettivo (Italian Supervisory Authority for the Private Insurance Sector).
- **Joint venture:** association of two or more companies, sometimes of different nationalities, working together on a single project.
- **Life insurance policies:** insurance contracts that award payment of a lump sum or an annuity if a life-related event occurs.
- **Loss ratio:** the cost of paid and outstanding claims during the financial year as a percentage of the value of earned premiums for the financial year.
- **Media relations:** relations between the company and the media.
- **MIB30:** a weighted index of the 30 top Italian companies traded on the Milan Stock Exchange.
- **Mibtel:** a capitalization-weighted index of all stocks traded on the Milan Stock Exchange computerized trading system.
- **Mission:** the corporate mission and basic objectives pursued.
- **Mobility manager:** person responsible for optimising the mobility of employees in their commuting to work and during work-related trips.
- **Multi-brand:** a commercial approach based on the use of multiple brands.
- **Multi-channel:** a range of products and services provided through multiple sales channels. The definition considers the type of distribution channel used to provide the products and services, as well as the methods by which clients can access them.
- **Multi-client** (survey): a survey carried out for more than one client which is therefore more in-depth and takes into account a wider sample.
- **Multi-local:** marketing approach that aims to act as a local operator on all the markets in which the company is active.
- **Nanotechnology:** branch of science studying individual atoms and molecules to create electronic components thousands of times smaller than existing ones.
- **Newsletter:** information bulletin.
- **Non-life insurance policies:** insurance contracts that cover damage to people and things caused by external and uncertain events (injury, sickness, fire, theft, etc.).
- **OECD:** Organisation for Economic Co-operation and Development, grouping 30 countries that share a commitment to democratic government and market economy.

- **Outside the Sustainability Report area:** all the companies not included in the Sustainability Report Area.
- **Performance indicators:** specific indicators selected to meet corporate information needs and used to monitor the company. They can be of a financial, productive, commercial, environmental and social nature, or concern more than one aspect.
- **Policy:** insurance contract.
- **Preda Code:** a self-enforced code of conduct for listed companies.
- **Premium:** is the sum the policyholder must pay the insurer; it is effectively the "price" of the insurance policy.
- **Product ecology:** a policy aimed at minimizing the environmental impact of a product's life cycle.
- **Property risks:** they include: fire, technological risks, theft, misconduct, suspension of business, hail, etc..
- **Protected categories:** the disabled, orphans and widows of men who died in the workplace or performing their duties or in war, refugees, victims of terrorism, etc..
- **Reinsurance ceded:** flow of risks ceded by a company to one or more insurers, in order to share the risk.
- **Renewable energy:** energy generated from sources, whether direct or indirect, connected to the sun. Renewable energy sources therefore are: sun, wind, water, biomass, geothermal energy and tides.
- **Retail:** segment of the market which primarily includes individuals, professionals, shopkeepers and craftsmen.
- **Retirement products:** life insurance products that cater for supplementary retirements needs.
- **Risk Management:** systematic application of management policies, procedures and practices aiming to identify, analyse and monitor risks.
- **Road show:** a series of meetings between companies and institutional investors (or agents, etc.) which take place in different locations.
- **Shareholders' agreement:** agreements among shareholders concerning the company management, i.e. the existence over time of the same shareholders as a "group".
- **Speed of claims settlement:** the percentage of claims reported in a financial year and settled in the same year.
- **Stakeholders:** individuals and groups who can influence the success of a company, or who have an interest in the decisions made by the company: shareholders, employees, clients, suppliers, public institutions, competitors, local communities, lobbies, mass media, etc..
- **Stock Exchange capitalization:** when referring to a company, it is the value obtained by multiplying the market price of a share by the number of shares outstanding.
- **Stock option:** option contracts for purchasing the shares of a company - issued with an increase of capital for this express purpose - which grant the right to purchase the shares at a set price within an established period of time. They are used as a means to supplement salaries and as a loyalty tool for individual employees, special categories, or all staff members.
- **Structured products:** investment instruments combining standardised financial instruments (bonds and shares) with one or more derivatives (generally options). Their structure enables investors to have a share in the performance of one or more assets while, at the same time, adjusting their risk profile to their own specific needs.
- **Subsidiary agency:** an agency depending directly on the Company and managed by a salaried member of staff (agent), employing internal members of staff, who are also company employees.
- **Supplementary retirement scheme:** a form of retirement savings, designed to create income to supplement pensions paid by the public pension system during retirement.
- **Sustainability Report area:** all the companies included in the Sustainability Report (SR). These companies are from: Austria, France, Germany, Israel, Italy, Spain and Switzerland.
- **Sustainable development:** "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Source: Brundtland Report, World Commission on Environment and Development, 1987).
- **Trade Union density:** the percentage of workers who are members of the Trade Union.
- **Turnover:** an index indicating staff turnover due to resignations, retirement, death or other reasons which make it necessary to hire a new employee to replace a person who is no longer employed.
- **UN Global Compact:** a voluntary initiative launched and sponsored by the United Nations, promoting and disseminating the principles of sustainable development.
- **UNEP:** the United Nations Environmental Programme that promotes sustainable development among companies and the general public.
- **Unit-linked (contracts, products):** policies that require paid up premiums and benefits to be expressed as units of an investment fund they are linked to.
- **Webconferencing:** company meetings held via Internet.

GRI IDENTIFICATION TABLE

**PROFILE****Strategy and analysis**

1.01	Statement from the most senior decisionmaker of the organization about the relevance of sustainability to the organization and its strategy.	YES	4-5	G
1.02	Description of key impacts, risks, and opportunities.	YES	4-5	G

**Organizational profile**

2.01	Name of the organization.	YES	10	G
2.02	Primary brands, products, and/or services.	YES	91-96	G
2.03	Operational structure of the organization.	YES	20	G
2.04	Location of organization's headquarters.	YES	168	G
2.05	Number of countries where the organization operates.	YES	30	G
2.06	Nature of ownership and legal form.	YES	81-82	G
2.07	Markets served.	YES	30;39;87-90	G
2.08	Scale of the reporting organization.	YES	30;38;49-50	G
2.09	Significant changes during the reporting period regarding size, structure, or ownership.	YES	8;11;81	G
2.10	Awards received in the reporting period.	NO		

**REPORT PARAMETERS****Report profile**

3.01	Reporting period for information provided.	YES	6-9	SR
3.02	Date of most recent previous report.	YES	6-9	SR
3.03	Reporting cycle.	YES	6-9	SR
3.04	Contact point for questions regarding the report or its contents.	YES	168	G

**Report scope and boundary**

3.05	Process for defining report content.	YES	6-9	SR
3.06	Boundary of the report.	YES	8	SR
3.07	State any specific limitations on the scope or boundary of the report.	YES	8	SR
3.08	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	YES	8	SR
3.09	Data measurement techniques and the bases of calculations.	YES	6-9	SR
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	YES	6-9	SR
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	YES	6-9	SR

**GRI Content Index**

3.12	Table identifying the location of the Standard Disclosures in the report.	YES	159	SR
------	---	-----	-----	----

**Assurance**

3.13	Policy and current practice with regard to seeking external assurance for the report.	NO		
------	---	----	--	--

**GOVERNANCE, COMMITMENTS, ENGAGEMENT****Governance**

4.01	Governance structure of the organization.	YES	20-23	G
4.02	Chairman's executive functions.	YES	22-23	G
4.03	State the number of members of the highest governance body that are independent and/or non-executive members.	YES	22	G
4.04	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	YES	83-84	G
4.05	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	YES	61	G
4.06	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	YES	23	G
4.07	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	NO		
4.08	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	YES	15-16;23;109	G
4.09	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	YES	27	G
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	NO		



**Commitments to external initiatives**

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	NO		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	YES	5;113	G
4.13	Memberships in associations and/or national/international advocacy organizations.	YES	105;147	G

**Stakeholder engagement**

4.14	List of stakeholder groups engaged by the organization.	YES	36-37	G
4.15	Basis for identification and selection of stakeholders with whom to engage.	YES	7	G
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	YES	77-79;83-85;102-105;111-112	G
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	YES, partially	36-37	G

**ECONOMIC PERFORMANCE INDICATORS**

**ASPECT: Economic performance**

EC1. Core	Direct economic value generated and distributed, including revenues, operative costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	YES	45-47	G
EC2. Core	Financial implications and other risks and opportunities for the organization's activities due to climate change.	YES	27	G
EC3. Core	Coverage of the organization's defined benefit plan obligations.	YES	61	SR
EC4. Core	Significant financial assistance received from government.	YES	47	G

**Aspect: Market presence**

EC5. Additional	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	YES, partially	65	SR
EC6. Core	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	YES	108-111	SR
EC7. Core	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	YES, partially	55	SR

**ASPECT: Indirect economic impacts**

EC8. Core	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	YES	117-138	SR
EC9. Additional	Understanding and describing significant indirect economic impacts, including the extent of impacts.	NO		

**ENVIRONMENTAL PERFORMANCE INDICATORS**

**ASPECT: Materials**

EN1. Core	Materials used by weight or volume.	YES, partially	142	SR
EN2. Core	Percentage of materials used that are recycled input materials.	NO		

**ASPECT: Energy**

EN3. Core	Direct energy consumption by primary energy source.	YES	141-143	SR
EN4. Core	Indirect energy consumption by primary source.	NO		
EN5. Additional	Energy saved due to conservation and efficiency improvements.	YES	141	SR
EN6. Additional	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	not significant		
EN7. Additional	Initiatives to reduce indirect energy consumption and reductions achieved.	NO		

**ASPECT: Water**

EN8. Core	Total water withdrawal by source.	YES	142-143	SR
EN9. Additional	Water sources significantly affected by withdrawal of water.	not significant		
EN10. Additional	Percentage and total volume of water recycled and reused.	not significant		

**ASPECT: Biodiversity**

EN11. Core	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	not significant		
EN12. Core	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	not significant		
EN13. Additional	Habitats protected or restored.	not significant		
EN14. Additional	Strategies, current actions, and future plans for managing impacts on biodiversity.	not significant		
EN15. Additional	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	not significant		

**ASPECT: Emissions, effluents, waste**

EN16. Core	Total direct and indirect greenhouse gas emissions by weight.	NO		
EN17. Core	Other relevant indirect greenhouse gas emissions by weight.	NO		
EN18. Additional	Initiatives to reduce greenhouse gas emissions and reductions achieved.	YES	143-144	SR
EN19. Core	Emissions of ozone-depleting substances by weight.	NO		
EN20. Core	NO, SO, and other significant air emissions by type and weight.	NO		
EN21. Core	Total water discharge by quality and destination.	NO		
EN22. Core	Total weight of waste by type and disposal method.	NO		
EN23. Core	Total number and volume of significant spills.	NO		
EN24. Additional	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	not significant		
EN25. Additional	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	not significant		

**ASPECT: Products and services**

EN26. Core	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	NO		
EN27. Core	Percentage of products sold and their packaging materials that are reclaimed by category.	NO		

**ASPECT: Compliance**

EN28. Core	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	NO		
------------	---	----	--	--

**ASPECT: Transport**

EN29. Additional	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	YES	144-145	SR
------------------	---	-----	---------	----

**ASPECT: Overall**

EN30. Additional	Total environmental protection expenditures and investments by type.	NO		
------------------	--	----	--	--

**SOCIAL PERFORMANCE INDICATORS**

**ASPECT: Employment**

LA1. Core	Total workforce by employment type, employment contract, and region.	YES	49-54	SR
LA2. Core	Total number and rate of employee turnover by age group, gender, and region.	YES	51	SR
LA3. Additional	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	YES	62-63	SR

**ASPECT: Labor/management relations**

LA4. Core	Percentage of employees covered by collective bargaining agreements.	YES, partially	65	SR
LA5. Core	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	YES	64	SR

**ASPECT: Occupational health and safety**

LA6. Additional	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	NO		
LA7. Core	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.	YES	56-58	SR
LA8. Core	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	YES	56-57	SR
LA9. Additional	Health and safety topics covered in formal agreements with trade unions.	YES	56	SR

**ASPECT: Training and education**

LA10. Core	Average hours of training per year per employee by employee category.	YES	76	SR
LA11. Additional	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	YES	71-75	SR
LA12. Additional	Percentage of employees receiving regular performance and career development reviews.	YES, partially	60-61	SR

**ASPECT: Diversity and equal opportunity**

LA13. Core	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	YES	53-56	SR
LA14. Core	Ratio of basic salary of men to women by employee category.	NO		

**SOCIETY**

**ASPECT: Community**

SO1. Core Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

NO

**ASPECT: Corruption**

SO2. Core Percentage and total number of business units analyzed for risks related to corruption.

YES, partially 24-26

SR

SO3. Core Percentage of employees trained in organization's anti-corruption policies and procedures.

YES, partially 25-26

SR

SO4. Core Actions taken in response to incidents of corruption.

NO

**ASPECT: Public policy**

SO5. Core Public policy positions and participation in public policy development and lobbying.

YES 23

G

SO6. Additional Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

YES 23

G

**ASPECT: Anti-competitive behavior**

SO7. Additional Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.

YES 101

SR

**ASPECT: Compliance**

SO8. Core Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.

YES 99-101

SR

**HUMAN RIGHTS**

**ASPECT: Investment and procurement practices**

HR1. Core Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

YES, partially 113-115

G

HR2. Core Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

NO

HR3. Additional Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

NO

**ASPECT: Non discrimination**

HR4. Core Total number of incidents of discrimination and actions taken.

YES 23

G

**ASPECT: Freedom of association and collective bargaining**

HR5. Core Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

YES 65

SR

**ASPECT: Child labor**

HR6. Core Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.

YES 59; 65

G

**ASPECT: Forced and compulsory labor**

HR7. Core Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.

YES 59;65

G

**ASPECT: Security practices**

HR8. Additional Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

not significant

**ASPECT: Indigenous rights**

HR9. Additional Total number of incidents of violations involving rights of indigenous people and actions taken.

YES 65

SR

**PRODUCT RESPONSIBILITY**

**ASPECT: Customer health and safety**

PR1. Core Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

not significant

PR2. Additional Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

not significant

**ASPECT: Product and service labeling**

PR3. Core	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	not significant		
PR4. Additional	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	not significant		
PR5. Additional	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	YES	102-105	SR

**ASPECT: Marketing communications**

PR6. Core	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	YES	35	G
PR7. Additional	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	YES	35	SR

**ASPECT: Customer privacy**

PR8. Additional	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	YES	27	SR
-----------------	--	-----	----	----

**ASPECT: Compliance**

PR9. Core	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	YES	77	SR
-----------	---	-----	----	----

**Management System**

CSR 1	Describe social elements of the CSR policy.	YES	4-5; 7-9	SR
CSR 2	Describe the structure and relevant CSR responsibilities.	YES	27-28	SR
CSR 3	Report on the number of audits and auditing hours.	NO		

**Sensitive Issues**

CSR 4	Describe procedures for handling issues sensitive to stakeholders.	YES	36-37	SR
CSR 5	Report on the number of non-compliance incidents with any law or regulatory code of conduct.	YES	23-24	SR

**Internal Social Performance**

INT 1	Describe social responsibility issues covered in the company's human resources policies.	YES	54-64	SR
INT 2	Staff turnover and job creation.	YES	51	SR
INT 3	Employee satisfaction.	YES	77-79	SR
INT 4	Senior management remuneration.	YES	61	SR
INT 5	Bonuses fostering sustainable success.	YES	61-62	SR
INT 6	Female-male salary ratio and average salary.	YES, partially	55	SR
INT 7	Staff breakdown by gender, disability and ethnic origin.	YES, partially	55	SR

**Performance to society**

SOC 1	Contributions to charitable causes, community investments and commercial sponsorships.	YES	117-138	SR
SOC 2	Economic Value Added.	YES	45-47	SR

**Suppliers**

SUP 1	Report on policy and procedures to screen suppliers' social performance.	YES	111-112	SR
SUP 2	Report on supplier satisfaction.	NO		

**Insurance and banking policies**

INS 1	Describe the social criteria applied by the reporting organisation in its underwriting and banking policies.	YES	91-94	G
INS 2	Report on the customer base in private insurance and in business insurance.	YES	88-89	SR
INS 3	Report on the number of complaints received from customers and comment on the issues.	YES	99-100;102	SR
INS 4	Report on provision of tailored and innovative products and services applying special ethical / sustainability criteria.	YES	91-94	SR

(\*)

SR = Sustainability Report area

G = Group





REPORT  
APPLICATION  
LEVEL

C C+ B B+ A A+

		C	C+	B	B+	A	A+
MANDATORY	SELF DECLARED			<input checked="" type="checkbox"/>			
	THIRD PARTY CHECKED			<input checked="" type="checkbox"/>			
OPTIONAL	GRI CHECKED						
			REPORT EXTERNALLY ASSURED		REPORT EXTERNALLY ASSURED		REPORT EXTERNALLY ASSURED

The assurance of the “GRI application level” has been conducted by Mario Molteni, professor of Business Economics and Corporate Strategy at Università Cattolica del Sacro Cuore. He has confirmed the B level declared by the Group.

PROJECT **trivioquadrivio**  
ART DIRECTION / INFORMATION DESIGN: STEFANO CARDINI  
PRINTED BY MEDIAPRINT, MILANO

**Co-ordination:**  
Corporate Social Responsibility  
Sustainability Report

**Graphic co-ordination:**  
Corporate Communication

September, 2007

This Report is available at:  
[www.generali.com](http://www.generali.com)

**For further information, please contact:**  
Assicurazioni Generali S.p.A.  
Corporate Social Responsibility  
Sustainability Report  
Piazza Duca degli Abruzzi, 2  
34132 Trieste Italy  
Tel. +39 040 671165  
Fax +39 040 671822  
Mail [sustainabilityreport@generali.com](mailto:sustainabilityreport@generali.com)