



ASSICURAZIONI GENERALI

CORPORATE
GOVERNANCE
REPORT

2004

173RD year



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GENERALI

Assicurazioni Generali S.p.A.

Registered Office and Central Head Office in Trieste
Head Office for Italian Operations in Mogliano Veneto
Capital (fully paid in) Euro 1.275.999.458,00
Fiscal code and Trieste Companies Register 00079760328
Authorized to transact insurance business
Per Article 65 of RDL April 29, 1923 No. 966

CHAIRMAN

Antoine Bernheim

VICE- CHAIRMAN

Gabriele Galateri di Genola

MANAGING DIRECTORS

Sergio Balbinot / Giovanni Perissinotto

DIRECTORS

(*) Directors who, together with the Chairman, Vice-Chairman and Managing Directors, form the Executive Committee

Tito Bastianello / Luigi Arturo Bianchi
Ana Patricia Botin / Gerardo Brogginì (*) / Claudio Consolo
Laurent Dassault / Diego Della Valle / Enzo Grilli
Piergaetano Marchetti (*) / Klaus-Peter Müller / Alberto Nicola Nagel (*)
Alessandro Ovi / Alessandro Pedersoli
Reinfried Pohl / Vittorio Ripa di Meana

GENERAL COUNCIL

Comprising, besides the below listed elective Members, the Members of the Board of Directors and the General Managers

Giorgio Davide Adler / José Ramón Álvarez Rendueles
José Maria Amusátegui de la Cierva / Raymond Barre / Claude Bébéar
Kenneth J. Bialkin / Sabino Cassese / Giacomo Costa
Maurizio De Tilla / Dieter Farny / Enrico Filippi
Carlos Fitz-James Stuart y Martínez de Irujo / Albert Frère
Roberto Gonzales Barrera / Georges Hervet / Dietrich Kerner
Khoon Chen Kuok / Stefano Micossi / Franca Orsini Bonacossi
Paolo Pedrazzoli / Arturo Romanin Jacur / Guido Schmidt-Chiari
Theo Waigel / Wilhelm Winterstein

BOARD OF AUDITORS

Gianfranco Barbato, Chairman
Paolo D'Agnolo / Gaetano Terrin
Giuseppe Alessio Vernì (substitute) / Paolo Bruno (substitute)

GENERAL MANAGERS

Raffaele Agrusti / Sergio Balbinot / Fabio Buscarini / Giovanni Perissinotto

DEPUTY GENERAL MANAGERS

(**) Secretary of the Board of Directors

Aldo Minucci / Vittorio Rispoli (**)

PROPIEDAD
DE LA
S.A. DE SEGUROS
LA ESTRELLA.



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Introduction

Against a backdrop characterised by a generally increased awareness of corporate governance issues – which have long been considered as fundamental by the most advanced market players –, international competition among potential allocators of financial resources looks set to be conducted increasingly on the basis of the efficiency and reliability of corporate governance systems and companies' ability to provide effective information on these issues.

If awareness continues to grow regarding the importance of these rules, and if these rules are increasingly perceived as a lever for competition upon which companies may draw on a purely voluntary basis, the ability to set in-house rules for efficient and effective working practices, ideally suited for enhancing the perception of a company's solidity, will become a concrete expression of how mature companies are and, consequently, of the degree to which they are likely to contribute to market growth.

First Part

Company Introduction

Objectives

Before defining the functioning of the Company's corporate governance, we deem it appropriate to explain certain principles which constitute a regular element of the Company's daily actions aimed at achieving its corporate objects.

As more profusely illustrated in other documents published by the Company, Generali has pursued for some time now the objective of setting corporate activities into a more general framework, one of the key elements of which is social solidarity. The Company has been traditionally characterised by social commitment, which is considered a real investment for all business sectors. Generali believes that economic competitiveness is inextricably linked to ethical aspects, environmental protection, awareness and promotion of social commitment.

With reference to environmental protection, we would like to highlight that the Group considers the environment an basic asset . That is why the Group's business choices have been aimed at ensuring consistency between business initiatives and environmental needs, in compliance with the existing legislation and always with an eye on the development of scientific research and best experiences in this field.

Moreover, the Generali Group's Ethical Code enshrines further principles to which the utmost importance is attached, such as professionalism, the promotion of human resources, health protection, free competition, transparency and correctness of information.

Corporate Organisation

As a joint-stock company governed by the Italian law and compliant with the self-regulatory Code of Conduct – Codice Preda (“the Code”) first published on 30 October 1999, the corporate structure of Assicurazioni Generali consists of the following main corporate bodies:

- A. Board of Directors
- B. Chairman and Deputy Chairmen of the Board of Directors
- C. Executive Committee
- D. Managing Directors
- E. Internal Control Committee
- F. Remuneration Committee
- G. Shareholders' Meeting
- H. Board of Auditors



The Company also includes a General Council. Further expressions of the Company include the company management and, according to the Company's Articles of Association, company officers acting as legal representatives.

The **Board of Directors** ("Board") is vested with the broadest management powers for the furtherance of corporate objectives. It is appointed on a three-yearly basis by the Shareholders' Meeting and appoints a Chairman, one or more Vice Chairmen – holding statutory powers – and an Executive Committee. The Board may furthermore appoint one or more **Managing Directors**. The Board determines powers and remuneration of all these bodies.

The **Executive Committee**, the Remuneration Committee and the Internal Control Committee are bodies established by and composed of members of the Board. Whereas the Executive Committee is entrusted with important management functions for the Company and the Group, the other Committees are only charged with the task of giving advice and making proposals.

It is the task of the **Remuneration Committee** to express its opinion and make non-binding proposals to the Board of Directors on the determination of the remuneration payable to the Chairman of the Board of Directors, Deputy Chairmen, Managing Directors and General Managers.

The **Internal Control Committee**, on the other hand, has the task of assisting the Board of Directors in performing the obligations connected with the internal control system under the Code. The Committee is also called upon to assess the adequacy of the internal control system, express its opinion on the "Internal Audit Plan" and the "Report on Internal Audit", and assess proposals for appointing the auditing company.

The **Shareholders' Meeting** ("Meeting"), when duly convened, is the body that expresses the Company's will through its resolutions. Resolutions pursuant to the law and the Articles of Association are binding upon all shareholders, including absent and dissenting ones.

The **Board of Auditors'** tasks include seeing that the Articles of association are complied with and supervising management activities. The Board does not have auditing functions; these are ascribed to a chartered **Auditing Firm**, an auditing body external to the Company. The Auditing Firm is responsible for verifying that the Company properly records its financial statements during the year and appropriately reports its operations in its accounting record. The Auditing Firm is also responsible for checking that the company and consolidated financial statements comply with the results recorded in the books and with the audits they carry out, and that the bookkeeping documents comply with the relevant regulations.

The **General Council** is a high advisory body which concerns itself with the best attainment of the Company's objects, with particular regard to the territorial expansion of the Company and to international insurance and financial problems.

The powers of corporate bodies and the way they function are governed by the law, the Company's Articles of Association and the resolutions passed by the competent bodies. The Articles of Association are available at Company offices or can be downloaded – also in English, French, German and Spanish – from the “Corporate Governance” section on the Company's web site (www.general.com).

Main shareholders

In order to provide a complete picture of the Company, general information is provided on the Company's shareholder structure.

Generali's subscribed and paid-up capital amounts to Euro 1,275,999,458.00. This is divided into 1,275,999.458 registered shares, all of which are ordinary shares, each of par value Euro 1.00. The figures relating to shareholders who received 2003 dividends are still being calculated while, according to the *Register of Shareholders*, the total number of shareholders is equal to 299,953. Shares corresponding to 99.99% of share capital are recorded in the central dematerialised securities system at Monte Titoli S.p.A. in Milan.

According to the *Register of Shareholders* and the information provided in compliance with the law, the shareholders holding, directly and/or indirectly, including through third parties, trustees or subsidiary companies, more than 2% of the share capital and entitled to vote are listed in the following table.

Shareholder	No. of shares	Percentage of capital
Gruppo Mediobanca S.p.A.	185,133,951	14.509
Banca d'Italia	57,077,828	4.473
Gruppo Unicredit	45,791,037	3.589
Gruppo Capitalia	40,715,240	3.191
Gruppo Premafin	30,995,700	2.429



Direction and co-ordination

No natural or legal person, directly or indirectly, jointly or severally, holds a sufficient number of shares enabling said person to acquire a controlling stake in the Company. In the light of the recent provisions of the company law reform, the Company is not subject to direction and co-ordination by any Italian or foreign body or company. As a matter of fact, it is the Company which directs and coordinates a significant number of companies of the Group.

The yearly report attached to the financial statements describes the relations existing with the companies directed and coordinated by Generali.

Shareholders' Agreements

On 13 March 2003, through a press release, UniCredito Italiano S.p.A, Banca Monte dei Paschi di Siena S.p.A. and Capitalia S.p.A. announced that, on the same date, their respective decision-making bodies authorised the signature of an agreement establishing periodical consultations among the parties, which shall in any case meet seven days before each meeting of Assicurazioni Generali S.p.A. to discuss any issue connected with our Company that may be of common interest.

The above-mentioned signatories declared that the agreement does not pose any charges on the exercise of the rights deriving from the possession and/or the holding of Generali's shares. Parties will remain free to exercise such rights as they autonomously decide to.

The agreement will last for six months and can be tacitly extended, except in the case a party withdraws. Such withdrawal shall be notified within the third month prior to its original or extended term. It has been specified that the agreement shall no longer be effective for any signatory who, in the course of its terms, may decide to yield or sell its shareholding in Assicurazioni Generali S.p.A., or reduce it substantially.

Subsequently, the parties extended the duration of the Agreement in force up to 13 September 2005 and modified their shareholdings. As a result, the parties now own 8.438% of Generali's capital, subdivided in the following way: UniCredit 3.589%, Banca Monte dei Paschi di Siena 1.658%, Capitalia 3.191%.

The signatories declared that the agreement may be modified and/or replaced by another agreement which, if necessary, will have the form and the content of a voting trust.

On 15 February 2003, the Italian newspaper *Corriere della Sera* published an excerpt of a shareholders' agreement signed on 5 February 2003 by 13 members of the *Associazione Amministrazione Patrimoni* ⁽¹⁾.

* *

(1) The agreement was set up as an association. No-one among signatories holds more than 0.1% of shares. The exact

The following pages are meant to present Generali's corporate governance system, with a special focus on the powers and responsibilities of its various bodies, their relations with one another, the ways in which their members are appointed, their terms of office and rules for reappointment.

The main objective of this Report is to provide only significant information for stakeholders. However, as the Report is also aimed at foreign investors and analysts, we had to bear in mind that the basic functioning rules of Italian companies might not be completely familiar to them. That is why some readers might complain about excessive details. Were it to be so, we do apologize for the inconvenience.

percentages of the company share capital owned by signatories cannot be calculated, as they are infinitesimal fractions of it.

The agreement states the right to purchase or have the Association purchase or subscribe, on behalf of its members – including through substitutes – financial instruments or stocks within the Generali Group.

The agreement also sets a series of limits with regard to the transfer of financial instruments. Its object is the exercise of the right to vote on such instruments. It complies with the provisions laid down in paragraphs 1 and 5, letters b) and c), of article 122 of Legislative Decree no. 58 of 24 February 1998.



Second Part

Corporate Governance Structure

Board of Directors

Role

The Board is vested with the broadest management powers for the furtherance of the company's objects.

The Board is the corporate body designated specifically to ensure that resolutions taken by the Shareholders' Meetings are correctly and promptly executed.

Among the powers pertaining to the Board of Directors, those reserved exclusively to it are concerned with the approval of strategic, business and financial plans of the Company, as well as transactions having a significant impact on the Company's profitability, assets and liabilities or financial position, with special reference to transactions involving related parties. According to the Company's Articles of Association, it also submits proposals for the allocation of profits.

These powers, which cannot be delegated, also include (pursuant to the Articles of Association):

- distributing interim dividends to shareholders during the current financial year;
- establishing or terminating Head Offices and business establishments outside Italy;
- passing resolutions on mergers, in the cases admitted by the law, on the establishment or termination of secondary head offices as well as on the adjustment of any provisions enshrined in the Company's Articles of Association as may become incompatible with new mandatory provisions of the law;
- establishing or terminating operations of individual Departments;
- appointing and removing from office one or more General Managers at the Central Head Office and a General Manager at the Head Office for Italy, as well as one or more deputy General Managers and Assistant General Managers at the Central Head office and at the Head Office for Italy, and fixing their authority and functions;
- determining the hierarchic organization of the managing personnel of the Company in Italy and abroad;
- resolving on other matters that cannot be delegated by law ⁽²⁾.

(2) These are the subjects regulated by articles 2420-ter (*Delegation of powers to managing directors*), 2423 (*Drawing up of financial statements*), 2443 (*Delegation of powers to managing directors*), 2446 (*Reduction of capital for losses*), 2447 (*Reduction of paid-in capital below the legal limit*), 2501-ter (*Merger project*) and 2506-bis (*Division project*) of the Italian Civil Code.

With reference to accounting documents, pursuant to the law, the Board is also empowered to draw up:

- the draft annual statements, plus a report on Company management performance ⁽³⁾;
- the Group consolidated financial statements ⁽⁴⁾, also including a report on Company management performance;
- the half-year report dated 30 June of each year;
- quarterly reports dated 31 March and 30 September of each year ⁽⁵⁾.

The Board further reserved the following powers to its own exclusive competence, except in the cases contemplated by provisions regulating urgency and/or necessity:

- defining strategic guidelines for the Company and the Group, as well as the Group's corporate structure;
- delegating powers to the Executive Committee and the Managing Directors and revoking them, specifying contents, limits to such powers and the manners for exercising them;
- assessing the general trend of management and the adequacy of the Company's organizational, administrative and accounting structure on the basis of the reports received from competent corporate bodies;
- approving agreements – at an international level, too – lying outside standard operations.

Until 28 April 2006, the Board is also empowered to increase the share capital, on one or more extensions, by issuing:

- up to 500 million new ordinary shares to be offered as stock options to shareholders in proportion to the shares already held by them;
- up to 1.7 million new ordinary shares to be assigned to Company employees or to employees of subsidiary companies in line with the procedures and principles established by the Board of Directors, in compliance with the provisions of the law;
- up to 180,000 new ordinary shares to be assigned severally to the employees of the Company or of subsidiary companies in compliance with article 46 of the Company's Articles of Association.

The Board of Directors is further empowered to issue – on one or more extensions, until 28 April 2006 – totally or partially subordinated convertible and/or non-

(3) The annual accounts, consisting of the Statement of Assets and Liabilities, the Profit and Loss Accounts and the Notes on the Accounts, are adopted by the Shareholders' Meeting (generally by the month of April of each year) after the latter has been presented with draft statements adopted by the Board of Directors.

(4) The consolidated accounts are definitively adopted by the Board of Directors; the Shareholders' Meeting takes them into consideration when called upon to discuss and approve the company annual accounts.

(5) Starting from 2000, the Company has exercised its right to publish in advance the draft annual accounts, the consolidated accounts and the half-year report. As a result of this, quarterly reports were published only for the accounting periods closing on 31 March and 30 September of each year.



convertible bonds with a par value of up to Euro 2,665,000,000.00. The Board of Directors is empowered to determine the conditions, terms and procedures for this issue and to establish the number, the unit par value, the duration and the interest rate of the bonds to be issued.

Notwithstanding the above-mentioned limitations and pursuant to the Articles of Association, the Board delegates powers to the Managing Directors and to the Executive Committee, specifying the limits to such powers, the manner for exercising them and the frequency – which may not be less than once every three months – with which such bodies must report to the Board on the activities performed in the exercise of the powers delegated to them. The Board determines, after examining the proposals of the ad hoc committee and consulting the Board of Auditors, the remuneration of Directors with delegated powers and those appointed to particular positions within the company.

On the occasion of meetings and on an at least quarterly basis, the Board of Directors and the Board of Auditors receive a report, drafted by delegate bodies as well, on the development of management issues and on the activities carried out by the Company and its Subsidiary companies, on its expected evolution, on the main economic, financial and investment transactions, and especially on those transactions for which the Directors hold a stake – personally or for third parties – or which are influenced by any person exercising management and coordination activities. The report to the Board of Auditors can also be made directly or at the meetings of the Executive Committee, if by so doing it is rendered more timely.

A Director who, either directly or indirectly, holds an interest in a certain operation to be performed by the company, informs the other Directors and the Board of Auditors and provides details on the interest's type, terms, origin and scope; if the Director is a Managing Director, he/she restrains from carrying out the operation and delegates it to the Board.

The Generali Board meets at regular intervals, at least once every three months, in compliance with legal requirements, according to a calendar which is approved on a yearly basis ⁽⁶⁾. The Board adopts an organisation and a modus operandi enabling it to guarantee effective and efficient performance of its functions. The Board met on six occasions during in both the 2002 and 2003 financial years and on five occasions during 2004. The average attendance of members at meetings was 87% in 2002, 86.9% in 2003 and 83.4% in 2004.

(6) It is usually approved during the last Board meeting of the year. Please note that, starting from last year, the calendar including the most important corporate events is disseminated by the issuers of securities listed in the Italian Stock Exchange (which publishes it) within 30 days from the end of the financial year. Here is the calendar referring to the events taking place in this year: Thursday, 10 February 2005 – Meeting of the Board of Directors; Thursday, 24 March 2005 – Meeting of the Board of Directors (approval of the draft financial statements and consolidated statements as at 31 December 2004); Saturday, 30 April 2005 – Shareholders' Meeting (approval of the financial statements as at 31 December 2004); Friday, 13 May 2005 – Meeting of the Board of Directors (approval of the quarterly report as at 31 March 2005); Thursday, 8 September 2005 – Meeting of the Board of Directors (approval of the half-yearly report as at 30 June 2005); Thursday, 10 November 2005 – Meeting of the Board of Directors (approval of the quarterly report as at 30 September 2005).

Number of Directors and term of office

The Company is managed by a Board consisting of not less than 11 and not more than 21 members appointed by the Shareholders' Meeting after having decided upon the number of members.

The members of the Board of Directors are appointed for a three-year term, are eligible for re-election and their mandate terminates on the date of the meeting held to approve the financial statements regarding the last financial year covered by it. If one or more Board Members should cease from office for whatever reason in the course of the three years, the vacancy shall be filled in compliance with the law.

The Board appoints a Secretary. The Secretary needs not be a Board member.

Requisites for office

The Directors of Generali – as directors of an Italian insurance company – must be selected in accordance with professional and competence criteria from among candidates who have a total of at least three years' experience developed through the exercise of qualifying professional activities ⁽⁷⁾. Directors must also have specific requisites regarding “honourableness” ⁽⁸⁾. Either the total or partial lack of the professional or honour requisites results in forfeiture of office ⁽⁹⁾.

(7) Decree No. 186 of 24 April 1997 issued by the Ministry of Industry, Commerce and Craft Industry establishes that at least one of the following qualifying professional activities must have been undertaken to fulfil the criterion of professionalism:

- a) Direction, management or control at insurance, credit or financial industry companies and bodies possessing a share capital of at least 500 million Liras;
- b) Direction, management or control at public sector bodies or at public and private companies of a size commensurate to the size of the insurance company at which the office is to be held;
- c) Professional experience in areas pertaining to the insurance, credit or financial industries, or university-level teaching in legal, economic or actuarial studies.

Prohibited from taking the office of Director at insurance companies, or offices involving the exercise of equivalent functions, are candidates who have been directors, general managers, auditors or liquidators at insurance, credit or financial companies that have been subject to procedures of extraordinary administration, bankruptcy or compulsory administrative liquidation during the three years prior to adoption of the provisions concerned. This prohibition is in place for the three-year period starting from the adoption of these provisions.

(8) The requisite of honourableness is deemed to apply provided that the prospective candidate does not belong to any of the following categories:

- Legal disqualification or temporary debarment from direction functions over juridical persons and companies;
- Liability to preventative measures taken by the judicial authorities pursuant to Law no. 575/31 May 1965 and to Law no. 646/13 September 1982 and subsequent amendments and additions;
- Conviction upon final judgement, excepting the effects of discharge and conditional suspension of sentence, with:
 - a) Imprisonment for one of the crimes listed in the special regulations that discipline the insurance, credit and equity market industries, and in Law Decree no. 143/3 May 1991, converted to Law no. 197/5 July 1991, and subsequent amendments and additions;
 - b) Imprisonment for one of the crimes described under Section XI, Book V of the Civil Code and in Royal Decree 267/16 March 1942;
 - c) Imprisonment for a term not less than one year for a crime against government, against public faith, against property, against public order, against the public economy or for a crime relating to tax issues;
 - d) Imprisonment for a term not less than two years for any crime committed without criminal intent.

(9) Pursuant to law, forfeiture must be declared by the Board of Directors within 30 days of being informed about the unsuitability described above. Should forfeiture not be declared by the Board of Directors within the above-mentioned time, it is to be declared on the basis of an ISVAP provision.



Directors in office

The Board is currently made up as follows:

Office	First name, last name
<ul style="list-style-type: none"> Chairman Member of the Executive Committee Executive Director 	Mr. Antoine Bernheim
<ul style="list-style-type: none"> Vice-chairman Member of the Executive Committee Chairman of the Remuneration Committee Non-executive Director 	Mr. Gabriele Galateri di Genola
<ul style="list-style-type: none"> Managing Director Member of the Executive Committee Executive Director General Manager 	Mr. Giovanni Perissinotto
<ul style="list-style-type: none"> Managing Director Member of the Executive Committee Executive Director General Manager 	Mr. Sergio Balbinot
<ul style="list-style-type: none"> Non-executive Director Independent Director 	Mr. Tito Bastianello
<ul style="list-style-type: none"> Non-executive Director Independent Director Member of the Internal Control Committee 	Mr. Luigi Arturo Bianchi
<ul style="list-style-type: none"> Non-executive Director Independent Director Member of the Remuneration Committee 	Ms. Ana Patricia Botin
<ul style="list-style-type: none"> Member of the Executive Committee Chairman of the Internal Control Committee Non-executive Director Independent Director 	Mr. Gerardo Brogгинi
<ul style="list-style-type: none"> Non-executive Director Independent Director 	Mr. Claudio Consolo
<ul style="list-style-type: none"> Non-executive Director Independent Director 	Mr. Laurent Dassault
<ul style="list-style-type: none"> Non-executive Director Independent Director Member of the Remuneration Committee 	Mr. Diego Della Valle
<ul style="list-style-type: none"> Non-executive Director Independent Director 	Mr. Enzo Grilli
<ul style="list-style-type: none"> Member of the Executive Committee Non-executive Director Independent Director 	Mr. Piergaetano Marchetti
<ul style="list-style-type: none"> Non-executive Director Independent Director 	Mr. Klaus-Peter Müller

(continues)

(continues)

Office	First name, last name
<ul style="list-style-type: none"> • Member of the Executive Committee • Non-executive Director 	Mr. Alberto Nicola Nagel
<ul style="list-style-type: none"> • Non-executive Director • Independent Director • Member of the Internal Control Committee 	Mr. Alessandro Ovi
<ul style="list-style-type: none"> • Non-executive Director • Independent Director • Member of the Internal Control Committee 	Mr. Alessandro Pedersoli
<ul style="list-style-type: none"> • Non-executive Director 	Dr. Reinfried Pohl
<ul style="list-style-type: none"> • Non-executive Director • Independent Director 	Mr. Vittorio Ripa di Meana

The Code Preda, as amended in July 2002, states the obligation for Directors to accept their appointment taking account of the number of positions they hold on the boards of directors or auditors of other companies listed on regulated markets, including foreign markets, financial companies, banks, insurance companies and large companies.

In compliance with the provisions set out in the Code, a complete list of the positions held by the Company's Directors in such companies – along with a brief profile of each of them – is provided in the footnote ⁽¹⁰⁾.

(10) Antoine BERNHEIM was born in Paris on 4 September 1924. He graduated in Law and in Sciences, and pursued the whole of his professional career at Maison Lazard. He was the Chairman and General Manager of the insurance companies belonging to the La France group for over 25 years. He has been in the Board of Generali since 1973, chairing it from 1995 to 1999 and then from September 2002 until today. In France, he was awarded the prestigious distinction of the Legion of Honour, and in Italy he was made a *Grande Ufficiale dell'Ordine al Merito della Repubblica Italiana*. He is also Vice Chairman of the Group's subsidiary Alleanza, a member of the Board of Mediobanca, Banca Intesa S.p.A., Vice Chairman of LVMH and Bolloré Investissement. He is a Director of: Lazard Limited Liability Company, Generali France, AMB Generali Holding AG, BSI – Banca della Svizzera Italiana, Generali Holding Vienna, Generali Finance BV, Christian Dior S.A. Finally, he is an auditor of Eurazeo.

Gabriele GALATERI di GENOLA was born in Rome on 11 January 1947. He graduated in Law and achieved a Master's Degree in Business Administration at Columbia University. He embarked on his professional career in 1971, at Banco di Roma. In 1993 he was appointed as Managing Director and General Manager of IFIL and subsequently, in 2002, he became the Managing Director of Fiat. Currently he is the Chairman of Mediobanca. In 2003 he was appointed as Vice Chairman and Member of the Board of Directors of Generali. He is also a Director of: Pirelli & C. S.p.A., Ifi S.p.A., Banca Esperia S.p.A., Banca CRS S.p.A. and Accor S.A.. He has been awarded the title of *Cavaliere del Lavoro*.

Sergio BALBINOT was born in Tarvisio (Udine) on 8 September 1958. He graduated in Economics and Commerce and entered the Generali Group in 1983. He carved out his career both in Italy and abroad in the companies of the Group, returning then to Trieste. He was appointed as Managing Director in 2002 and is also Vice Chairman of Generali España Holding Entidades de Seguros S.A., Vice Chairman and Director of several Austrian, Dutch, French, German, Israeli, Spanish and US companies (Generali Finance B.V., Graafschap Holland Participatie Maatschappij N.V., AMB Generali Holding AG, Banco Vitalicio de España, La Estrella, Commerzbank AG).

Giovanni PERISSINOTTO was born in Conselice (Ravenna) on 6 December 1953. He graduated in Economics and Commerce and entered the Generali Group in 1980. He carved out his career in the foreign companies of the Group, returning to Trieste in 1988. He was appointed as Managing Director in 2001 and currently holds many offices as Director of several companies belonging to the Generali Group (among them, Banca Generali, Generali Asset Management Sgr S.p.A. and Generali Properties – of which he is also the Chairman – as well as Alleanza, INA Vita, Assitalia, Belgica Insurance Holding, Generali Finance B.V., Participatie Maatschappij Graafschap Holland N.V., BSI – Banca della Svizzera Italiana, Generali France, Generali España Holding Entidades de Seguros S.A., Flandria Participation Financieres) but not only (Pirelli, Banca Intesa, BNL); he is also a member of the Board of Directors and the Council of Assonime, as well as a Member of the Executive Committee of ANIA.

Tito BASTIANELLO was born in Venice on 15 August 1930. He graduated in Law and has been a businessman since 1951, first in the cinema sector, then in the field of large distribution and catering. He is the Chairman and a Managing



The currently serving Board was appointed on 24 April 2004 and, as previously mentioned, will remain in office until adoption of the financial statements for the year closing on 31 December 2006.

Director of various companies of the GECOS-PAM S.p.A. group, as well as a Director of Cassa di Risparmio di Venezia S.p.A. He has been a Director of Generali since 1995. He has been awarded the title of *Cavaliere del Lavoro*

Luigi Arturo BIANCHI was born in Milan on 3 June 1958. He graduated in Law and is currently employed as extraordinary professor of business law at Bocconi University, Milan. He is a lawyer and consultant of the Milan-based law firm Bonelli Erede Pappalardo. He was appointed as Member of the Board of Directors of Generali in 2003, and currently holds the office of Director of various companies, including Benetton Group and Anima SGR.

Ana Patricia BOTÍN was born in Santander (Spain) on 4 October 1960. She graduated in Economics at Harvard University and started her professional career at JP Morgan, first in Spain, then in the United States and subsequently in Latin America. After that, she made all the steps of her managerial career inside the Banco Santander Group, dealing mainly with its activities in Latin America. She is currently Chairman of Banesto as well as a Member of the Executive Committee of Santander Central Hispano. She was appointed as Director of the Company in 2004.

Gerardo BROGGINI was born in Locarno (Switzerland) on 16 November 1926. A lawyer since 1952, permanent professor in Heidelberg since 1956 and formerly holder of the international private law chair at Cattolica University, Milan, he has been practising as a lawyer in this town since 1968. He has written a number of publications on Roman law, civil law, business law and international private law. He is the Vice Chairman of INA Vita, a Member of the Supervisory Board of AMB Generali Holding, as well as a Director of UBS Securities Italia Finanziaria, Danieli & C. S.p.A. and Berco S.p.A. (Thyssen Krupp). He has been a Director of the Company since 2000.

Claudio CONSOLO was born in Bergamo on 24 July 1955. He graduated in Law and is now full civil procedure law professor at Padua University; he also holds a chair at Innsbruck University. He is a member of various ministerial committees entrusted with the preparation of civil and administrative law reform projects. He is also on the editorial staff of various publications and has written numerous scholarly juridical works. He is practising as a Lawyer. He is a permanent Auditor of Autostrada Brescia-Verona-Vicenza-Padova S.p.A. He was appointed as Director of the Company in 2004.

Laurent DASSAULT was born in Neuilly-sur-Seine (France) on 7 July 1953. He graduated in Law and started his career in the bank sector, working in various French credit institutions until he reached the office of Administrateur Directeur Général of Banque Parisienne Internationale. Besides holding primary offices within the Dassault Group, which operates mainly in the aeronautics and wine-growing sectors, he is also a Director of our subsidiary Generali France. In 2003 he was awarded the prestigious distinction of the Legion of Honour in France. He was appointed as Director of the Company in 2004.

Diego DELLA VALLE was born in S. Elpidio a Mare (Ascoli Piceno) on 30 December 1953. He graduated in Law at Bologna University and started as a businessman in his family concern, focussing on marketing. Since October 2000, he has been the Chairman and a Managing Director of Tod's S.p.A.. Today he is also a Director, among the others, of Ferrari S.p.A., Maserati S.p.A., LVMH, BNL and RCS Mediagroup S.p.A.. In 1996 he was awarded the title of *Cavaliere del Lavoro*. He has been a Director of the Company since 2004.

Enzo GRILLI was born in Casarza Ligure on 7 October 1943. He is full professor of International Economics at Johns Hopkins University, Washington. He was appointed as Member of the Board of Directors of Generali in 2001, and currently holds the same office at TIM S.p.A. and Impregilo S.p.A. He also cooperates with Sole 24 Ore, Corriere della Sera and Financial Times.

Piergaetano MARCHETTI was born in Milan on 30 November 1939. Full professor at Bocconi University, where he holds the chair of business law, he is an expert in corporate and security exchange law and works as a Notary Public in Milan. He has written significant works and publications and is the editor in chief of "Rivista delle Società". He is the Chairman of the Board of Directors of RCS Quotidiani S.p.A. and the Chairman of the Board of the Mediobanca Shareholders' Agreement. He has been a Director of the Company since 2000. He was also made a *Cavaliere di Gran Croce dell'Ordine al Merito della Repubblica Italiana*.

Klaus-Peter MÜLLER was born in Duppach (Germany) on 16 September 1944. In 1966 he was hired by Commerzbank, where he developed his career until he became, and still is, Chairman of the Vorstand in 2001. He was also appointed as Member of the Board of Directors of Generali in the same year and is currently a Director of Linde AG as well.

Alberto Nicola NAGEL was born in Milan on 7 June 1965. He graduated in Economics and Commerce at Bocconi University, and is currently on the professional register of Certified Public Accountants and the Register of Auditors. He was hired by Mediobanca in 1991 and carved out his managerial career in that company, until he became General Manager in April 2003. Since July 2000 he has been a Director of Banca Esperia. He was an Auditor of Assicurazioni Generali from 1996 to 2004, when he resigned to take office as a Director.

Alessandro OVI was born in Carpineti (Reggio Emilia) on 14 January 1944 and graduated in Engineering. In the past he was a Member of the Board of Directors of Telecom Italia S.p.A., Alitalia S.p.A., Finmeccanica S.p.A. and Tecnitel. He was appointed as Member of the Board of Directors of Generali in 2003 and is also a Director of other companies, including the listed STMicroelectronics and Telecom Italia Media S.p.A..

Alessandro PEDERSOLI was born in Naples on 24 April 1929. He graduated in Law and practises as a civil lawyer specialized in business and corporate law in Milan. He was appointed as Member of the Board of Directors of Generali in 2003. Currently, he also holds the office of Chairman of Beiersdorf S.p.A. and Coin Group S.p.A. as well as Director of BPU Banca S.p.A., RCS Mediagroup S.p.A. and other Italian companies.

Reinfried POHL was born in Zwickau (Czech Republic) on 26 April 1928. He graduated in Law and is the only member of the Vorstand of Deutsche Vermögensberatung AG and a member of the Supervisory Board of AMG Generali Holding AG and of Aachener und Muenchener Lebensversicherung AG. He is also a Member of the Vorstand of Deutsche Vermögensberatung AG Wien. He has been a Director of Generali since 2001.

Vittorio RIPA DI MEANA was born in Rome on 19 September 1927. Since 1954 he has been on the professional register of Lawyers of Rome, practising his profession in the sectors of corporate law, business and industrial law, as well as in bank and competition law. Chairman of IPSE 2000 and of the Association for the Economics of Culture and Vice Chairman of FAI (the Italian Fund for the Environment), he has been Director of the Espresso Publishing Group since 1959. He is also a member of the Boards of Directors of Ansa and of Saint Cecilia National Academy, as well as the Chairman of Capitalia Bank Group Shareholders' Agreement. He was appointed as Director of the Company in 2004.

The Secretary of the Board of Directors is Avv. Vittorio Rispoli, Deputy General Manager of the Company and responsible for the Group General, Legal and Corporate Affairs Office.

In compliance with the Code provisions, Directors act and decide autonomously, having full knowledge of the issues for which they are responsible, and pursue the objective of creating value for the shareholders.

Directors accept their appointment when they deem they can devote the necessary time to the diligent performance of their duties.

Directors are required to know the duties and responsibilities associated with their function. The Chairman and the executive directors shall take steps to keep the Board informed of the main statutory and regulatory innovations concerning the company and the governing bodies. To this end, they shall avail themselves of the collaboration of other Directors and of the Secretary to the Board of Directors.

It is customary practice for Company General Managers to be called upon to attend Board meetings.



Non executive and independent directors

The Board is made up of three executive directors and sixteen non-executive directors, thirteen of whom are independent ⁽¹¹⁾. The number of non-executive directors must at all times be sufficient to ensure that their judgement has a decisive influence on Board decision-making.

Non-executive directors bring their specific expertise to the Company's activities and to Board debates, providing their institutionally-required contribution for the drafting and taking of resolutions in line with Company interests.

The presence of non-executive directors is considered as crucial for appointments to the Internal Control Committee and Remuneration Committee, whose members must consist of directors with no delegated operational powers.

In 2003, the average attendance of Independent Directors at meetings of the Board was 85%, while it was 80% for the meetings held in 2004.

(11) "Non-executive Directors" means directors that are not individually vested with operational powers. Indeed, the juridical structure of the administrative bodies of the companies established under Italian law enables Directors to be qualified as non-executive and independent even if they are members of the Executive Committee; as a matter of fact, membership of the latter – which is a collective body – does not imply nor determine the assignment of powers to individual members.

The Code of Conduct, amended in July 2002, has updated the concept of "independent Directors" and stated that this requirement must be assessed by the Board on a regular basis, keeping into account the information provided by single relevant persons.

The Code recommends that an appropriate number of "non-executive" Directors should be "independent", so that they can better guarantee an autonomous judgement and a free appraisal of the management's activities, especially in connection with most delicate issues and situations potentially leading to conflict of interests, with a view to securing the best possible protection of all shareholders.

According to article 3 of the Code of Conduct, "independent" Directors are those non-executive Directors who:

- have not got – nor have recently had – any economic relation, either directly, indirectly or on behalf of third parties, with the Company, its subsidiaries, the executive Directors, the shareholder or group of shareholders controlling the Company, in such a way as may prejudice their autonomous judgement;

- do not hold, either directly, indirectly or on behalf of third parties, such amounts of shares as to allow them to exercise control of or a huge influence on the Company, nor are signatories of any shareholders' agreements for the control of the Company itself;

- are not immediate family members of executive Directors of the Company or of people who respond to the criteria outlined above at letters a) and b).

The revision of article 3 of the Code has introduced the following main changes:

- 1) it redefines and characterises the figure of the "independent" Director; differently from the original text, the new Code identifies some cases which are normally considered as incompatible with the existence of the independence requirement (article 3.1);

- 2) it states that the existence of the independence requirement of each Director should be assessed by the whole Board of Directors on a regular basis, on the basis of the information provided by single relevant persons (article 3.2); finally, it requires that the result of the assessment should be communicated to the Market.

Nevertheless, in order to enable a correct assessment of such requirement, the Code recommends that the following situations be taken into account:

- a) significant economic relations held not only directly, but also indirectly or on behalf of third parties, by considering therefore the relations existing between, on the one hand, the Director, his/her relatives, the associated professional studies of which the Director is a member, as well as the companies controlled, even indirectly, or managed by the Director or his/her relatives, the companies of which said persons are directors or managers and, on the other hand, the listed company, the executive Directors and the companies controlled, even indirectly, by said persons;

- b) significant economic relations which, though not currently held, have concluded recently;

- c) holding, even indirectly, of such amounts of shares which, though inferior to the amount necessary to exercise control, enable a huge influence on the listed company, as well as a possible membership of any shareholders' agreements leading to the control of the company itself;

- d) being immediate family members of executive Directors of the listed Company or of people who respond to the criteria outlined above at letters a), b) and c).

On the occasion of the meeting held on 9 September 2004, the Company assessed the independence requirement with regard to recently-appointed Directors, and checked that the requirement is still complied with by older Directors.

Handling of confidential information

The Generali Board of Directors concurs with the provision contained in the Code regarding the handling of confidential corporate information. The Board further agrees on the adoption of rules governing internal handling procedures and disclosure to third parties of confidential or price sensitive information, in order to prevent the untimely, incomplete or improper disclosure of such information.

To this end, the Board has been applying regulations, the defining features of which are:

- definition of the concepts of confidential and price sensitive information, also taking into account information coming from subsidiary companies;
- identification of personnel obliged to comply with these regulations;
- definition of procedures for handling confidential and price sensitive information.

The Directors, Auditors and employees of the Company and its subsidiary companies as well as those to whom the Group Companies or even third parties have conferred professional, service or equivalent responsibilities that have led them to acquire price sensitive information on the Company shall maintain maximum discretion on the confidential information they acquire in the performance of their duties.

When handling confidential information, they are required to use any type of caution that allows such information to be disclosed within the Company and the subsidiary companies without prejudice to its confidential nature.

Notwithstanding the functions of the Chairman, relations with the press and other media are directed and coordinated by the Director of the Company entrusted with financial affairs, and relies on the work of the *Corporate Communication Department*.

Relations with financial analysts and institutional investors are directed and coordinated by the Director of the Company entrusted with financial affairs, and relies on the work of the *Investor Relations Department*.

As far as the handling of price sensitive information is concerned, the management of the communication procedure relating to those pieces of information is the task of the *Corporate Communication Department*, which is assisted by the *Investor Relations* and the *Corporate Finance Department* as well as the *Group General, Legal and Corporate Affairs Office*. These corporate departments prepare the texts of the press releases which, subject to prior approval of the Director of the Company entrusted with relevant issues, will be disclosed to the public, the Stock Exchange and CONSOB in compliance with the law.

Disclosure of price sensitive information directly connected with subsidiary companies, as outlined above, to one or more third parties can occur only upon



agreement with the Director of the Company entrusted with financial affairs.

Before issuing such press releases, corporate members shall not disclose outside the Company any information or elements that are in any way related, either directly or indirectly, to the issues dealt with in the press releases.

Transactions having a significant impact on the Company's profitability, assets and liabilities or financial position, transactions with related parties, atypical or unusual transactions

The Board of Directors defined the guidelines concerning transactions having a significant impact on the Company's profitability, assets and liabilities or financial position, transactions with related parties, atypical and unusual transactions. "Transactions having a significant impact on the Company's profitability, assets and liabilities or financial position" include the management operations reserved to the Board of Directors in compliance with the law, the Company's Articles of Association or other resolutions passed by the Board as well as further transactions which are listed hereunder – even if they are carried out via subsidiary companies – exceeding the amounts indicated:

- 1) the issuing of financial instruments amounting to a total sum higher than Euro 300 million;
- 2) the granting of loans and guarantees, also amounting to a total sum higher than Euro 300 million;
- 3) transactions regarding the provision of activities or services, cooperation agreements for the exercise and development of corporate activities, amounting to a total sum higher than Euro 100 million;
- 4) mergers or divisions whereby the total assets of the incorporated (merged) company or the assets that are divided amount to or exceed 3% of the total assets recorded by Generali in its latest consolidated financial statement;
- 5) transactions of investment and disinvestments – also regarding real property – operations of acquisition and transmission of shareholdings, companies or Company branches, or of assets of any kind, on the occasion of which the price of the Company (or company branch or assets) acquired (or transmitted) amounts to or exceeds 1.3% of the average capitalisation recorded over the past six months by Generali shares.

The cases of merger (by incorporation or consolidation) between listed companies, of merger by consolidation between a listed company and a non-listed company, and of incorporation of a listed Company by a non-listed company have also been included in the category of transactions having a significant impact on the Company's profitability, assets and liabilities or financial position.

“Transactions with related parties” means those operations carried out by the Company, also via subsidiary companies, with subjects defined as related parties ⁽¹²⁾, namely:

- a) subjects controlling, or being controlled by, or being the object of common control together with the issuer;
- b) the signatories, even if indirect, of a shareholders’ agreement as defined in article 122, paragraph 1, of Legislative Decree 58/24 February 1998, having as an object the exercise of the right to vote, if those agreements are conferred a total shareholding enabling control;
- c) subjects connected with the issuer and those exerting remarkable influence on the issuer itself;
- d) subjects holding powers and responsibilities connected with the exercise of management, direction and control functions within the issuer;
- e) close relatives of the physical persons included in letters a), b), c) and d);
- f) subjects controlled by the physical persons included in letters b), c), d) and e), or upon which the physical persons included in letters a), b), c), d) and e) exert a remarkable influence;
- g) subjects sharing with the issuer the majority of Directors.

As a result, this category also includes transactions occurring within the Group, i.e. those operations concluded by the Company – also via subsidiary companies – with other Companies controlled by it: the same applies to operations carried out through third parties and trustees, in accordance with article 2359, paragraphs 1 and 2, of the Civil Code, as well as article 93 of Legislative Decree 58/24 February 1998.

As a general rule, the transactions with related parties of a significant nature detailed here fall under the exclusive competence of the Board of Directors. More precisely, they include those transactions which are carried out also through subsidiary companies and included in the categories detailed below exceeding the amounts indicated:

- 1) the granting of loans and guarantees, amounting to a total sum higher than Euro 150 million;
- 2) transactions regarding the provision of activities or services, cooperation agreements for the exercise and development of corporate activities, amounting to a total sum exceeding Euro 50 million;
- 3) mergers or divisions whereby the total assets of the incorporated (merged) company or the assets that are being divided equal or exceed 1.5% of the total assets recorded by Generali in its latest consolidated financial statement;

⁽¹²⁾ The definition is in accordance with the one contained in CONSOB Communication no. 2064231/30 September 2002, implementing article 71.bis of the Provisions on Issuers.



- 4) transactions of investment and disinvestment, even regarding real property, operations of acquisition and transmission of shareholdings, companies or Company branches, or of assets of any kind, on the occasion of which the price of the Company (or company branch or assets) acquired (or transmitted) equals or exceeds 0.65% of the average capitalisation recorded over the past six months by Generali shares.

Transactions having a significant impact on the Company's profitability, assets and liabilities or financial position or operations with related parties can bypass the examination of the Board of Directors if they present the following features, even though their subject and value correspond to one of the categories described above:

- they are carried out under market conditions, i.e. under the same conditions applied to subjects other than related parties;
- they are typical or usual, i.e. with respect to their subject, nature, risk degree and time when they are carried out they are part of the ordinary operations of the Company.

“Atypical or unusual transactions” means operations which, with respect to their subject and nature, are not included in the ordinary operations of the Company, and those presenting particular elements of criticality connected with their features and risks implied, the nature of the opposite party or the time when they are carried out.

This type of transactions, being significant and sometimes carried out through subsidiary companies, normally fall under the competence of the Board of Directors.

Among these initiatives, those listed hereunder are considered as non-significant:

- transactions not exceeding a total sum of Euro 50 million;
- transactions that are mere implementations of Board resolutions.

With a view to allowing the Board of Directors to acquire all the necessary elements to make its own decisions with sufficient advance so as to reach an appropriate degree of awareness and responsibility, relevant transactions are exposed to the Board through Reports describing the following:

- a) features, terms and conditions of the transaction;
- b) strategic objectives of the transaction;
- c) consistency of the objectives with corporate strategies;
- d) the modality, as well as the terms and conditions – including economic ones – of their implementation;
- e) possible developments of the transactions; any connected risks will have to be underlined;
- f) possible consequences and implications of the transaction for the activities of Generali Group.

In connection with the transactions with related parties of a significant nature,

taking into account the nature, value, risk degree and time at which they are carried out, the Board of Directors assesses the desirability to appoint one or more independent experts; these experts must prove they are not included in any of the above categories of related parties; their task is the elaboration of an opinion that ascertains whether the mutual agreements and ways in which the transactions will be carried out differ from those that would have been likely to be negotiated between non-related parties.

In case of transactions with related parties – including those occurring within the Group – that are not presented to the Board of Directors because they are typical or usual and/or meet standard conditions ⁽¹³⁾, the Directors with delegated powers or the managers responsible for the transaction gather and record adequate information, subject to the relevant procedure defined by article 150, paragraph 1, of Legislative Decree 58/24 February 1998. The information may be subdivided into types or groups of transactions, and must specify the nature of the relation, the ways in which the transaction will be carried out, the conditions for its implementation (including economic conditions), the assessment procedure followed, the underlying interest and motivations and any possible risks for the Company. In this case as well one or more experts may be appointed on the basis of the above mentioned procedures.

If the related party is a Director, or

- his/her wife/husband, not judicially separated,
- a dependant,
- a firm within which the Director exerts – even indirectly or through a third party – at least 20% of the rights to vote, or 10% if the company is listed,
- a firm within which the Director, even through shareholders' agreements, can appoint the majority of the Directors,

the Director will promptly inform the Board in detail of the existence of such conditions and will not attend the Meeting during the vote on the operation, regardless whether there are other subjective elements giving rise to a conflict of interests.

This procedure also concerns those transactions which – though individually inferior to the amounts listed above with reference to each single category of operations – turn out to be connected, in the context of each category, within the same strategic or executive structure, and therefore exceed the amounts set when considered jointly.

Pursuant to article 150 of Legislative Decree 58/24 February 1998 and article 35 of the Company's Articles of Association, the Board of Directors, through its Chairman and the Managing Directors, reports to the Board of Auditors

⁽¹³⁾ Operations meeting standard conditions are those carried out under the same conditions as those applied by the Company to any subject whatsoever.



- on transactions having a significant impact on the Company's profitability, assets and liabilities or financial position;
- on significant operations with related parties;
- on significant atypical and/or unusual operations.

The report is produced at the meetings of the Board of Directors and of the Executive Committee and, in any case, it is produced at least every three months; if necessary, the report can also be made in writing to the Chairman of the Board of Auditors.

Those reports concern not only the executive activities and the developments of the transactions that have already been approved by the Board of Directors, but also the initiatives taken by the executive Directors – including through subsidiary companies – while exercising the powers assigned to them, together with the decisions taken and the projects started.

Internal dealing regulations

On its meeting held on the 14 November 2002, the Board of Directors of the Company, in compliance with current Stock Exchange Rules, approved a Code of Conduct on internal dealing.

This Code identifies:

1. the *relevant* persons (or *internal dealers*) of the Company;
2. the operations which, pursuant to the provisions of the Stock Exchange Rules, are considered as relevant with a view to market information.

Furthermore, the Code explains the communication procedures that the internal dealer will have to follow when informing the Company on the fulfilment of the operation, and identifies the “various communications” to be made when carrying out the most significant operations.

The internal dealer category includes the following subjects:

- a) the Directors of the Company issuing listed securities,
- b) the members of the Board of Auditors of the Company,
- c) its General Managers and Deputy General Managers;
- d) the Assistant General Managers;
- e) the Secretary to the Board of Directors, the Head of the *Group General, Legal and Corporate Affairs Office*, the Head of the *Finance Department*, the Head of the *Corporate Finance*, the Head of *Investor Relations*, the Head of the *Corporate Communication Department* and the Head of the *Group's Internal Audit*;
- f) all members of the Company and of its main subsidiary companies – as identified by the Managing Directors in their respective sphere of competence – who, in view of the position held within the Company, have free access to information on

facts capable of determining significant changes of the economic, financial and asset prospects of the Company and its Group, and capable, in case of disclosure to the public, of sensibly influencing the price of the listed financial instruments issued by the Company.

The Code makes a distinction between *relevant* and *significant* operations: whereas the former must be disclosed to the market through a press release by the 10th day since the opening of dealings on the Stock Exchange market after the end of each calendar quarter, the latter must be disclosed within the first day after the fulfilment of the operation.

“Relevant operations” means any type of operations carried out by internal dealers whose value, even if combined with other operations carried out in the same *reference period* – to be intended as the *calendar quarter* – and not previously communicated, is superior to Euro 20,000.00 per declarer and which are communicated to the Company pursuant to the Code itself and concerning the following:

- a) listed financial instruments issued by the Company or by its Italian or foreign subsidiary companies listed on EU-regulated markets, excluding non-convertible bonds;
- b) listed or unlisted financial instruments giving internal dealers the right to subscribe, purchase or sell the instruments as per letter a);
- c) derivative financial instruments, warrants or covered warrants, having as their underlying asset the financial instruments as per letter a), even when the exercise takes place through the payment of a differential in cash.

On the other hand, “significant operations” means all operations whose value, even if combined with other operations carried out in the same *reference period* and for which no information has been previously disseminated, exceeds Euro 100,000.00 per declarer ⁽¹⁴⁾.

Considering that, the *Code* establishes the procedure and terms in accordance with which internal dealers will have to inform the *Data Processor*, i.e. the person entrusted by the Company with the receipt, processing and dissemination to the market of information on relevant issues. All communication flows are computerised.

(14) In order to distinguish relevant from significant operations and to establish when communication must be made to the market, attention should be paid not only to the operations carried out by each *internal dealer*, but also those carried out by his/her wife/husband, not judicially separated, by his/her minor children, or delegated to third parties, trustees or subsidiary companies.

Furthermore, stock options should also be taken into account:

In any case, all operations made in each reference period the value of which, even when combined, is lower than Euro 20,000.00 are not taken into account.

Moreover, to establish the relevance of the operations carried out, the following are not taken into account.

- security loans – when the relevant person or the other relevant subjects hold the position of lender – as well as pledge and usufruct;
- all transactions made, also through an agent or a trustee, between relevant persons;
- all transactions made where a relationship of management of investment portfolio exists on an individual basis and where customers expressly and irrevocably waive their right to give instructions;
- any kind of free acquisition for the Company’s *internal dealers* of financial instruments issued by the issuing companies or their main listed subsidiaries.



Furthermore, the *Code* envisages a series of blocking periods, during which internal dealers are explicitly forbidden to carry out the above operations; these periods are generally close to major corporate events, but exceptions are also provided for.

Finally, the press releases to be disclosed to the market on whatever issue are also made available to the public on the corporate web site, which also features the complete text of the Code of Conduct.

Corporate Centre

The 2003/2005 business plan, approved by the Board of Directors at the beginning of the past year, provides for the establishment of a *Corporate Centre*, whose operational structure is shown in the following table. The table shows functional areas and persons responsible for them.

Corporate Development Mel Carvill	<ul style="list-style-type: none"> • Group Strategy • Investor relations • Corporate Finance • Capital Allocation 	Actuarial Op. Life, non-life & reinsurance Manlio Lostuzzi	<ul style="list-style-type: none"> • Life and non-life technical and underwriting policies • Actuarial operations • Reinsurance
Finance Amerigo Borrini	<ul style="list-style-type: none"> • Risk control • Investment policies • central Treasury 	Accounts and control Administration and fiscal Raffaele Agrusti	<ul style="list-style-type: none"> • Accounting and consolidated statements • Fiscal • Group administration services
Group Organisation Giorgio Trombetta	<ul style="list-style-type: none"> • Organisational development • Process reengineering 	Group legal and Corporate Affairs Vittorio Rispoli	<ul style="list-style-type: none"> • General Secretariat • Corporate affairs • Legal affairs • Privacy
Group Human Resources Lodovico Floriani	<ul style="list-style-type: none"> • Management and remuneration policies • Resource development systems • Corporate Relations with TU's • Group's personnel and cost planning • Events and internal relations • Generali Innovation Academy 	European Asset Management Coordination Christian Ferry	<ul style="list-style-type: none"> • Guidance of EU-level homogenization and integration processes
Group IT coordination and control Dario Scrosoppi	<ul style="list-style-type: none"> • Alignment with Group Strategy • Coordination of strategies and operations • Definition of IT Governance and technological standards • International projects 	Control for Italy Giancarlo Fancel	<ul style="list-style-type: none"> • Performance monitoring • Trend control
Management and control of foreign operations Valter Trevisani	<ul style="list-style-type: none"> • Performance monitoring • Implementation of positioning /repositioning policies 		



Working in support of the Managing Directors in connection with their respective delegated powers and operational areas, the Corporate centre is an instrument assisting in the achievement of the business plan objectives and governing strategic organisation, planning, and control.

Chairman and Vice Chairmen of the Board of Directors

Chairman

The Board of Directors appoints a Chairman from among its members. The Chairman is selected from candidates who meet the specific professional requirements required of the other board members ⁽¹⁵⁾.

The Chairman acts as a legal representative of the Company, through joint signature with another legal representative ⁽¹⁶⁾.

The Chairman chairs the Shareholders' Meetings, in compliance with the provisions of the specific By-laws ⁽¹⁷⁾. Furthermore, the Chairman convenes and presides over the General Council, the Board of Directors and the Executive Committee; directs, co-ordinates and moderates their debates and announces the results of their resolutions. The Chairman coordinates the circulation of information flows with other board members, to ensure that board members are informed of how the company is performing and are able to make an effective and informed contribution to board and council business ⁽¹⁸⁾.

(15) This entails performing management, direction or control activities in companies or bodies of the insurance, credit or finance sectors having a company share capital not inferior to 500 million Liras for a period of at least three years, or the fulfilment for a period at least as long of professional activities related to the insurance, credit or finance sectors, or university teaching of juridical, economic or actuarial subjects.

(16) The Chairman, the Vice Chairmen, the Managing Directors, the other members of the Board, the General Managers and the Deputy General Managers appointed to the Central Head Office act as legal representatives of the Company for all the Company's business.
The General Manager and the Deputy General Managers appointed to the Head Office for Italy act as legal representatives of the Company for the business of said Head Office.
Lastly, the other managers of the Company act as legal representatives of the Company, within the province respectively assigned to them.
The legal representation of the Company is expressed by appending beneath the Company's name the signature of two legal representatives.
Managers and the Deputy General Managers appointed to the Central Head Office may sign jointly among themselves or with another Member of the Board, or with the General Manager, or with the Deputy General Managers appointed to the Head Office for Italy, or with one of the other managers of the Company. In this case, the latter act as legal representatives of the Company also for business not included in the province respectively assigned to them. Managers may sign jointly among themselves, provided that at least one of them is acting within the province assigned to them. The other members of the Board may not sign jointly among themselves, nor with the General Manager and the Deputy General Managers appointed to the Head Office for Italy, nor with any of the other managers of the Company.
The competent governing body can further limit the subject and scope of the power to represent the Company assigned to the managers of the Company. Said body can also assign the power to represent the Company to other employees or third parties, by granting special or general powers of attorney for single actions or types of actions.

(17) For further information on the By-laws governing the Shareholders' Meetings and the role of the Chairman at Meetings see p. 52 of the Report.

(18) When verifying the compliance of its corporate governance system with the recommendations of the Code, the Board has decided not to deal with the issue of the functioning of the procedures to prepare the meetings of the Board of Directors and the Executive Committee at the level of formalised internal rules. Nevertheless, the Board has underlined

Operational powers are delegated to the Chairman. The Company's Articles of Association, in any case, originally attach to this office a series of institutional functions connected with the management, co-ordination, supervision and control of the activity of the Company ⁽¹⁹⁾. In this context, the Board of Directors entrusted M. Antoine Bernheim with the supervision of the functions connected with external relations, Group communication, institutional relations and the Group's Internal Audit.

Within the above-mentioned area of competence, the functions of the Chairman are as follows:

- a) within the context of his/her functional competences, implementing the resolutions passed by the Board of Directors and the Executive Committee and ensuring their correct implementation, as well as the implementation of corporate strategies, the business plan and the budget;
- b) in agreement with the Managing Directors, providing guidelines for the corporate strategy;
- c) examining reports and/or documents on resolution proposals to be submitted to the Board of Directors and the Executive Committee;
- d) supervising the relations with public national or supranational institutional organisations, Shareholders and their representative Associations, as well as the Company's external relations;
- e) promoting, defining and co-ordinating the communication strategies of the Company and supervising the policies for the Group's image in Italy and abroad;
- f) establishing general guidelines for handling company business transferred to Head Offices or to other Company establishments;
- g) taking care of the management of company business that does not pertain to Head Offices or other establishments;
- h) resolving on ordinary business issues submitted to Head Offices or to other Company establishments;
- i) providing guidance for recruitment and deployment of personnel of the Company, though responsibility for appointing and removing from office managing personnel with an office ranking higher than "Manager" rests with the Board of Directors;
- j) providing guidance on administration costs;
- k) taking any measure as may be deemed appropriate, useful and/or necessary for the management of the company and the implementation of this deliberation, fulfilling all administration operations both in Italy and abroad, with the authorization to draw up, amend and terminate with any clause – including the arbitration clause – and also jointly with other companies and through calls for tenders and/or competitions, contracts and conventions relating to the

the paramount importance it attaches to Directors receiving the material that is necessary to form an opinion on the resolution proposals for the points included in the agenda with adequate advance, respecting in any case the time required to prepare the draft documents.

(19) Art. 32.4 of the Company's Articles of Association states that: *"The Chairman co-ordinates the activities of the corporate bodies, controls the implementation of the resolutions of the General Shareholders' meeting, the Board of Directors and the Executive Committee, supervises the Company's business and its compliance with the strategy of the Company."*



corporate objectives and assets. The Chairman shall also compound any dispute by appointing and removing from office arbitrators and friendly settlers, not exceeding a maximum amount of 60 million Euro.

Finally, the Chairman of the Board of Directors is attributed – within his/her province – any power whatsoever pertaining the Board of Directors, should the urgency of the issue require immediate decision – in his/her final judgement or the joint or several judgement of Managing Directors – with the exclusion of the powers referred to in articles 2420-ter (*Delegation of powers to managing directors*), 2423 (*Drawing up of financial statements*), 2443 (*Delegation of powers to managing directors*), 2446 (*Reduction of capital for losses*), 2447 (*Reduction of paid-in capital below the legal limit*), 2501-ter (*Merger project*) and 2506-bis (*Division project*) of the Italian Civil Code, when the value of single operations does not exceed 100 million Euro and the total value does not exceed 300 million Euro, and by taking into account the Board's deliberations on transactions having a significant impact on the Company's profitability, assets and liabilities or financial position or operations with related parties, or atypical or unusual transactions. Said maximum value limits may be exceeded in cases of exceptional urgency, as defined in the Managing Directors' joint or several final judgement, subject to adoption of a resolution by the Chairman of the Board of Directors taken jointly with at least one of the Managing Directors.

For all relevant transactions implemented, the Chairman shall report to the Board of Directors during the meeting held soonest after exercising its delegated powers, notwithstanding in any event the effectiveness of the measures undertaken.

Vice Chairmen

The Board of Directors elects one or more Vice Chairmen from among its Members, who shall replace the Chairman in case of the latter being absent or prevented from performing his office. In case of more than one Vice Chairman being also a Managing Director, or in case of none of them holding that office, the one who is senior in age shall substitute the Chairman.

Executive Committee

The Board may appoint from among its members an Executive Committee to which it delegates certain powers, within the limits of the law.

The Executive Committee consists of the Chairman of the Board of Directors – presiding over it – , of the Vice Chairman or Vice Chairmen, and of no less than 4 – nor more than 7 – Board members who shall include the Managing Directors, should any have been appointed.

The Secretary of the Board of Directors acts as Secretary of the Executive Committee.

The members of the Executive Committee shall be selected from among candidates meeting the same professional and competency requirements established for the office of Chairman ⁽²⁰⁾.

As an implementation of the principles expressed by the Reform, starting from this year the members of the Executive Committee shall also remain in office for three years. Their mandate will thus last until the date of the meeting held to approve the financial statements as at 31 December 2006.

Notwithstanding the powers assigned exclusively to the Board of Directors and those which the Board reserved to its own competence – as listed above – the serving Executive Committee is delegated the power to:

- pass resolutions on general activities not falling under the competence of Head Offices or other establishments of the Company;
- pass resolutions regarding the purchase, sale and exchange of movable and immovable property and, generally, the performance of acts of disposal concerning personal and/or property rights as well as the use of company funds, when said powers do not pertain to the field of activity of Head Offices, or their competence and/or value exceed the limits of powers delegated to the Chairman and Managing Directors;
- sign Shareholders' Agreements of special strategic importance on the shareholding of listed companies established under Italian and/or foreign law;
- appoint Board Members and/or Auditors of Companies in which a shareholding is held, not controlled, when these are significant;
- convene corporate meetings;
- issue general or special powers of attorney for activities falling under its competence;
- acknowledge, confirm and ratify any decisions taken by the Chairman and/or the Managing Directors when necessary or urgent conditions abide, beyond the value limit assigned and/or exceeding relevant competences on the subject;
- adopt, when the protection of the interests of the Company or the Group call for urgency, any other resolutions which would otherwise pertain to the Board of Directors, excluding those enshrined in articles 2420-ter (*Delegation of powers to managing directors*), 2423 (*Drawing up of financial statements*), 2443 (*Delegation of powers to managing directors*), 2446 (*Reduction of capital for losses*), 2447 (*Reduction of paid-in capital below the legal limit*), 2501-ter (*Merger project*) and 2506-bis (*Division project*) of the Italian Civil Code. Account should be taken of the provisions of the resolution adopted by the Board of Directors on transactions having a significant impact on the company's profitability, assets and liabilities or financial position, transactions with related parties, atypical or unusual transactions.

⁽²⁰⁾ See note 15.



For all relevant operations implemented under delegated powers, the Executive Committee shall report to the Board of Directors during the meeting held soonest after the exercise of its delegated powers, notwithstanding in any event the effectiveness of the measures undertaken.

The composition of the Executive Committee can be seen in the table of company officials on pages 19 and 20. Average meeting attendance of Executive Committee members was 96% in 2002, 94% in 2003 and 100% in 2004.

Managing Directors

The Board may appoint from among its members one or more Managing Directors, defining their powers. Managing Directors must be selected from candidates complying with the same criteria of professionalism and competence required for the office of Chairman ⁽²¹⁾.

Starting from this year, Managing Directors shall remain in office for three years, too. Their mandate will thus last until the date of the meeting held to approve the financial statements as at 31 December 2006.

Each Managing Director has the the following powers:

- implement resolutions taken by the Board of Directors and the Executive Committee;
- establish general guidelines for handling company business whose responsibility has been transferred to Head Offices or other establishments;
- undertake management of company business that does not pertain to Head Offices or of other Company establishments;
- pass resolutions on ordinary business which is submitted to Head Offices or to other Company establishments;
- provide guidance on the hiring and deployment of personnel by the Company, though the Board of Directors retains the functions of appointment and termination of personnel with an office ranking higher than “Manager”;
- provide guidance on administration expenses;
- hire and appoint, in line with the relevant corporate programme and in agreement with the Managing Director in charge of human resources management, members of staff of any level and rank, with the exception of the personnel with an office ranking higher than “Manager”; moreover, suspend and dismiss members of staff when the Directors deem such actions necessary for the safeguard of corporate interests;

(21) See note 15. It should be remembered that for the office of General Manager or for offices involving the exercise of equivalent functions, specific professional competence is required in the fields of insurance, credit or finance by way of work experience in positions of appropriate responsibility for a period of no less than five years.

- determine, in compliance with the provisions of articles 42 and 43 of the Articles of Association, the scope of the power to represent the Company and to sign on behalf of it for personnel with an office not ranking higher than “Manager”, as well as to extend and cancel said authorization for employees of the Company;
- take any measure as may be deemed appropriate, useful and/or necessary for the management of the company and the implementation of this deliberation, fulfilling all administration operations both in Italy and abroad, with the authorization to draw up, amend and terminate with any clause – including the arbitration clause – and also jointly with other companies and through calls for tenders, contracts and conventions relating to the corporate objectives and assets. The Managing Directors shall also compound any dispute by appointing and annulling arbitrators and friendly settlers, not exceeding a maximum amount of 60 million Euro;
- undertake, support and settle cases of litigation of any value whatsoever, at whatever level and in whatever forum before ordinary, administrative and tribunal courts in Italy, the European Union or abroad;
- bring actions before competent judicial assemblies in the name and on behalf of the Company;
- issue delegations to employees of the Companies and/or third parties, within the province of their powers.

Notwithstanding the obligation to have a joint signature as the expression of the legal representation of the Company, as provided for in article 43 of the Company’s Articles of Association, the above-mentioned powers and responsibilities are conferred and performed in the context of the functions pertaining respectively to the two Managing Directors.

In particular, Giovanni Perissinotto is entrusted with the management of the *Group General, Legal and Corporate Affairs Office*; he is equally given responsibility for the management of the financial and administrative aspects – affecting both movable and immovable property – in Italy and abroad, as well as the general co-ordination of the activities of the IT sector, responsibility for insurance business in Italy in all of its organisational and technical aspects – including the management of the services that are shared by the Group companies in Italy in the IT and claim settlement sectors – and, finally, management responsibility for human resources and work-flow organisation, of planning and management control.

On the other hand, Sergio Balbinot is given management responsibility for insurance business abroad and re-insurance business in Italy and abroad, in all of its technical and management aspects – including the management of the services which are shared by the Group companies abroad in the IT and claim settlement sectors.

Managing Directors may additionally exercise, within their sphere of competence, any power whatsoever that is the competence of the Board of Directors should the urgency of the issue, in the joint or several final judgement of the Managing



Directors or of the Chairman of the Board of Directors, require immediate decision, with the exclusion of the powers referred to in articles 2420-ter (*Delegation of powers to managing directors*), 2423 (*Drawing up of financial statements*), 2443 (*Delegation of powers to managing directors*), 2446 (*Reduction of capital for losses*), 2447 (*Reduction of paid-in capital below the legal limit*), 2501-ter (*Merger project*) and 2506-bis (*Division project*) of the Italian Civil Code, when the value of single operations does not exceed 100 million Euro and the total value does not exceed 300 million Euro, and by taking into account Board's deliberations on transactions having a significant impact on the Company's profitability, assets and liabilities or financial position or transactions with related parties, atypical or unusual transactions. Said maximum value limits may be exceeded in cases of exceptional urgency, as designated in the joint or several final judgement of the Managing Directors, subject to adoption of a resolution by the Chairman of the Board of Directors taken jointly with at least one of the two Managing Directors.

For all relevant transactions implemented, Managing Directors shall report to the Board of Directors during the meeting held soonest after exercising their delegated powers, notwithstanding in any event the effectiveness of the measures undertaken.

Stock Option Plan

On 26 March 2001, the Board of Directors adopted a Stock Option Plan for the assignment of stock options to the Managing Directors and to Company personnel during the 2001, 2002 and 2003 financial years. Generali is implementing this Plan to involve its beneficiaries in the growing value of Generali and its Group, as well as to focus their attention on results that ensure the strategic growth of Generali and its Group over the medium and long term, and to enhance the loyalty of beneficiaries by offering them an incentive to remain with their respective companies and enhancing, at the same time, their feeling of being a part of the Generali Group.

The options assigned for each financial year may be exercised no earlier than three years after the respective date of assignment, at a price to be determined by the Board of Directors ⁽²²⁾, at a per-unit value no lower than the arithmetic mean of the closing prices of the listing of *Assicurazioni Generali S.p.A. ordinary shares* on the screen-based market run by the Italian Stock Exchange (Borsa Italiana S.p.A.) registered over the period running from the day of assignment of the options to the same day of the preceding calendar month.

Following the meeting of the Board held on 14 May 2002, the Company also implemented a stock grant plan to the benefit of its personnel, and to that purpose it increased the company share capital by a maximum of Euro 470,000. Moreover, on 18 March 2003 a resolution was taken whereby the Company share capital was

(22) The Remuneration Committee is responsible for recommendations regarding Director stock option plans.

further increased by a maximum of Euro 350,000. The subscription price was fixed at Euro 27.08 and Euro 21.76 per share respectively ⁽²³⁾.

For the sake of clarity, the following table and footnotes show the number of shares which may be acquired or subscribed, the per-share price for exercising options, and the exercise term and the number of stock grants attributed to General Managers.

(A)	(B)	Options held at the beginning of the year ⁽²⁴⁾			Options assigned during the year			Options exercised during the year			Options expired during the year (10)	Options held at the end of the year		
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		(11) = 1+4-7-10	(12)	(13)
Name and surname	Office held	Number of options	Average exercise price	Average due date	Number of options	Average exercise price	Average due date	Number of options	Average exercise price	Average market price at exercise	Number of options	Number of options	Average exercise price	Average due date
Giovanni Perissinotto ⁽²⁵⁾	Managing Director/ General Manager	165,000	30.27	01.05.2008	0	0	0	0	0	0	0	165,000	30.27	15.03.2009
Sergio Balbinot ⁽²⁶⁾	Managing Director/ General Manager	86,100	31.09	20.12.2006	0	0	0	0	0	0	0	86,100	31.09	03.11.2007

(23) Relevant resolutions were passed in compliance with article 2349 of the Civil Code and article 46 of the Company's Articles of Association.

(24) Options were assigned on the basis of the company's performance in the 2000, 2001 and 2002 financial year

(25) Mr. Perissinotto was assigned a total of 165,000 stock options, of which:

- 55,000 stock options allotted to him on 26 March 2001 in his capacity as General Manager, within the framework of a "2001-2003 stock option plan for managers and non-managerial personnel of Assicurazioni Generali Società per Azioni and companies of the Generali Group". These pre-emption rights can be exercised for a maximum number equalling a half of the options allotted for each reference financial year, not earlier than three years after the date of assignment. The remaining half, allotted for each reference financial year, can be exercised not earlier than four years after the date of assignment. When said terms have elapsed, stock options can be exercised over a period of three years in one or more instalments.
- 110,000 stock options allotted to him on 14 May 2002 in his capacity as General Manager, within the framework of a "2001-2003 stock option plan for Managing Directors". Stock options cannot be exercised earlier than three years after the date of assignment. When said terms have elapsed, stock options can be exercised over a period of five years in one or more instalments.

During 2002 and 2003, Mr. Perissinotto also received a total of 170 stock grants, in his capacity as General Manager.

(26) Mr. Balbinot was assigned a total of 86,100 stock options. All the stock options he received – on 26 March 2001 and 14 May 2002 – were assigned to him in his capacity as General Manager within the framework of a "2001-2003 stock option plan for managers and non-managerial personnel of Assicurazioni Generali Società per Azioni and companies of the Generali Group". Those stock options can be exercised for a maximum number equalling a half of the options allotted for each reference financial year, not earlier than three years after the date of assignment. The remaining half, allotted for each reference financial year, can be exercised not earlier than four years after the date of assignment. When said terms have elapsed, stock options can be exercised over a period of three years on one or more instalments.

During 2002 and 2003, Mr. Balbinot also received a total of 170 stock grants, in his capacity as General Manager.



Other sub-committees

The Code recommends that listed companies should set up a number of committees with responsibility for specific issues with a view to improving the Board's efficiency and effectiveness. These committees should be made up of members of the Board.

It is suggested that these committees give advice and make proposals regarding Board business to be undertaken in plenary session for certain issues of significant importance. These issues are, in particular: internal control and remuneration of Managing Directors and other Directors who hold special positions, as well as the establishment of criteria for the remuneration of top managers.

The Code considers the establishment of a nomination committee to propose candidates for elections as contingent. For this reason, the Company did not deem it necessary to establish an *ad hoc* Committee, since these proposals to the Shareholders' Meeting are formulated by the Board of Directors and the Executive Committee.

Internal Control System

On 16 December 1999, the Board of Directors of the Company passed a framework resolution on the internal control system, which is to be intended as a single process involving all corporate functions and aiming to supervise the efficiency of operations, the reliability of financial information, the compliance with laws and regulations, as well as the safeguard of the Company's assets. Besides that resolution, companies operating in the insurance sector are nevertheless bound to observe the rules set by ISVAP through its circular letter no. 366/3 March 1999 (*Internal control system, role and responsibilities of administrative and control bodies*) (27).

(27) In accordance with the resolution of 16 December 1999, the Internal Control System is made up of all the guidelines and corporate and technical procedures targeted to the direct achievement of the corporate objective, i.e. planning – and subsequently verifying – corporate operations with a view to achieving the strategic objectives set, as well as verifying that the implementation of such procedures matches with the corporate objective and the guidelines issued. The resolution also stated that the monitoring and the assessment of the effectiveness and the efficiency of the internal control system is the task of the Internal Audit. This office is also called upon to verify the management and organisational procedures of the Company, the correctness and functionality of information flows among corporate departments, the suitability of information systems and their reliability, the compliance of administrative-accounting procedures with the criteria of correctness and regular recording of corporate accounts as well as the functioning of the computerised system used by the Company. The Board also defined the fundamental principles of the internal control system and entrusted the Managing Director who has received responsibility for control with the annual preparation of the "Internal Audit Programme" and the "Report on Internal Audit Activities"; the Director reports to the Board on these activities. The Head of the "Internal Audit Service" must not and does not hierarchically depend on any Head of operational functions. The person responsible for this function immediately reports to the Managing Director holding responsibility for control on any malfunctions or criticalities found, so that the Director can implement all necessary initiatives to remove those malfunctions and criticalities. The Managing Director with responsibility for control issues is also called upon to draw up and continuously update – in the ways and time that are deemed appropriate – a Code of Conduct defining correct procedures, establishing the situations of potential conflict of interests and envisaging proper actions to correct the cases of deviation from the guidelines and procedures approved by relevant corporate bodies and the cases of breaches of current legislation or

Subsequently, following the amendments to the Code made in July 2002 regarding internal control, the Company's Board of Directors in the same year adjusted the relevant discipline to the provisions of the revised edition of the Code.

The concept of internal control that the Company has now acquired highlights especially the feature of the process of the internal control system, and is subdivided into two different types of activity in the context of the Group:

- “first-level control”, made up of the whole of the control activities carried out by individual management units or companies of the Group on their own processes. Such control activities are delegated to the primary responsibility of the operational management and are considered as a fundamental element of each and every corporate process;
- “second-level control”, delegated to the Internal Audit and basically targeted to the identification and reduction of corporate risks of any kind through auditing of main controls, with a focus both on the suitability of the controls themselves and on the results that are actually achieved through their implementation. This audit activity is therefore extended to all corporate processes of the Company and the Group's Companies, in agreement with any existing local internal auditing offices.

On the basis of the new governance structure deriving from the above and in accordance with corporate best practices, a clear definition exists of the tasks and responsibilities of the Board of Directors – which is responsible for the system itself and is called upon to set the guidelines on the subject and verify the suitability and effectiveness of the functioning of the system on a regular basis – and the Managing Directors, who are entrusted with the identification of main corporate risks and the implementation of the strategic guidelines set on the subject by the Board of Directors.

Furthermore, the Board of Directors has established a person in charge of internal control, choosing for that office the Head of the Group's Internal Audit Department who, as such, must report to the Board of Auditors, the Internal Control Committee and the Chairman of the Company – in his/her capacity as Managing Director for Internal Control – on his/her activities ⁽²⁸⁾.

the Code of Conduct itself. The Managing Director is also called upon to create a “Library of Corporate Processes”, which should contain the processes of the company and highlight the responsibilities, stages and control points of those processes.

Furthermore, the Managing Director defines guidelines and procedures that are consistent with the strategic objectives set by relevant corporate bodies and enable an identification and reduction of the risks that might threaten the correct functioning of corporate activities; he/she also establishes procedures apt to verify the implementation of the guidelines issued by the relevant corporate bodies.

(28) For details on these activities see previous footnote.



The organizational and management model

The Board of Directors adopted an organizational and management model directed at preventing criminal offences described by Legislative Decree no. 231 dated 8 June 2001 (also referred to as the “Model”), on the subject of administrative liability of companies for criminal offences perpetrated by their employees.

In particular, a Model was formally adopted which, besides complying with all formal requirements, fulfils all the main purposes that led to its adoption, namely the need to provide the Company with disclaimer, in accordance with the afore-mentioned decree.

The approach taken is of a substantial nature, since the Model is made up of a set of principles, rules, provisions and organizational schemes related to the management and control of corporate activities and consists of an illustrative document, containing the general norms apt to prevent the performance of offences, except in the cases of malevolent elusion.

The identification of processes involving offence-risks and of existing operational structures led to the issue of so-called “231/01 norms”, namely a series of general or special provisions based on the draft guidelines released by ANIA – the Italian Association of Insurance Companies – and the Operational Suggestions whereby ANIA specified both the procedure to follow for the adoption of Models and some possible detection/prevention instruments for offence types described in Legislative Decree no. 231/01.

As far as the Supervisory Body is concerned, Generali assigned its functions to a corporate body reporting to the Board of Directors.

The fundamental idea is to appoint as members of said body those who, within the corporate organizational structure, hold key functions in relation to the reference framework of the subject at hand. Particular preference is also given to those holding an office that, for technical and/or organizational reasons, can guarantee the best possible contribution to the performance of the functions and to the attainment of the objectives of the Supervisory Body.

Consequently, the Supervisory Body is composed of the Chairman of the Internal Control Committee, the Manager of the legal affairs department and the Internal Audit Manager.

This solution is considered suitable in that:

- it provides for the autonomy and independence required for the Supervisory Body;
- it enables a direct connection with the top management, the Board of Auditors and, both directly and through the Internal Control Committee, the Board of Directors alike.

In fulfilling its duties, the Supervisory Body can cooperate with the unit responsible for internal audit, using its skills and professional know-how for supervision and control

activities. This choice enables the Supervisory Body to guarantee unquestioned professionalism and continual action.

The Supervisory Body can also cooperate with other units of the Company or the Group for various specific tasks, such as:

- the unit responsible for legal affairs;
- the unit responsible for corporate affairs;
- the unit responsible for human resources (with regard to training and disciplinary measures, for example);
- the unit responsible for administration (with regard to control over financial flows, for example).

The members of the Supervisory Body must have performed, for a reasonable period of time, professional activities in fields related to insurance, credit or finance and fulfil the honourableness criteria set out by the current provisions envisaged for the directors of insurance companies ⁽²⁹⁾.

The members of the Supervisory Body can be dismissed at any time by the Board of Directors of Generali for fair and/or justified reasons. In this case, the Board promptly replaces the dismissed member, choosing a new one from among the directors qualifying for the office.

If all the members of the Supervisory Body are dismissed, the Body automatically loses its effectiveness. In such event, the Board of Directors promptly forms a new one with the same criteria.

The Supervisory Body is assigned the following tasks and powers:

- monitoring the functioning of and compliance with the Model;
- verifying that the Model is actually suitable to prevent the performance of criminal offences described in Legislative Decree no. 231/01;
- analyzing the persistence over time of the soundness and functionality criteria of the Model;
- in cooperation with the units involved, devising, developing and promoting any activities targeted at a constant update of the Model and of the supervision system for its implementation, suggesting to the Board of Directors any due amendments and adjustments;
- maintaining a constant connection with the auditing firm;
- maintaining relations with and securing its reports to the Board of Directors, the Internal Control Committee and the Board of Auditors;

(29) The Board of Directors verifies that the requirements for membership of the Supervisory Body are met by the persons to be appointed, before said persons take office within the company - thus becoming members of the Supervisory Body - and, since then, on a suitably regular basis.

Any failure to comply with the requirements over the duration of the mandate results in withdrawal of the office. In this case, the Board of Directors promptly appoints another member, in full respect of the principle informing the choice as previously indicated, after verifying that the professionalism and honourableness criteria are fulfilled. The same procedure is followed when assessing any incompatibility and/or lack of professionalism and honourableness before the appointment of a person to an office within the company, involving membership in the Supervisory Body.



- asking for, obtaining information and documents of any type from any level or sector within Generali;
- carrying out checks and inspections with a view to ascertaining any breaches of the Model;
- devising a supervision programme within the framework of the various activity sectors, in accordance with the principles contained in the Model;
- guaranteeing that the supervision programme is implemented, partly by scheduling activities;
- guaranteeing that reports are drafted on the effects of the interventions enacted;
- guaranteeing that the identification, mapping and classification system of risk areas is constantly updated, for the supervision purposes falling within the province of the Body;
- notwithstanding that set out in the relevant Communication Plan contained in the illustrative document of the Model, defining and promoting initiatives aimed at spreading knowledge and understanding of the Model, training the personnel and raising its awareness of the need for compliance with the principles outlined in the Model;
- dispelling any doubts on the interpretation and implementation of the provisions enshrined in the Model;
- establishing an effective internal communication system for enabling transmission and collection of relevant news as per Legislative Decree no. 231/01, while securing protection and privacy of informants;
- quoting expenses for the performance of its activities, and submitting the quotation to the Board of Directors for approval; any extraordinary expenses, not included in the quotation, shall also be submitted to the Board for approval before being incurred;
- enacting disciplinary measures if necessary.

The Board of Directors is called upon to update the Model and adapt it to any changes of the organizational structure, operational processes and the results of checks.

The Supervisory Body retains, in any event, the tasks and powers connected with the devising, developing and promoting of any activities targeted at a constant update of the Model. To that end, it can present recommendations and proposals as to the organization and the control system to relevant units or – in particularly significant cases – directly to the Board of Directors. The Supervisory Body promptly implements amendments made to the Model and approved by the Board of Directors, and provides for the dissemination of its contents within the Company and outside it, when necessary.

In order to guarantee that the introduction of amendments to the Model is as prompt and streamlined as necessary, partly with a view to minimizing misalignment between operational processes and the provisions enshrined in the Model and their dissemination, the Board of Directors entrusted the Supervisory Body with the task of implementing any changes to the Model on a regular basis.

In the report which must be produced by the Supervisory Body on a yearly basis, the latter may notify the Board of Directors of the amendments it plans to introduce in the Model, so that the Board can pass a relevant resolution within its exclusive field of competence.

Internal Control Committee

On 20 February 2001, Generali's Board of Directors – convened at the end of the work of the Annual General Meeting held at the end of April – decided to establish an Internal Control Committee and appointed its members ⁽³⁰⁾.

Taking into account this internal regulatory framework and the relevant provisions of the Code, on 20 February 2001 the Board also resolved to establish a specific body vested with advisory and recommendation functions, consisting of members chosen from the Board itself.

The provisions of Article 37 of the Company's Articles of Association, which empower the Board to set up advisory committees composed of members of the Board itself and to establish their powers, serve as a reference for the establishment of these committees.

In compliance with the best practice acquired by the Code, the Board of Directors, during its meeting held on 9 September 2004, verified the existence of the independence requirement for the members of the Internal Control Committee, who – according to the provisions of article 10.1 of the Code – must be non-executive and for the most part independent.

In compliance with the new text of article 10.2 of the Code – in its revised version of July 2002 –, the powers and responsibilities of the Committee are as follows:

- assist the Board of Directors in performing the tasks it is assigned by the Self Regulatory Code of Conduct of listed companies on the internal control system;
- express its opinion on the proposed *Internal Audit Plan* and *Report on Internal Audit Activities*, before they are submitted to the Board of Directors for approval;
- assess, together with the heads of administration and the external auditors, the appropriateness of the accounting standards adopted and their uniformity with a view to the preparation of the consolidated accounts;
- assess the proposals put forward by auditing firms to obtain the audit engagement for the company financial statements, the consolidated financial statement and the half-yearly reports, the work programme for carrying out the audit and the results thereof as set out in the auditors' report and their

⁽³⁰⁾ As the Board of Directors' term of office was soon going to end, the Board deemed it pointless to appoint the members of the newly-set up Committee and decided that the appointments would occur after the appointments of the members of the Board itself.



letter of suggestions;

- report to the board of directors on its activity and the adequacy of the internal control system at the time the annual and semi-annual accounts are approved; express its considerations on delegated issues;
- perform the other duties that may be entrusted to it by the board of Directors.

The Internal Control Committee reports on its activities to the Board at least at the time the Board is convened to approve the annual and half-year accounts, and expresses its own opinion on the issues over which it has been empowered.

Committee meetings are attended by committee members and by the Director responsible for control issues, the Chairman of the Board of Auditors or any other Auditor designated by the Chairman of the Board of Auditors. The good technical level of the members of Committee made it possible not to resort to any advisor external to the Company. At committee meetings, which are held at least three times a year, the person in charge of internal control shall report to the Committee on his/her activities.

The functions of the Internal Control Committee are guaranteed by specific regulations.

The Committee is currently made up as illustrated in the table on pages 19 and 20.

Its members receive an attendance fee.

The above-mentioned corporate body has duly undertaken the recommendation and advisory activities for which it was established; it has kept minutes and produced reports required to carry out company business.

The present Committee was appointed by the Board of Directors on 24 April 2004, and it met on five occasions during the year 2004. Four meetings of the Committee were held in 2003, and three in 2002. All these meetings saw a total attendance of members.

Remuneration Committee

Generali had long had a committee, consisting of members of the Board, in charge of determining remuneration of Board members holding special positions. Members were elected when the concrete need emerged to establish the remunerations of these Directors.

Approaching this issue in the spirit of the Code, on 20 February 2001 the Board took note of the indisputable existence of the limitation posed by Article 2389 of the Civil Code, which exclusively attributes to the Board, upon indications provided by Board of Auditors, the power to determine the remuneration of directors appointed to particular positions as laid out by the Articles of Association. In this case, too, the Board took the provisions of Article 37 of the Company's Articles of Association as a point of reference, as it empowers the Board of Directors to set up advisory committees, composed of members of the Board itself, and to establish their powers.

The Board later deemed it desirable to formally establish its own body with delegated powers, known as the *Remuneration Committee*, which assists the Board of Directors in taking decisions concerning the determination of top managers's remunerations.

The above-mentioned corporate body is exclusively made up of non-executive directors. This complies with the rule underlying a good corporate governance system, namely that no director may influence the setting of his/her own remuneration and the conditions under which it is set.

This Committee shall formulate opinions and submit non-binding proposals to the Board on the determination of remunerations of the Chairman of the Board of Directors, Vice Chairmen of the Board of Directors and Managing Directors. The Committee, however, has never formulated any proposals on the remuneration of the Vice Chairman, since the latter is also the Chairman of the Remuneration Committee. Clearly enough, should a deliberation on that matter become necessary, the Chairman would abstain from any decision on it.

The opinions expressed and the proposals made by the Remuneration Committee may concern the allocation of stock options.

Proposals for determining remunerations are made on the basis of individual discretionary evaluations, taking into account, among other factors, a series of parameters such as the degree of responsibility held by the director within the corporate organisational structure, his/her influence on company results, the economic results achieved by the company and the attainment of specific objectives previously set by the Board.

Consistently with this approach, a resolution was passed regarding the determination of remunerations of members of the Board who hold special offices or have taken on responsibilities in compliance with the Articles of Association,



and of General Managers. With regard to the latter, the Remuneration Committee formulates opinions and non-binding proposals to the Board of Directors, subject to the proposal submitted by the Managing Directors.

This Committee has no competence with regard to other fees to which Directors are entitled. In particular, it does not deal with the subdivision of the global remuneration owing to individual members of the Board and of the Executive Committee. This aspect is regulated by Article 39 of the Company's Articles of Association ⁽³¹⁾.

The Committee is currently made up as illustrated in the table on pages 19 and 20.

Its members receive an attendance fee.

The above-mentioned corporate body has duly undertaken the recommendation and advisory activities for which it was established; it has kept minutes and produced reports as required by ongoing Company operations.

In 2002 three meetings were held, which saw full attendance by the members of the Committee. In 2003, only one meeting was convened, which was also attended by all the members of the Committee. In its current composition, the Committee met only once in the course of 2004: this meeting saw a full attendance of its members as well.

Moreover, members of the Board of Directors and of the Executive Committee receive a global yearly share in profits equal to 0.50% of the year's profits as resulting from the Financial Statements approved by the Shareholders' Meeting, after deduction of the legal reserve and of a first dividend to shareholders equal to 5% of the paid-up capital. The Board resolves upon the allocation of said global remuneration, even distributed in a different proportion, among the individual members of the Board and of the Executive Committee.

⁽³¹⁾ Further details about remunerations can be found in the relevant section of the Notes to the Accounts contained in the Company's yearly financial statements.

Shareholders' Meeting

The Ordinary Shareholders' Meeting for the approval of the Financial Statements is called within 120 days of financial year's end; in thorough compliance with the provisions of the law, said term can be extended to 180 days, pursuant to the Reform. The meeting is conducted at the Company's registered offices in Trieste, though it may alternatively be held in other locations in Italy.

Annual General Meetings are one of the major opportunities for dialogue between shareholders and company management. During the meeting, a presentation concerning management performance is traditionally followed by a question-and-answer session between shareholders and the management.

The Shareholders' Meeting ⁽³²⁾ may be attended by those who are entitled to participate in it and prove their right thereto. Members of the Board of Directors and the Board of Auditors diligently attend these meetings ⁽³³⁾.

Majorities

With the exception of particular cases provided for by the law, the Ordinary and Extraordinary Shareholders' Meetings are validly constituted and pass resolutions with the majorities illustrated in the following table:

(32) The Meeting may be attended by shareholders who are entitled to vote, provided that they have submitted – to the registered office of the Company – certificates testifying to the participation in the central securities system, released by the authorised intermediary, which has communicated them to the Company. The communication must be received by the Company at least two days prior to the date set for the first call of the Meeting or within a different term that might be indicated in the notice convening the Meeting in compliance with the law. Representation may not be conferred upon the following subjects: a) Directors, Internal Auditors and Company's employees; b) the Company's subsidiaries and their Directors, Internal Auditors and employees; c) the entrusted Auditing Company and its members, Directors, Internal Auditors and employees; d) central depositories for financial instruments.

(33) The mathematical mean of attendance of Directors in the past five Shareholders' Meetings was 77.5%. The Board of Auditors has always been fully represented, with the exception of two members absent at two different meetings. Their absence was duly justified.



ORDINARY SESSION	First call	Second call	Third call
Constitutive quorum	Presence of as many shareholders as to represent at least a half of the share capital	Regardless of the share capital represented by the shareholders attending the meeting	Does not apply
Deliberative quorum	Absolute majority of the represented capital	Absolute majority of the represented capital	Does not apply

EXTRAORDINARY MEETING	First call	Second call	Third call
Constitutive quorum	Presence of as many shareholders as to represent at least a half of the share capital	Presence of as many shareholders as to represent more than one third of the share capital	Presence of as many shareholders as to represent at least one fifth of the share capital
Deliberative quorum	Favourable vote cast by at least two thirds of the represented capital	Favourable vote cast by at least two thirds of the represented capital	Favourable vote cast by at least two thirds of the represented capital

Under no circumstances does the Company require majorities other than those established by the law for the adoption of resolutions. The majorities laid down for the Ordinary Shareholders' Meetings are required for conferring it the power to:

- a) pass resolutions on Financial Statements;
- b) pass resolutions concerning the allocation of profits;
- c) appoint the members to the General Council;
- d) appoint the members to the Board of Directors, the Permanent and Substitute Auditors and the Chairman of the Board of Auditors;
- e) fix the Auditors' compensation;
- f) appoint an external auditing company to audit the accounts during the financial year, the financial statements and the consolidated financial statements; fix the relevant compensation;
- g) pass any other resolution envisaged by the law or submitted to the Shareholders' Meeting by the Board of Directors.

The majorities established for extraordinary sessions of the Shareholders' Meetings are required to resolve on amendments to the Company's Articles of Association, the issuing of bonds, the appointment and powers of liquidators in the event of the Company's winding-up and in other cases provided for by the law.

Meeting procedures are governed by ad hoc By-laws, which are available at the Company offices and on the web site (www.generali.com), as are the Company's Articles of Association and information on corporate bodies.

By-laws governing the Shareholders' Meetings

The conduct of the Shareholders' Meetings of Assicurazioni Generali has been governed by specific By-laws since 1972. Used as a basis for many of Italy's listed and unlisted companies, these By-laws have not undergone any significant changes over the last 30 years.

Nevertheless, the Shareholders' Meeting of 28 April 2001 resolved to amend the By-laws in order to bring them in line with the most modern principles of corporate governance and with the provisions contained in the Code. The main amendments regard:

1. definition of the legal effectiveness of the By-law provisions within the general framework of the law and the Company's Articles of Association;
2. admission to the proceedings;
3. powers vested in the Chairman of the Meeting ⁽³⁴⁾.

Relations with Institutional Investors and other Shareholders

Responsibility for relations with institutional investors and with other shareholders falls under the powers of the Chairman, Mr. Antoine Bernheim. The *Investor Relations Department*, which is part of the Central Head Office in Trieste, is entrusted with this function.

As far as day-to-day relations with shareholders are concerned – intensifying as Shareholders' Meetings draw near – the Company has set up its own “*Shares Office*”, the activity of which falls within the “*Group General, Legal and Corporate Affairs Office*”, which is also part of the Central Head Office in Trieste.

The Company encourages and promotes the widest possible attendance of shareholders at Shareholders' Meetings. Except under exceptional circumstances, meetings are called taking into account the possibility that they may take place on a Saturday.

In order to accommodate all participants, participation legitimacy is verified in the days leading up to the meeting.

(34) With reference to this last point and to the provisions contained in the Company's Articles of Association regarding the By-laws and regulations concerning this issue, it has been deemed appropriate – as noted above – to revise the dogmatic framework provided for in Article 13 of the Company's Articles of Association.

The starting point was to confirm the statutory provisions requiring the existence of By-laws regulating the Shareholders' Meeting. The decision was taken not to give the provisions of the By-laws a legal force equivalent to the provisions contained in the Company's Articles of Association. As a consequence, a provision was added whereby the By-laws are adopted by a Shareholders' Meeting duly convened for this specific item on the agenda, with the power to pass resolutions with the majority required for approval of resolutions in ordinary sessions. Underlying this approach was the wish to ensure that the Meeting does not adopt working terms and practices from time to time which differ from those provided for in the By-laws, except in those specific cases where the By-laws themselves allow for alternatives. At the same time, there was a desire to avoid extending the regulatory provisions and in consequence, to all effects, equating them with the provisions in the Company's Articles of Association and provisions of the law.



Board of Auditors

The Board of Auditors consists of three permanent and two substitute Auditors, who may be re-elected. Once elected, Auditors shall forfeit their assignment, should situations of incompatibility arise as envisaged by the law and should they hold the office of permanent auditor in more than five Italian firms listed on Italian regulated markets.

Office	First name, last name
• Chairman	Prof. Gianfranco Barbato
• Permanent auditor	Dr. Gaetano Terrin
• Permanent auditor	Rag. Paolo D'Agnolo
• Substitute auditor	Dr. Maurizio Comoli

At least one third of permanent and substitute auditors are chosen from among candidates complying with the professional and competence requirements established for the office of Chairman ⁽³⁵⁾.

The currently serving Board of Auditors was appointed by the Shareholders' Meeting on 27 April 2002 and shall remain in office until the adoption of 2004 financial accounts. As of 24 April 2004, the functions of Permanent auditor formerly held by resigning Dott. Alberto Nicola Nagel have been assumed by Rag. Paolo D'Agnolo, formerly a Substitute auditor of the Company.

This corporate body, appointed by a resolution taken on a list vote, includes one permanent Auditor, Gaetano Terrin, and one substitute Auditor, Maurizio Comoli, who were on a minority list previously presented by a group of Italian and foreign institutional investors.

The right to submit a list shall accrue to the Board of Directors and to the shareholders – entered in the Register of Shareholders not less than thirty days prior to the date set for the first meeting of the Shareholders' Meeting – who by themselves or together with other shareholders represent at least three hundredths of the share capital. Each shareholder may submit only one list; in case of transgression none of the supporting lists shall be taken into account.

The lists, signed by those who submit them, shall be lodged, along with the CVs

(35) See note 15. Prohibited from taking the office of auditor at insurance companies are candidates who have been directors, general managers, auditors or liquidators of insurance, credit or financial companies which have been subject to procedures of extraordinary administration, bankruptcy or compulsory administrative liquidation during the three years prior to adoption of the provisions concerned. This prohibition remains in place for the three-year period starting from the date on which these provisions were adopted.

of the candidates, with the Company's registered office not less than ten days prior to the date set for the first call of the Shareholders' Meeting.

The lists to be submitted consist of two sections: one for the appointment of the permanent Auditors and the other one for the appointment of the substitute Auditors. The lists contain a number of candidates not exceeding the number of members to be elected, listed under a progressive number. Each candidate may stand for election on only one of the lists under penalty of ineligibility. Each shareholder has the right to vote candidates chosen from one list only.

The first two candidates on the list that will have obtained the largest number of votes and the first candidate on the list that will have come out second as to number of votes shall be elected as permanent Auditors. The first candidate on the list that will have obtained the largest number of votes and the first candidate on the list that will have come out second as to number of votes shall be elected as substitute Auditors. If two or more lists receive the same number of votes, the candidates to be elected Auditors shall be the ones who are junior by age to the extent of the positions to be assigned. The chairmanship shall go to the first candidate on the list that will have obtained the majority of votes.

The Board of Auditors has duly undertaken its auditing duties as laid down by law; it has kept minutes and produced reports as required by ongoing Company operations.

In 2002, the Board of Auditors met five times, with an average attendance of 86.6%. The six meetings held in 2003 were attended by 94.4% of the members, while in 2004 the Board of Auditors convened seven times with an average attendance of 90.4%.

The average attendance of Auditors at Board of Auditor meetings was 100% in 1999, 88% in 2000, 79% in 2001, 94% at the meetings of 2002 and 2003, and 100% in 2004. The average attendance of Auditors at Executive Committee meetings was 100% in 1999, 78% in 2000, 83% in 2001, almost 89% in 2002, almost 92% in 2003 and 100% in 2004.

Auditing firm

The auditing firm, which must be chartered with a relevant roll kept by CONSOB, is called upon to verify, during the year, that corporate accounts are properly kept and that the financial position and results of operations of the Company are reported correctly. The auditing firm shall promptly inform the Board of Auditors and CONSOB of any facts which it might deem erroneous. The firm also verifies that the Financial Statements and the Consolidated Statements match with the figures in the accounting record and with the results of checks, and that the same bookkeeping documents comply with the regulations to which they are subject.



The auditing firm receives its appointment from the Shareholders' Meeting, subject to the approval of the Board of Auditors. The Shareholders' Meeting also decides on the remuneration of the auditing firm. The mandate lasts for three financial years and cannot be renewed more than twice for the same company, although it can be terminated before the due date if a fair cause is identified – after the Board of Auditors has been consulted. All resolutions passed by the Meeting on the subject are transmitted to CONSOB.

At the end of each financial year, the auditing firm examines the Financial Statements and drafts a formal Report. The document is attached to the Financial Statements and is deposited with the registered office of the company during the fifteen days preceding the Meeting summoned for the approval of the Financial Statements and until the statements are finally approved.

The currently appointed auditing firm is PricewaterhouseCoopers S.p.A.. Its mandate was renewed for the first time by the Shareholders' Meeting convened on 26 April 2003, after the Board of Auditors had been consulted.

General Council

The General Council is a high advisory body that concerns itself with the best attainment of the Company's objects, with particular regard to the territorial expansion of the Company and to international insurance and financial problems regarding the Company and the Group.

In addition to the members elected by the Shareholders' Meeting, whose number, according to the Company's Articles of Association, may be not fewer than 15 and not more than 35, Board members and General Managers of the Company are included in the General Council as members by right. The Council's term of office is three years. It is chaired by the Chairman of the Board of Directors.

The General Council now in office was appointed by the Shareholders' Meeting held on 26 April 2003 and integrated by the Board of Directors summoned on 9 September 2004. It consists of: Giorgio Davide Adler, José Ramón Álvarez Rendueles, José María Amusategui de la Cierva, Raymond Barre, Claude Bébéar, Kenneth J. Bialkin, Sabino Cassese, Giacomo Costa, Maurizio de Tilla, Dieter Farny, Enrico Filippi, Carlos Fitz-James Stuart y Martínez de Irujo, Albert Frère, Roberto González Barrera, Georges Hervet, Dietrich Karner, Khoon Chen Kuok, Stefano Micossi, Franca Orsini Bonacossi, Paolo Pedrazzoli, Arturo Romanin Jacur, Guido Schmidt-Chiari, Theo Waigel and Wilhelm Winterstein.

Web Site

The Company has recently upgraded its web site (www.generalali.com), making its graphical interface more intuitive, expanding its sections and also enriching the corporate information made available to users.

The web site features a presentation of the Group and its history, its objectives, the markets where it operates, the press releases describing major events in which the Group has played a part and the opportunities to work with the Company.

With an eye on information transparency, the presentation of shares, financial and accounting data is attached great importance within the web site. Data are carefully and promptly updated, so that among the documents users will find the latest approved financial statements and, in a clear record, the accounts of some previous financial years.

Inside the section *Investor Relations*, the subsection “Shareholders’ Meeting” leads users to the notice convening the next Shareholders’ Meeting and the Reports on the Agenda, including the minutes of the meetings held from 2000 until today.

The same section, *Investor Relations*, also contains a subsection entitled “Event calendar” providing information on the dates of the meetings of the governing bodies, such as the Shareholders’ Meeting and the Board of Directors’ Meetings convened to adopt the draft annual accounts, the consolidated financial statements, the half-year report and the quarterly reports.

A further subsection, “Corporate Governance” ⁽³⁶⁾, makes all major documents available for consulting and downloading, such as the Articles of Association, the By-Laws of the Shareholders’ Meetings, the Ethical Code and this Report on Corporate Governance. At the same time, information is provided on Shareholders’ Agreements, internal dealing regulations and social activities of the Group.

The web site also displays the judgments issued on the Generali security by rating firms. These are updated promptly, even before transmitting said information to Borsa Italiana.

All the material that can be consulted without a password is available both in Italian and English. Furthermore, the Articles of Association can be downloaded in a French, German and Spanish version.

Venice, 24 March 2005

THE BOARD OF DIRECTORS

⁽³⁶⁾ The section can also be reached via a quick link displayed in the home page.



Table 1: Structure of the Board of Directors and of Committees (1)

Board of Directors							Internal Control Committee		Remuneration Committee		Executive Committee (if any)	
Office	Members	executive	non-executive	independent	****	No. of other offices **	***	****	***	****	***	****
Chairman	Antoine Bernheim	X			100%	13					X	100%
Vice-chairman	Gabriele Galateri di Genola		X		100%	6			X	100%	X	100%
Managing Director	Sergio Balbinot	X			100%	7					X	100%
Managing Director	Giovanni Perissinotto	X			100%	16					X	100%
Director	Tito Bastianello		X	X	40%	2						
Director	Luigi Arturo Bianchi		X	X	100%	2	X	100%				
Director	Ana Patricia Botin		X	X	75%	2			X	100%		
Director	Gerardo Broggin		X	X	80%	5	X	100%			X	100%
Director	Claudio Consolo		X	X	100%	1						
Director	Laurent Dassault		X	X	100%	1						
Director	Diego Della Valle		X	X	50%	6			X	100%		
Director	Enzo Grilli		X	X	100%	2						
Director	Piergaetano Marchetti		X	X	60%	1					X	100%
Director	Klaus-Peter Müller		X	X	60%	2						
Director	Alberto Nicola Nagel		X		100%	1					X	100%
Director	Alessandro Ovi		X	X	100%	2	X	100%				
Director	Alessandro Pedersoli		X	X	100%	4	X	100%				
Director	Reinfried Pohl		X		40%	4						
Director	Vittorio Ripa di Meana		X	X	100%	2						
Number of meetings held in the reference financial year		Board: 5		Internal Control Committee: 5		Remuneration Committee: 1		Executive Committee: 3				

* An asterisk marks a Director who has been chosen from lists submitted by the minority.

** 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.

*** "X" 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.

(1) On 24 April 2004, the new Board of Directors of the Company was appointed, which will be serving in the financial years 2004-2006. The Directors listed in this table are those in office as of that date. In the percentage of attended meetings, for the newly-appointed Directors only meetings attended after their appointment were calculated; for the others, previous ones were also taken into account, starting from 1 January 2004.

Table 2: Board of Auditors

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%	–
Permanent Auditor *	Gaetano Terrin	86%	2
Substitute Auditor *	Maurizio Comoli	–	–
Number of further meetings attended during the financial year:		7 (1 in Shareholders' Meetings - 3 in the Board of Directors - 3 in the 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	

* An asterisk marks an Auditor who has been chosen from lists submitted by the minority.

** 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.



Table 3: Other provisions of the Voluntary Self Regulatory Code

	Yes	No	Brief explanation of the reasons for any inobservance of the recommendations of the Code
Proxies and operations with related parties			
Has the Board of Directors assigned powers and defined their			
a) limits	X		
b) performance modalities	X		
c) and frequency of reporting?	X		
Has the Board examined and approved most significant economic, financial and asset operations (including operations with related parties)?	X		
Has the Board defined guidelines and criteria for the identification of "significant" operations?	X		
Are the above mentioned guidelines and criteria described in the report?	X		
Has the Board defined precise procedures for examining and approving operations with related parties?	X		
Are the procedures for approving operations with related parties described in the report?	X		
Procedures applying to the most recent appointment of Directors and Auditors			
Were the lists of candidates for the office of Directors submitted at least ten days before the Meeting?			The Board of Directors has not deliberated on the issue yet
Were all Director candidate recommendations accompanied by exhaustive information?			As above
Were all Director candidate recommendations accompanied by an indication of eligibility as independent actors?			As above
Were the lists of candidates for the office of Auditors submitted at least ten days before the Meeting?	X		
Were all Auditor candidate recommendations accompanied by exhaustive information?	X		
Meetings			
Has the Company approved any Meeting Regulations?	X		
Are the Regulations attached to the report or is there an indication of where to obtain/download them from?	X		
Internal Control			
Has the Company approved any Meeting Regulations?	X		
Are those persons hierarchically independent of the persons responsible for operational sectors?	X		
Organizational department entrusted with internal control (pursuant to art. 9.3 of the Code)			Person entrusted with the Group's Internal Audit
Investor relations			
Has the company appointed persons entrusted with investor relations?	X		
Organizational department and contacts (address/telephone/fax/e-mail) of the person entrusted with investor relations			Investor Relation - Ms. Silvia Barettoni – Piazza Duca degli Abruzzi, 2 34132 TRIESTE Tel: 040671876 - Fax: 040671260 Silvia_Barettoni@Generali.com

Co-ordination:
Corporate Communication/
Central Personnel Dept. – General Services

Graphic design:
Sintesi in Comunicazione

Photos:
Miguel Angel Córdoba Navalpotro

Printed by:
Sa.Ge.Print spa

