

# Sustainable Development, a strategic investment for insurance?



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# AGF, a committed player?



FTSE4Good



AGF's ratings and presence in the principal Sustainable Development indices illustrate the Group's commitment in this area.

# Chairman's message

Jean-Philippe THIERRY



Dear Shareholders,

For several years now, AGF has actively promoted the principles of Sustainable Development.

This commitment is expressed in the very heart of our business as insurer and financial manager:

- Firstly, through its policies and services, insurance has a stabilising influence on society, acting as a bulwark against the risks weighing upon economic development and individuals.
- Secondly, by instilling good practices such as prevention, insurance acts as a force for change in individual behaviour and, more generally, in society as a whole.

This commitment can also be seen in the very way in which we practise our profession vis à vis our stakeholders, be they shareholders, employees, customers, suppliers or the larger community.

Once again, the non-financial ratings agencies acknowledged our progress this year. AGF is the only French insurer that figures in all three of the main indices for Sustainable Development. The rating agency SAM awarded Allianz, our parent company, the highest non-financial rating in the sector, with AGF coming in a close second.

That said, we are very conscious of how much more still needs to be done in Sustainable Development. Just as the future holds major challenges for the insurance business in terms of emerging risks, our role as a major company will be to face the increasing demands from all of our stakeholders.

In order to meet these challenges, we will continue to rely on our two biggest strengths: the skills of the men and women who compose our Group, and their ability to innovate.

Jean-Philippe THIERRY

Chairman and Chief Executive Officer

# Strategy

AGF has integrated its Sustainable Development strategy into its business activities.

AGF fully acknowledges and accepts the importance of promoting Sustainable Development in a modern economy, and the role that insurance and financial services play. The Group is thus simultaneously committed to various programmes:

- *in corporate insurance*, through complete offers with ambitious audit and prevention programmes against economic, social and environmental risks;
- *in insurance for individuals*, by creating policies for those most vulnerable, especially in terms of health, without neglecting active contributions to national campaigns for road safety;
- *in investment* by promoting SRI both within its own management and in the marketplace, with a significant, long-term approach to financing the economy.

AGF is also active *within its own ranks*, promoting the principles of Sustainable Development whether in relation to its shareholders, customers, employees, networks and partners, or the larger community.

Finally, AGF is determined to optimise the coherence and synergies between its different programmes led by their respective teams. This mission has been entrusted to a specific, dedicated Sustainable Development team which aims to involve all employees in the Group's initiatives, aided by internal communication.

## *AGF places Sustainable Development at the heart of its organisation*

In early 2006, AGF decided to place the team in charge of Sustainable Development within the Group's Strategy and Marketing structure. This new organisation is designed to reinforce and facilitate the team's mission: to lead the Sustainable Development Committee, composed of correspondents from the various business lines.

# Challenges and opportunities

The growing importance of Sustainable Development principles is influencing both the nature of AGF's business lines (P&C, Life & Financial Services) and the way these businesses are run.

In both respects, the Group's Sustainable Development initiatives are based on the careful identification and evaluation of challenges and their related opportunities.

**In its businesses lines of insurance and investment,** AGF's main challenges in 2006 were:

*For corporate clients:*

- Increased community awareness of the ecological impact of human activities and parallel increase the potential liability of companies in case of damage to the environment;
- Deteriorating conditions for liability coverage, with accrued risk to corporate image.

*For individuals:*

- The ageing population;
- Diminishing job security and the impact it had on insurance policies in terms of balance and exclusion.

*For investment policy:*

- Investor awareness – though still fragmented – of the rules of corporate governance and socially-responsible investing (SRI).

To address these issues, AGF continued to innovate in its product line, and to increase its prevention initiatives:

- *For companies,* 2006 saw new policies to cover Sustainable Development liability and the strengthening of existing prevention initiatives;
- *For individuals,* 2006 brought renewed health offers and related services, with broader road safety initiatives;
- *For investment policy,* company teams spread the SRI approach throughout AGF's asset management business while actively promoting related initiatives in the marketplace.

**As a major financial company, AGF** faced the following challenges in 2006:

- Strengthened dialogue and diversity principles to be applied in human resources management;
- Increased environmental constraints for Group activity as for that of its main suppliers.

In all of these areas, 2006 was significant in the numerous initiatives for clients (NPS, customer complaints), employees (annual career development interview, signing of the diversity charter), suppliers and the larger community (programme to soften AGF's ecological footprint, policies of cultural patronage and charitable support).

# Values and commitments

AGF embraces and implements the ethical values and principles that underlie its Sustainable Development initiatives.

## Human rights

Ban child or forced labour in our activities and in those of our partners and service providers, condemn discrimination in hiring practices and in all other aspects of our human resources management, prohibit all mental or physical coercion, allow employees freedom of association and access to the collective bargaining process, abide by legislation in force regarding working hours, compensation, training, health and safety – AGF has made a commitment to ensure the protection of human rights in the workplace.

## Ethics and integrity

AGF's new Code of Ethics was distributed to all personnel in 2006. Employees were asked to certify, via email, that they had received the Code and were aware of its contents. At this stage, 93% of the sales force and 84% of the administrative employees have done so.

The Code is based explicitly on the OECD's guiding principles and on the Global Compact. Taken from Allianz's Code of Conduct for Business Ethics and Compliance and adapted to the French socio-cultural context, the Code firmly fixes within the company a requirement of ethical behaviour, aiming to reduce risks and to protect the interests of both customers and the company. This makes possible an atmosphere of integrity in which the individual is respected, infringements are rejected, and professional initiative is encouraged.

Three subjects received special attention in 2006:

- an anti-fraud initiative, following the creation of a specialised department in early 2006,
- anti-money-laundering initiatives,
- IT security.

Created in 2006, the intranet site "Ethics and compliance" underscores AGF's ambition to combine earnings performance with ethical behaviour.

In addition to the aforementioned subjects, the Code also addresses areas such as sales and marketing ethics and equal opportunity policies.



# Sustainable development in AGF's business lines?

Insurer of property, liability, life and health, institutional financial investor, the AGF Group promotes Sustainable Development within the practice of each of its key business lines. Conscious of its influence, the Group leads active campaigns in each of these sectors.

# AGF and socially-responsible investing

AGF Asset Management (AGF AM) is AGF Group's asset management branch. AGF AM is also an associated member of Allianz Global Investors (AGI), the third-largest asset manager in the world, which unites Allianz Group's Asset Management business lines throughout the world. Signatory via AGF and Allianz of the United Nations Global Compact, AGF AM is fully committed to Sustainable Development. This commitment can be seen in its investment decisions, as in its solid support of initiatives designed to promote Socially-Responsible Investment (SRI).

## AGF Asset Management's investment activities

Through its promotion of SRI, AGF AM uses positive selection criteria to encourage best practices. This approach is being extended gradually to all AGF AM investments. To achieve this, AGF AM established an SRI Advisory Committee at the end of 2005. Composed of 12 members (8 from outside the company and 4 from within AGF AM), the SRI Advisory Committee's objective is to assist AGF AM in consideration of the role of SRI in its activity, and to manage conflict of interest situations if and when they arise. The committee has met four times since it was formed.

In the same spirit, AGF AM assigns particular importance to corporate governance, and especially to the exercise of voting rights at shareholders' meetings of European companies. A corporate governance committee at AGF AM, formed in 2003, examines corporate resolutions and determines positions to be adopted. In 2006, AGF AM attended 295 shareholders' meetings of listed European companies, compared to 240 in 2005. In 70% of these meetings, the company abstained or voted at least once against a resolution.

**AGF Asset Management's SRI range** is composed of three mutual funds: AGF Valeurs Durables, AGF Aequitas and AGF Euro Actions. Their approach is gradually being phased into the investment process in the rest of AGF AM, which already applies the respect of human rights as a criterion.

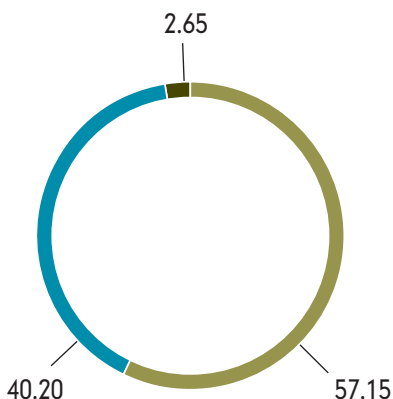
– *AGF Valeurs Durables* is the mutual fund most representative of AGF AM's expertise in socially-responsible investing. Invested in large-cap eurozone equities, this fund exploits all sources of added value in AGF AM's investment process for SRI equity funds.

– *AGF Aequitas* is invested in eurozone companies of all sizes and is eligible for inclusion in French equity savings plans (PEAs), giving investors access to the associated tax benefits. Its specificity is that, in the framework of SRI, it invests in companies that combine the themes of family ownership, family/hired management and employee share ownership, all the while adhering to the principles of good corporate governance.

– Faithful to its policy of promoting socially-responsible investing, AGF AM started screening the investments of *AGF Euro Actions*, a eurozone equities fund, for human rights and corporate governance.

BREAKDOWN OF TOTAL ASSETS OF MAIN SRI FUNDS AT 31 DECEMBER 2006  
In %

- AGF Aequitas : €35.57 million
- AGF Euro Actions : €538.35 million
- AGF Valeur Durables : €765.40 million



Fundamental and strategic analysis is based on qualitative and quantitative SRI criteria, such as environmental and labour policies, shareholder relations, adherence to corporate governance, and respect for human rights.

AGF's distribution networks sell SRI funds either directly or through life insurance contracts. AGF Valeurs Durables is the preferred equities vehicle for investing in a "PERP" personal pension savings plan, distributed by tied agents. In 2006, AGF Valeurs Durables was one of the AGF network's bestsellers, with €100 million of fund inflows.

In total, AGF AM is one of the biggest SRI managers in France, with total assets of €1.6 billion, including nearly 50% in AGF Valeurs Durables.

## AGF AM supports initiatives aiming to promote SRI

Alongside RCM (one of Allianz Group's asset management companies), AGF AM was a founding member of the Enhanced Analytics Initiative, launched with several other asset management firms in 2004 in order to encourage opening up traditional financial analysis to non-financial criteria.

AGF AM is also very involved in FIR (Responsible Investment Forum) and AFG (French Association of Financial Management): signatory of AFG's Transparency Guidelines for retail SRI funds, published in mid-2005, AGF AM also supports the research (prize and university chair) and communications campaigns (FAIRE - Annual Forum of Socially-Responsible Investing in Europe) of these associations.

## AGF Private Equity and the financing of medical innovation

Through AGF Private Equity, the Group invests around €30 million every year in high-technology companies, especially in the fields of medical and health innovation. AGF Private Equity is a core investor in over 15 biopharmaceutical and medical instrumentation companies, in France and elsewhere in Europe.

These companies are developing new products for healthcare, medicine and highly innovative instruments, in the fight against serious diseases such as cancer, nervous system disorders, and cardio-vascular illnesses.



# Automotive insurance

Strongly committed to road safety.

## *Automotive risk prevention on [www.agf.fr](http://www.agf.fr)*

AGF provides its existing and prospective policyholders an informative source of practical advice on automotive risk prevention.

In 2006, this site was enhanced with extensive content on the theme "good health at the wheel". Here the visitor can learn about risks related to alcohol, drugs, medicine, attention lapse, sleep, fatigue, eyesight, hearing and illness.

For the general public, companies and Group employees – with over two million automobiles insured in 2006, AGF is very involved in road safety.

## **For the general public**

AGF shows its commitment through regular events on the national, regional and local levels, mostly through its network of tied agents.

### **AGF's involvement in automotive risk prevention**

– Since 2005, AGF has been associated with the national "courtesy at the wheel" day. Organised by the AFPC (Association Française de Prévention des Comportements au volant), the French road safety association, this annual event encourages all drivers to be more considerate of others. More than 250 municipalities, 1,000 driving schools, 100 prefectures and regional road infrastructure agencies, and 146 associations participated in the 7th campaign, which took place on 13 April 2006. During this public awareness campaign, 2,800 tied agents worked locally to promote the event, using a special kit provided for the occasion containing posters, good-driver brochures for distribution, and charters for signatures. In addition, in preparation for this campaign, for the last two years AGF has published an annual study measuring the evolution of French drivers.

– The publication and distribution of Prudence Mag, a magazine about automotive safety, in association with the road safety organisation Prévention Routière. This magazine received a media prize and the Prix Spécial de l'Expression for the Consumer Magazine category. Containing advice, useful pull-out information cards, interviews with experts, games and quizzes, the magazine intends to provide families with practical road safety information, while encouraging drivers to be more careful. Six issues of Prudence Mag were published in 2006, with circulation of more than 500,000. Each issue was distributed via the tied agent network (circulation of 140,000) and the regional committees of Prévention Routière (circulation of 120,000).

There were also several targeted events: during the major holiday departures, at motorway toll plazas (250,000 families in 4 days); distribution of a special "Baby" edition in Aubert shops for infants (200,000 families in 15 days) and maternity kits at E Leclerc (250,000 families in 2 months); and at the start of the new school year, distribution of Prudence Mag at Relay newsagents (250,000 families in a 3 day campaign).

## For professionals

For its corporate clients with insured automotive fleets, AGF offers prevention services that address road safety: it evaluates risks, tracks accident statistics, trains drivers in specific prevention topics, and undertakes communication and software development efforts. Each prevention plan is adapted to the size of the company and the vehicle type. AGF has two driving simulators for these training courses. In 2006, AGF "prevention-specialists" trained 4,600 drivers at 107 companies.

In 2006, AGF renewed its partnership in the awareness-raising campaign, "Road Professionals". This event seeks to inform professional drivers of driving risks and both social and automotive regulations as well. Driving 24,000 kilometres all over France, and visiting 112 host cities, the Road Professionals participate in their very own Tour de France - all year long.

AGF accompanied these professional for 29 days (out of 126 days on the road).

## For employees

AGF informs: each issue of Prudence Mag is distributed to all AGF France employees (circulation 17,000); other internal communication tools (Intranet, internal letter, Sustainable Development Week) are used systematically to transmit information on AGF prevention campaigns.

AGF involves its employees in its prevention campaigns. During the National Courtesy Day of 13 April 2006, events were organised at eight AGF sites in order to share this awareness-raising day with employees.

A competitive game was also organised on the AGF Intranet, "Find the 11th commandment of courtesy", which attracted nearly 150 employees.

## *AGF, partner for the 7<sup>th</sup> edition of the Bibendum Challenge*

Through its association with the Bibendum Challenge 2006, AGF aligned its commitments to automotive risk prevention with those of Sustainable Development. This was a major global event for sustainable transport which brought together all market participants and experts such as automobile manufacturers, municipalities, energy industries and researchers.

The three major themes of the 2006 edition were the sustainability of road travel energy consumption, urban/suburban sustainability, and road safety. Technical tests, discussion groups, lectures, demonstrations, vehicle trials and road rallies all provided opportunities for these three subjects to be explored, and concrete solutions to the challenges of Sustainable Development in transport were identified.

AGF was very much at the heart of this event. While providing risk prevention training at a stand fully equipped with a driving simulator, the AGF team was able to distribute information covering the entire range of automotive risk prevention and Sustainable Development programmes.

# Life and health insurance

Prevention and insurance for more and more people.

## Products for the elderly

Through its health and long-term care policies, AGF is dedicated to the protection of the elderly. This involvement goes beyond AGF's desire to provide simple financial protection, with the ambition of guiding its policyholders towards the best possible healthcare choices.

It is with this in mind that AGF focuses on the risks of mental ageing (and notably Alzheimer's disease), a medical, scientific, human and social phenomenon that is still misunderstood. The only "long-term care" insurer to offer a lump-sum payment in the event of the appearance of a degenerative disease, AGF decided to participate in a national information and awareness-raising campaign on the effects of Alzheimer's disease (declared "the 2007 national health concern" by the prime minister in September 2006).

In collaboration with the IPSED (Institut de Santé Publique et d'Epidémiologie), the Institute for Public Health and Epidemiology, AGF offers its long-term care policyholders a new service called Capital Mémoire.

There are two offers:

- a "memory-loss prevention" diagnostic administered by telephone by a nurse (available for 50- to 64-year-olds);
- a memory test administered by family doctors (starting at age 65).

## Insurance products for persons with aggravated health risks

Since 2000, AGF Group has run a transversal project for insurance development concerning risks considered "aggravated". The project aims to develop better access to insurance (borrowers or income) to populations suffering from serious or chronic diseases. Today, these populations are either rejected outright by insurers, or they manage to find insurance but at highly disadvantageous rates, both of which prevent them from acquiring a home or other asset.

In order to offer more favourable medical and technical acceptance conditions, AGF's medical insurance department is trying to revise the aggravation rates previously applied. To do this, it analyses the latest medical and technical studies then consults with specialised doctors in order to take into account medical progress and knowledge of the disease, and consequently of its developments and treatments.

This innovative approach enables AGF to define the optimal balance between cost and risk and to offer products tailored to each case.

Such an approach goes hand-in-hand with our partnerships with patient associations seeking better access to insurance for their members.

To date, five partnerships have been formed with associations, concerning chronic inflammation of the intestine (Association François Aupetit), diabetes (Association Française des Diabétiques), kidney failure (Fédération Nationale d'Aide aux Insuffisants Rénaux), epilepsy (Epilepsie-France) and cancer (Vivre Avec).

These partnerships highlight the associations' determination to improve their members' quality of life, and AGF's drive to study as carefully as possible each individual case while keeping in consideration advances in medical research. Desirous of extending its partnerships with these associations, AGF is continuing its technical and medical studies to other diseases in order to improve the insurability of persons presenting health risks even further.

## Innovation in optical and dental expenses

For optical and dental claims, both of which are particularly complex and poorly reimbursed by the mandatory health plan, AGF has developed Santéclair, a healthcare orientation and advisory platform.

The system offers third-party payment to four million policyholders and, more importantly, provides estimate analysis (30,000 p.a. on average). Santéclair has a partner network of 3,000 dentists and more than 1,300 opticians, who have agreed to provide services at negotiated prices.

### Summary table of partnerships with associations

ASSOCIATION	START DATE	PATHOLOGY	AFFECTED POPULATION	POLICY SPECIFIC TO THE PATHOLOGY	NUMBER OF POLICIES SUBSCRIBED*
Association François Aupetit (AFA)	MARCH 2001	Chronic inflammation of the intestine (Crohn's and haemorrhagic rectolitis)	120,000	Contrats emprunteurs ou prévoyance classiques	265
Association Française des Diabétiques	JUNE 2002	Diabetes	2,000,000	Contrats emprunteurs ou prévoyance spécifiques souscrits par l'AFD	2,970
Fédération Nationales d'Aide aux Insuffisants Rénaux (FNAIR)	OCTOBER 2002	Chronic kidney failure (transplants and dialysis)	50,000	Contrats emprunteurs ou prévoyance classiques	131
Epilepsie-France	OCTOBER 2005	Epilepsy	500,000	Contrats emprunteurs ou prévoyance classiques	NC
Vivre Avec	JANUARY 2006	Cancer	800,000	Contrats emprunteurs	41

\* Since partnership inception

# Corporate insurance

Prevention and new policies for corporate risks.

## Corporate risk prevention: more than 1,000 campaign days in 2006

In 2006, AGF's prevention specialists performed 1,054 days of prevention audits for the Group's clients based in France and abroad. These audits go to the heart of Sustainable Development challenges for companies, and contribute significantly to reaching economic, social and environmental targets.

**In economic terms**, the AGF prevention audits seek to protect companies in two areas of major risk: the loss of production facilities due to fire and the assignation of liability for a defective product.

### *Property protection through sprinkler systems*

Fire is a significant risk for a company: 43% of companies go out of business immediately after a major fire, and 28% during the years following. Yet preventive measures in this area are very effective. The NFPA (National Fire Protection Association) estimates that the risk of loss – in human life and property – decreases by 50% to 75% when there is sprinkler protection.

AGF considers fire prevention to be one of its major missions, and has 168 product projects underway.

### *Prevention in product liability*

Attributing liability to the manufacturer for a defective product is increasingly frequent, generating financial and other losses for a company that can put its very survival at stake.

Through its prevention audits, AGF endeavours to identify a company's product vulnerabilities, prioritise them, and confirm that the necessary controls have been upgraded and applied.

In 2006, AGF performed nine audits in product risk control, mainly in the toy, drinking water and fine chemical sectors.

**In social terms**, the AGF prevention audits are designed to help the company establish and meet targets for the protection and health of its employees.

### *"Safety at work" audits*

AGF performs "Safety at work" audits, a process that evaluates the proper application of the legal requirements for worker safety and health protection.

The methodology is based on eight main criteria for analysis: safety management; analysis of occupational risk; employee training and communication; medical treatment and authorisations; equipment and facility control; management of sub-contractors and temporary workers; emergency situations; the analysis and reporting of work-related accidents and illnesses.

In 2006, AGF performed 10 corporate audits focused on preventing the risk of financial loss due to a work-related accident or illness. Approximately 15 audits are scheduled for 2007.



**In environmental terms**, the application of new regulations governing environmental liability, such as the European environmental liability directive that will be transposed into French law in 2007, creates new risks for companies.

AGF has launched a prevention programme for these risks that is very similar to that for fire audits. The programme especially targets pollution sources, how they are spread (underground streams, nearby watercourses) and the various parties that can be affected (neighbours, drinking water intake equipment, etc.).

One of the measures recommended by AGF is the application of a confinement capacity sufficiently large for the risk concerned. AGF played a large role in the work group organised by the CNPP (National Centre for Prevention and Protection), which published recommendations in this area towards the end of 2005.

In 2006, AGF performed a total of 18 audits on the theme of environmental liability.

## New policies for corporate liability related to Sustainable Development

### *Insurance covering damage to the environment*

In 2006, AGF's innovative and creative approach to new insurance products for the environment led to the insurance product CARE (Contrat d'Assurance des Risques Environnementaux), an insurance policy for environmental risks, through the ASSURPOL reinsurance pool. The CARE policy is an insurance response to the new liability risk now carried by companies, a direct consequence of the European Directive 2004/35/EC of 21 April 2004 which established a common framework for environmental liability with a view to preventing and remedying environmental damage. This directive is currently being transposed into French law.

The CARE policy offers standard cover for bodily, material and immaterial damages suffered by third-parties that are subject to claims following a pollution accident.

What sets it apart from other contracts is that it insures:

- against damage affecting the land, and specifically any land contamination that poses a serious risk of negative impact on human health,
- against environmental damage affecting water, and specifically any damage that causes a serious risk of negative impact on the ecological state, whether chemical, quantitative, or the ecological future of the water concerned (surface waters, groundwater and coastal waters).
- against damage affecting protected species and natural habitats: namely damage seriously affecting the constitution or maintenance of conditions favourable to these habitats and species. This policy covers both natural resources and the services made possible by these resources.

It concerns animal species and plants listed in Directives 79/409/EEC (conservation of wild birds) and 92/43/EEC (conservation programme of natural habitats and wild fauna and flora in the territory of the European Member States, known as "Natura 2000").

## The "AGF Vivéis" programme

To address employment risks, AGF's Collectives branch offers a programme called "AGF Vivéis" that:

- models the risks specific to each company and targets actions to be taken,
- defines recommendations and action plan,
- at the company's request puts into place all or part of a proposed solution.

In 2006, the AGF DPI performed six Vivéis audits for an accountancy firm.

Under the CARE policy, the “ecological” damage is estimated using measurable data, both quantitative (number, density) and qualitative (roles, reproductive capacity of the species, capacity to recover within a limited time). In 2006, around 2% of the standard policies for environmental liability had already been transformed into CARE policies, even though the European Directive 2004/35/EC of 21 April 2004 on environmental liability will only be transposed into French law and become applicable some time in 2007.

### *Liability cover for corporate officers*

In addition to new environmental responsibilities, companies are increasingly exposed to the liability of their corporate officers held responsible for faults related to regulatory and legislative obligations, whether by action or inaction.

AGF became active in this market in 2006 with the introduction of a new policy integrating specificities of the French market, such as cover for legal entities serving as company directors.

In 2006, the number of corporate director liability policies increased by 65%.

# AGF and its stakeholders?

A French company, AGF is moving forward and is committed to promoting sustainable development principles both within its organisation and with its stakeholders.

# Shareholders

AGF, committed to good corporate governance.

*For Egon Zehnder\*, the conclusions are encouraging:*

- Quality and fluidity of discussions improved significantly,
- To improve the defence of minority shareholder interest, the Transactions Committee's role and mission has been reinforced,
- Quality of Committees' work recognised,
- Good working atmosphere.

\* Evaluation of the functioning of the Board of Directors, March 2006, Egon Zehnder (independent consultant).

Good corporate governance contributes to the transparency of financial information, protects the interests of shareholders and favours the Sustainable Development of the company. That is why AGF, since its privatisation in 1996, has been actively committed to adopting best practices in corporate governance, with particular attention to:

- allocation of responsibilities between directors and other corporate officers;
- risk evaluation;
- internal control.

Furthermore, the Group has always endeavoured to follow guidelines laid out in the Viénot I, Viénot II and Bouton reports, calling for the composition of the Board of Directors to allow for representation of the various stakeholders. Whilst the Board is representative of its shareholders, it also gives sufficient voice to independent directors. AGF's Board of Directors has three committees (Audit, Transactions and Compensation) whose role has been strengthened and enlarged. The committees are chaired by independent directors (see the Group Activity Report).

In accordance with the expectations of shareholders, for whom it oversees the company, the Board evaluates its own operations periodically. In March 2006, the Egon Zehnder consulting firm, under a special mandate, announced encouraging conclusions; then on 5 December 2006, the Board of Directors noted the qualitative improvements that had been put into place throughout the year.

On the AGF web site there is a dedicated corporate governance page, containing extensive information on governance, commitments, and practices concerning the company and the Group.

(For more information on AGF's corporate governance, please turn to the Group Activity Report)

## Management of internal risks

### Management of corporate risks

The AGF Group places particular importance on the management of risks linked to the development of its various businesses. In 2001, a Risk Management department was created to improve the Group's understanding of the management of financial and operating risks. These objectives are also part of the risk management policy implemented and coordinated within the Allianz Group.

Every year, the department of Risk Management prepares a report on operating risks (including fraud, money-laundering and labour relations risks). The adopted approach is based on questionnaires that evaluate potential operating risks qualitatively and quantitatively (for the greatest risks). The report on operating risks includes a mapping of the main operating risks covering the large majority of AGF Group entities. The annual report of operating risks as well as the monitoring of measures taken to reduce them are presented to the Risk Committee of the AGF Group

twice a year. The most significant risks are subject to regular monitoring to reduce or eliminate them.  
(For more information on AGF's risk management, please turn to the Group's Activity Report)

### Exercise of voting rights at Shareholders' Meetings

During 2006, AGF Asset Management (AGF AM) exercised its voting rights at 295 shareholders' meetings of listed companies.

As AGF AM considers voting to be an integral part of investment management, voting rights must be exercised in the best interests of investors.

Following the adoption of the Financial Security Act in August 2003, AGF Asset Management implemented a formal procedure for voting the shares of listed European companies at their shareholders' meetings. In the first quarter of 2005, in accordance with the rules of the Autorité des Marchés Financiers, the French financial markets authority, AGF AM published its voting principles. These were revised at the beginning of 2006.

A corporate governance committee at AGF AM examines corporate resolutions and determines the positions to be adopted.

### *2006, a year of qualitative improvements\**

- systematic quarterly reporting from directors on the AGF Group's competitive position,
- more detailed presentations of Committee reports during Board meetings,
- information on follow-up action taken on nearly all subjects discussed during Board meetings,
- a more streamlined organisation for the agenda and the Board meetings themselves,
- communication to directors on Allianz Group's strategy,
- information on AGF's positioning and strategic challenges

\* Observations presented to the Board of Directors of 5 December 2006.

# Customers

The quality of AGF's relationship with its customers is a key point in the Group's Sustainable Development strategy.

## Evaluating the relationship with our customers

In order to measure the value of this relationship and define the steps that still need to be taken, AGF began using the NPS (Net Promoter Score, a registered trademark of Bain & Cie) in 2006 in cooperation with other companies of Allianz Group.

This score quantifies AGF Group customer satisfaction, thereby allowing comparison to its principal competitors, and gives insight into purchasing behaviour, brand loyalty and client recommendations.

Using an independent consultancy, AGF took two NPS readings in 2006 for retail customers in P&C, Life and Health. According great importance to this gauge, the Group has placed NPS milestones within its "2010 +1" strategic plan, and has also included it in the collective performance bonus scheme of AGF France's ESU, negotiated in the summer of 2006.

Alongside this measure, a programme has been launched to improve critical client-relation contact points. Using NPS methodology, operating teams are brought in to help develop client solutions.

## Improved complaints management

In the same way, work is underway on one of the most sensitive points between an insurer and its customers: complaints. In cooperation with other Allianz Group companies, AGF has established basic standards and best practices identified in complaints management, and a plan has been developed incorporating NPS and OPEX (a methodology aimed at improving customer service and developing a company culture of ongoing improvement) as ongoing milestones. The results of this work on the quality of the complaints process should be felt in 2007.

(For more information on AGF's customers, please turn to the Group's Activity Report)

# Employees

AGF's actions for developing human relations and improving employee work conditions.

## Employment policy

### Encourage skills sharing

In 2006, AGF made employee skills training a major part of its employment policy.

In so doing, AGF furthered its policy of accompanying the Group's employees throughout their professional life.

The annual performance review is now an annual career development interview for all administrative personnel.

Beyond assessing accomplishments of the past year and setting objectives for the year to come, the annual career development interview seeks to gauge employee skills needs, and particularly the role that training can play.

Training continued to be a central theme in the Group's employment policy in 2006: 10,102 employees received training in 2006, and 1,044 have taken the AGF

Management course since June 2005.

Emphasis was placed on business line training meant to improve professionalism, and on training designed to encourage flexibility. This year, a new department was created, "Employment-Mobility".

Its goal is long-term employment and career planning, along with increased opportunity for mobility.

Also of note is the DIF (Droit Individuel à la Formation), a training reform stemming from the law of 4 May 2004, which allows sales personnel to choose a three-day training course from a catalogue during the annual interview.

### Internal Dialogue

In 2006, the Central Works Committee met 12 times.

The ensuing internal dialogue led to agreements that allow employees to benefit directly from the Group's performance.

### A relationship emphasising responsibility

Another key event in 2006 was the signing of the Diversity Charter. Under the charter, AGF is committed to fighting all forms of discrimination and to having a workforce that reflects the diverse components of French society.

In September 2006 a new department, RSE (Responsabilité Sociale de l'Entreprise et Diversité), was created within the Employment Policy department to promote diversity in the workplace.

On 6 December 2006, an initial agreement was signed concerning equality between men and women.

Applicable to administrative personnel, this agreement will be put into effect in 2007.

Through these initiatives, AGF aims to influence behaviour on a day-to-day-level and is targeting several areas for future progress: equal access to employment and job training, compensation, career guidance, and balance between professional and family life.

Also, initial studies completed in 2006 will allow negotiation to begin in 2007 on how best to accommodate and integrate handicapped workers.

Finally, training based on the diversity theme was planned in 2006, targeting all human resources employees.

In 2007 this course will be offered to all employees and managers.

## ***The Business Continuity Plan and crisis management***

The Business Continuity Plan is now mature and has evolved into the Maintenance of Operating Conditions phase.

Given the necessity for a vast training programme, an "e-learning" module was put on the company's Intranet for the benefit of all personnel, and over 400 employees were trained using crisis simulation during 38 sessions at 17 sites.

A work group was established to oversee and pilot initiatives to fight pandemic risk, given a scenario of widespread epidemic provoked by the mutation of virus H5N1.

The risk of Parisian buildings against a flooded Seine was also studied carefully: the impact of various flood levels, action to be taken depending on the level of alert, preventive steps.

(For more information on AGF's employment policies, please turn to the Group Activity Report)

## **Health and safety**

The Administrative Services department is responsible for health and safety in the buildings used by the AGF Group in France. It also oversees employee working conditions and coordinates the Business Continuity Plan.

### **Priorities in 2006?**

- reporting on recurrent exercises specified in guidelines, such as evacuation, fire safety and regulatory controls;
- design and dissemination to security personnel of security data sheets covering regulations, risks and good practices;
- controlling Legionella risks in sensitive locations.

In addition, the health and safety committee (CHSCT) met 99 times, 962 employees were trained in fire safety, and evacuation exercises were held in all buildings with more than 50 people.

### **Improving the employee's work environment**

- the 12 company restaurants were audited on conditions, services rendered to users, safety, planned maintenance, etc.
- the company restaurants in Bordeaux and at the Tour Neptune were renovated extensively, and the furniture in the head office restaurant in Paris was replaced.



# Suppliers

AGF promotes supplier adherence to Sustainable Development.

AGF is increasingly raising awareness about Sustainable Development among its suppliers. In this context, the “Ethics and sustainable development” clause that until 2005 was included in the standard terms and conditions of new contracts exceeding €150,000 and all master contracts has now been extended to all AGF contracts. This clause details the commitments and obligations of AGF suppliers to respect universal rights and existing social and environmental legislation.

In addition, the Procurement department continued to evaluate the commitment of the Group’s principal suppliers through a specific questionnaire. In 2006, 287 suppliers were tracked by the Procurement department. They accounted for 61% of the Group’s purchasing volumes (62% in 2005).

The Procurement department also promotes the United Nations’ Global Compact with suppliers. It encourages suppliers who have not yet endorsed the text to do so and to adhere to its ten principles.

*An “Ethics and sustainable development” clause is annexed to all supplier contracts.*

# Community

Contribution  
to the community focusing  
on three principal areas.

## AGF Asset Management

continued its sponsorship campaign, initiated in 2002, by devoting the funds that used to finance year-end customer gifts to a prestigious organisation: the Institut Pasteur.

As a way of extending the programme, AGF Asset Management gives its employees the opportunity to add their personal donations to that of the company.

For several years now, AGF has supported medical research, in particular through the Research Prize, and this sponsorship campaign is an integral part of AGF's policy.

## AGF and patronage of the arts

**The Louvre.** In 2005, AGF began a three-year partnership with the Louvre. After financing the French government's 2005 acquisition of the *Nymphe*, sculpted by Claude Poirier between 1704 and 1711, AGF was the exclusive patron for the Ingres (1780-1868) retrospective, an exhibit unparalleled in scope, which ran from 24 February to 15 May 2006. In 2007, AGF will finance a work by Anselm Kiefer that will be integrated into the architecture of the museum.

**Jacquemart-André museum.** From 14 March to 5 June 2006, AGF supported an exhibit entitled "Sous le regard de Goethe", that brought together several masterpieces of 17<sup>th</sup> and 18<sup>th</sup> century French drawings from German collections.

## AGF and charitable support

**AGF partners with ADPS.** In partnership with AGF for more than 40 years, the Associations de Prévoyance Santé (ADPS) are associations representing more than a million beneficiaries of AGF individual health insurance policies. Their mission is to 1) provide information and help in preventive healthcare, 2) manage a charitable fund and participate in numerous regional projects to facilitate access to specific medical treatment and 3) support people who are ill, handicapped or in long-term care situations. Every year, the ADPS award the "Prix de l'Action Sociale" prize, composed of a grand prize of €75,000 and an "encouragement" prize of €30,000.

**AGF Campus.** The AGF Campus Prize, awarded since 2002, is open to students of French universities and "grandes écoles" who present a humanitarian, athletic, environmental or economic project. In 2006, the AGF Campus Prize, awarded in the context of Sustainable Development Week (29 May to 4 June 2006) recognised "good citizenship" projects.

## AGF and medical research

### The AGF Foundation/Institut de France's 2006

**Research prize.** The Foundation's prize (created more than 20 years ago), is the largest scientific prize awarded by the Institut de France (€75,000). The 2006 prize was awarded to Dr Simon Wain-Hobson, director of Molecular Retrovirology at the Institut Pasteur.

His work has focused on HIV cloning and sequencing, essential to understanding the virus' *modus vivendi* and to developing the rational treatment needed to develop a future vaccine. It has shown the genetic variability of HIV, which has oriented therapeutic research towards tritherapy.

# Environment

AGF is attentive to the direct impact of its activities on the environment, via its purchases and its management of goods, services and building sites.

## HQE certification process

The Procurement department supported AGF Immobilier in negotiations on the restructuring of the Olivier de Serres tower in Paris (construction costs estimated at €100 million, excl. VAT). The project, involving all building trades, was launched in the last quarter of 2006 and will continue until 2008. This 17-storey building with 35,000 sq. m. of floor space was one of the first major office rehabilitation projects to be HQE (“High Environmental Quality”) certified in the same way a new building is. AGF Immobilier will also adhere to HQE standards on all future new construction projects.

## Office equipment

The printing systems (SIMP) project was prepared and executed by AGF Informatique, Administrative Services and Procurement. The objective is to implement a fully-fledged policy for printing and equipment sharing. In addition, the project involves replacing printers, fax machines and scanners with multifunction printers, reducing the number of machines from 5,000 to 1,500. These initiatives to share equipment, print systematically on both sides of the paper and limit colour printing are expected to result in:

- a 50% reduction in paper consumption;
- a 30% reduction in the number of print jobs.

When Finance Conseil and certain healthcare insurance salespeople replaced their equipment, a specialised company was selected, on the basis of very strict traceability requirements, to recycle more than 10,000 pieces of computer equipment.

## Mail services

A new mail-packaging system (Pack Mail) has significantly reduced packing waste related to mail delivery. Moreover, what waste there is is recovered, sorted and recycled by the supplier. Lastly, all paper derives from forests managed according to the principles of Sustainable Development and only water-based ink is used, as opposed to traditional alcohol-based products.

Administrative Services is promoting the gradual adoption of “Maileva/Esker”, an online service that converts documents from electronic form to postal mail. In 2006, 280,000 documents were sent using this system.

In addition, Administrative Services, which operates the buildings used by AGF employees, continued its efforts in 2006 to incorporate Sustainable Development practices into their daily life.

These efforts took the following forms:

- data on the consumption of energy and fluids and on the generation of waste is now produced systematically;
- management of building technical criteria has been implemented;
- facilities have been upgraded, using more energy-efficient or environment-friendly equipment or components;
- steps have been taken to optimise cooling tower circulation, so as to limit the consumption of water;
- procedures that use less paper have been promoted internally;
- waste sorting has been expanded at large sites and includes paper, food, glass, hazardous industrial waste and electrical and electronic waste.

### *Head office renovation in 2006*

- the lifts were completely renovated, and new machinery has lowered electricity consumption significantly;
- the building's electrical system has been renovated and re-sized to take account of reduced needs compared with the site's original design. Transformers containing PCBs have been dismantled, in accordance with regulations; low voltage circuit breaker panels have been replaced.

# Key figures and indicators

## Scope and method of consolidation for social and environmental data as of 31 December 2006

### Collection and consolidation of environmental data

The scope of consolidation includes the AGF entities in the ESU\*. As the scope varies greatly from one indicator to another, it is specified systematically. The information provided by Procurement covers all the reporting units it serves, i.e. the legal entities that make up AGF's ESU. The Administrative Services department has implemented a data collection and consolidation system concerning energy and fluids on the AGF Group's premises. This tool is accessible on the AGF intranet from any AGF workstation and requires no prior installation. It collects and consolidates consumption data and enables multi-criteria queries. For the moment, only the AGF's principal building sites report water and energy consumption. These sites encompass around 85% of ESU employees.

#### Key waste indicators

Administrative Services consolidates data on waste volumes on the basis of actual measurements taken at sites in Paris and in the regional offices.

#### Greenhouse gas emissions

The energy portion of greenhouse gas emissions consists of indirect emissions. In other words, it represents gases emitted when the energy is produced rather than at AGF sites. Of the total volume emitted, Administrative Services specifies the portion corresponding to renewable energy sources as well as the carbon equivalent in kilograms. The calculation of CO<sub>2</sub> emissions covers the entire energy chain, including upstream industrial production. The conversion keys used are provided directly by the energy providers and are subject to variation from one year to the next depending on how energy is produced. Administrative Services converts CO<sub>2</sub> to kg directly, based on the information provided by suppliers. See the table on page 31.

#### Consolidation and verification

The Pilot Projects and Sustainable Development department centralises environmental data for utilisation and publication. It collects the information transmitted by Administrative Services and Procurement.

Moreover, the Pilot Projects and Sustainable Development department formalises verification and comparison with previous years. Accordingly, any change in scope, collection methods or calculation is mentioned and explained in the final report so as to ensure the comparability of published information from one year to the next.

### Collection and consolidation of social data

#### The Group scope of consolidation

The information contained in the quantitative overview of each country with more than 500 employees is collected and forwarded to the Allianz Group. Data related to the entities in each country are centralised by the Group HR department for that country. As part of the Allianz Group's Human Resources Management process, these data, consolidated by country, are then transmitted to the Allianz Group's Human Resources Department, which performs a final consolidation for the Allianz Group. The AGF annual report includes information on the countries in the AGF Group scope of consolidation. See the table on page 29.

#### The ESU\* scope of consolidation

##### Data collection

ESU data are extracted from the "Administrative Personnel" database. Data concerning ESU sales personnel are estimations based on previous year data and corresponding trends. Human resources representatives in each entity enter the indicators directly into the shared database.

##### Consolidation and verification

Input information is verified in real time. The Group HR reporting system automatically consolidates the various information files.

##### Summary report

Automatic data consolidation allows the Human Resources Report to be made available directly. The Human Resources department then drafts a summary report for wider distribution. See the table on page 32.

\*See the glossary at the end of the Activity Report (page 73).

## Key human resources data

	FRANCE Δ		BELGIUM Δ		NETHERLANDS Δ		SPAIN Δ		BRazil Δ		COLOMBIA Δ	
<b>GENERAL INFORMATION</b>												
<i>Number of employees</i>	14,507	-1.32	1,162	-3.73	1,464	-4.56	2,302	1.50	1,397	4.10	1,017	-6.61
<i>Unlimited-term contracts</i>	14,373	-1.10	1,162	-3.73	1,403	-8.3	2,302	1.50	1,331	2.94	882	-5.97
<i>Fixed-term contracts and internships</i>	134	-19.76	0	0	61	1,425	0	0	66	34.69	135	-10.6
<i>% part-time employees</i>	8.26	0.42	15.66	1.46	37.77	-1.64	3.3	2.46	10.74	4	0	0
<b>CHANGES</b>												
<i>New hires (unlimited-term)</i>	1,311	11.48	27	22.22	39	-27.77	150	16.67	209	-36.86	81	24.62
<i>Departures (unlimited-term)</i>	1,431	-11.28	73	-45.11	144	14.29	116	6.45	172	-7.03	137	31.75
<i>New hires (fixed-term and internships)</i>	165	-6.78	8	60	52	225	0	0	91	12.35	274	64.07
<i>Departures (fixed-term and internships)</i>	140	-11.95	8	60	22	-4.35	0	0	70	-11.39	284	19.83
<i>Average nbr. of sick days (%)</i>	4,6	0.9	2.9	0	4.1	-0.1	2.9	0.1	1.1	0.1	1.4	-0.3
<b>WORKFORCE STATISTICS</b>												
<i>Average age</i>	40.1	0	45.2	0.9	41.3	0.8	43.5	0.5	33.1	-0.2	36	0
<i>Average length of service of current employees</i>	12.3	-0.6	20	1	12.8	0.7	16.7	0.5	5.4	0.1	9.7	0.9
<i>Average compensation of non-temporary employees</i>	41,296	5.32	47,789	1.69	N.A.	N.A.	43,212	8.26	14,535	-1,1	9,773	-0.34
<i>Percentage of women in the workforce</i>	51.93	0.11	47.67	-0.31	41.53	-1.17	45.18	0.32	48.32	0.33	62.05	-0.76
<i>Percentage of female managers</i>	30.82	-1.57	26.47	5.47	23.46	9.1	15.12	1.32	23.03	0.28	43.45	4.04
<b>TRAINING</b>												
<i>Number of participants</i>	13,210	-4.16	2,861	10.12	N.A.	N.A.	5,600	1.89	3,917	87,96	2 326	-16.12
<i>of which non-managers</i>	85.7	2.06	86.65	7.65	N.A.	N.A.	85.61	6.28	69.16	-6.42	67.24	-7.91
<i>Number of days in training</i>	93,817	5.03	2,693	-2.36	N.A.	N.A.	11,122	2.73	5,710	108.7	4,110	-2.48

Δ = 2006 compared with 2005.

## Internal environmental management: key figures

Type of expense (reference unit)	2006 VOLUME	2005 VOLUME	2005 VOLUME	% CHANGE 2006/2005	2006 RATIOS (UNITS/EMPL.)	2005 RATIOS (UNITS/EMPL.)	2004 RATIOS (UNITS/EMPL.)
<b>PAPER</b>							
Scope: 100% of the ESU	12,536	12,675	13,191				
Office applications, standard ((nbr of A4 sheets)	92,500,000	97,059,500	104,403,300	-4.07	7 378.4	7 657.6	7 914.7
Office applications, recycled (nbr of A4 sheets)	2,928,000	4,535,000	3,480,000	-35.44	233.6	357.8	263.8
Sales and marketing materials (kg)	1,696,000	1,540,000	1,197,000	10.13	135.3	121.5	90.7
Envelopes (nbr)	30,049,550	34,891,700	28,500,000	-13.88	2 397.1	2 752.8	2 160.6
<b>OFFICE SUPPLIES</b>							
Scope: 100% of the ESU	12,536	12,675	13,191				
Fax and printer cartridges (nbr)	22,176	24,820	25,345	-8.5	1.8	2.0	2.0
Photocopier ink cartridges (nbr)**	1,600	1,800	1,183	-11.11	0.1	0.1	0.1
<b>ENERGY – FLUIDS</b>							
Scope: around 80% of the ESU	10,757	10,992	10,553				
Electricity (KWh)	55,367,339	54,261,530	50,723,150	2.0	5 147.2	4 936.5	4 806.5
Domestic fuel (Hl)	1,802	2,560	1,966	-29.6	0.2	0.2	0.2
Natural gas (KWh)	10,716,812	9,804,437	7,476,154	9.3	996.3	892.0	708.4
Geothermic (m³)	2,550	4,031	6,273	-36.7	0.2	0.4	0.6
Steam (T)	8,815	6,805	5,744	29.5	0.8	0.6	0.5
Urban heating networks (KWh)	2,982,842	4,368,286	5,780,451	-31.7	277.3	397.4	547.7
Urban cold water networks (KWh)	4,984,906	4,316,829	5,537,587	15.5	541.4	392.7	524.7
Total Energy (GJ)	294,919	288,252	272,270	5.9	28.4	26.2	25.8
Water (m³)	139,039	139,957	161,063	-0.7	12.9	12.7	15.3
<b>TRANSPORT</b>							
Scope: 100% of the ESU	12,536	12,675	13,191				
Air (P.km)	12,657,870	11,595,090	12,224,202	9.17	1 009.7	914.8	926.7
Rail (P.km)	10,164,549	9,560,266	8,588,329	6.32	810.8	754.3	651.1
Long-term automotive rental (P.km)	94,451,033	67,302,379	68,550,233	39.6	7 534.4	5 309.9	5 196.7
Short-term automotive rental (P.km)	446,163	550,215	397,095	-18.91	35.6	43.4	30.1

\* This scope corresponds to the Group's principal sites, measured by size, in France.

\*\* Estimate based on number of copies made



CO<sub>2</sub> emissions in 2006

Type of expense	2006 EMISSIONS	2005 EMISSIONS	2004 EMISSIONS	2003 EMISSIONS	2002 EMISSIONS	CONVERSION FACTORS
<b>ENERGY*</b>						
	<i>(g/KWh)</i>					
Electricity	2,215	2,170	2,029	2,057	2,287	40
Domestic fuel***	556	790	607	868	420	310
Natural gas	2,786	2,549	1,944	2,693	2,673	260
Geothermics	0	0	0	0	0	
Steam***	1,136	877	740	824	670	190
Urban heating networks	904	1,308	1,751	1,391	1,418	303
Urban cold water networks	78	67	86	59	63	15.6
<b>TRANSPORTS**</b>						
	<i>(g/km)</i>					
Air	1,936	1,174	1,870	1,915	2,470	153 <sup>[1]</sup>
Rail	346	325	292	368	332	34 <sup>[2]</sup>
Long-term automotive rental	11,617	8,274	8,432	10,055	13,471	123 <sup>[3]</sup>
Short-term automotive rental	74	91	66	59	84	166 <sup>[3]</sup>
<b>TOTAL CO<sub>2</sub> EMISSIONS (T)</b>	<b>21,648</b>	<b>17,625</b>	<b>17,817</b>	<b>20,289</b>	<b>23,888</b>	

\* Data covering approximately 85% of AGF's ESU. This scope corresponds to the Group's principal sites, measured by size, in France.

\*\* Data covering 100% of AGF's ESU

\*\*\*Pre-2006 data recalculated

Data sources:

[1] Based on UNEP guidelines, weighted by type of flight: 180g/km for short-haul, 110g/km for long-haul.

[2] based on UNEP guidelines.

[3] weighted by number of kilometres travelled with long-term rental vehicles (123g/km for 100% diesel fleet according to Arval), and short-term rental vehicles (166g/km according to UNEP guidelines).

## Reporting under Article 116 of the New Economic Regulations Act (loi NRE)

<i>Social indicators</i>	2006	COMMENTS
Total compensation and benefits of any kind paid during the reporting period to each corporate officer		See II
Total compensation and benefits of any kind received by corporate officers during the reporting period from controlled companies, as defined by Art. L233-16		
List of all officers and the positions they held in all companies during the reporting period		See I p. 23
Total number of employees	12,536	
New hires, broken down into fixed-term contracts and unlimited-term contracts	1,078 unlimited-term and 94 fixed-term	
Recruiting difficulties, if any		
Lay-offs and reasons therefor	5 administrative employees and 30 salespeople for professional misconduct, 114 administrative employees by mutual agreement and 397 salespeople for insufficient performance	
Overtime		
Workers employed by non-Group companies	756	
Work scheduling	5,936 administrative employees follow a system of flexible working hours	
Total working time for full-time employees	1,512 hours	
Total working time for part-time employees	4 days/week, 3 days/week, 2 _ days/week	
Absenteeism and its causes	6%, including 4% for short-term illnesses	
Compensation	€42,321	
Increase in compensation	+2.9%	
Social welfare charges		
Collective performance bonus and profit-sharing	€16.2 million	
Equal status for men and women	47.2% of managers are women, 18.6% of salespeople are women	
Labour relations and results of collective agreements	12 meetings with the CEC	
Health and safety	154 accidents necessitating a sick leave	
Training	<b>84 827 jours de formation</b> <b>Investissement en formation : 4,8 % de la masse salariale</b>	
Employment and opportunities for handicapped workers	179 handicapped employees (new counting method in 2006)	
Community donations	€23.4 million, including €2.3 million in construction assistance	
Extent of subcontracting	756 (incl. 296 IT consultants, 169 maintenance personnel, 143 restaurant workers)	
Methods employed by the company to account for the impact of its activities on employment and regional development		
Methods the company uses for ensuring that subcontractors adhere to the fundamental conventions of the ILO code	Clause requiring adherence to principles of sustainable development annexed to all supplier contracts	See III p. 23
Methods the company uses for ensuring that subsidiaries adhere to these principles	Code of ethics Network of ethics officers	See III p. 6
Methods the foreign subsidiaries use to take into account the impact of their activities on regional development and local inhabitants		

<i>Social indicators</i>	2006	COMMENTS
Water consumption	139,039 m <sup>3</sup>	See III p. 30
Raw materials consumption	95,428,000 sheets of A4 paper	
Energy consumption	294,919 GJ	
Measures to improve energy efficiency	Gradual replacement of equipment at end of lifecycle by more eco-efficient equipment Implementation of SIMP project	See III p. 26
Measures to promote the use of renewable energy sources		
Measures to improve ground use	Not significant for insurance and financial services companies	
Measures to reduce harmful emissions into the air, water and ground	Gradual orientation of vehicle fleet towards less-polluting models	See III p. 26
Measures to reduce noise and odour pollution	Rehabilitation of a company restaurant in an AGF building in La Défense	
Measures to reduce waste	Task force responsible for developing a plan to recycle waste Systematic tracking of key waste indicators	
Measures taken to limit harm to biological equilibria, natural habitats and protected animal and plant species	Not significant for insurance and financial services companies	
Measures, if any, to ensure that the company's activities are in compliance with laws and regulations in this area	AGF Immobilier and the Administrative Services department ensure that building management is in compliance with French regulations	
Evaluation or certification initiatives undertaken with respect to the environment	Larose Trintaudon certified ISO 14001 HOE certification procedure underway for the rehabilitation of the Olivier de Serres tower in Paris	See III p. 26
Expenditure devoted to preventing undesirable consequences of the company's activities on the environment	Investment in the European Carbon Fund Raising awareness among employees	
Training and informing employees about protection	Information circulated internally and regularly on Sustainable Development	
Resources devoted to reducing environmental risks	Active prevention policy vis-à-vis our industrial customers	See III p. 15
Arrangements for dealing with pollution accidents whose consequences extend beyond the company's premises	Crisis management and indemnification procedure depending on the type of contract	
Amounts of provisions and guarantees for environmental risks		
Elements of the above items that the company assigns to its foreign subsidiaries	Group AGF environment policy	<a href="http://www.agf.fr/sustainabledevelopment">www.agf.fr/sustainabledevelopment</a>

## Global reporting initiative (GRI) correspondence table

Section and sub-section	CRITERIA OR INDICATORS	VALUE OR COMMENT
Vision and strategy	1.1 Statement of the organisation's vision and strategy regarding its contribution to Sustainable Development – What are the main issues for the organisation in relation to the major themes of Sustainable Development? – How are stakeholders included in identifying these issues? – For each issue, which stakeholders are most affected by the organisation? – How are these issues reflected in the organisation's values and integrated into its business strategies? – What are the organisation's objectives and actions on these issues?	See III p. 3 et 4
	1.2 Statement from the CEO (or other senior manager) describing key elements of the report.	See III p. 3
	Highlights of report content and commitment to targets: – Description of the nature of the commitment to economic, environmental, and social goals by the organisation's leadership; – Statement of successes and failures – Performance against benchmarks such as the previous year's performance and targets, and industry sector norms – The organisation's approach to stakeholder engagement – Major challenges for the organisation and its business sector in integrating responsibilities for financial performance with those for economic, environmental, and social performance, and the implications of this for future business strategy.	See III p. 5
Company profile	2.1 Name of reporting organisation	See II
	2.2 Major products and/or services, including brands	See I p. 49 à 58 and III p. à 16
	2.3 Organisation's operating structure	See I p. 29
	2.4 Description of principal divisions/operating companies/subsidiaries/joint ventures	See I p. 28
	2.5 Countries in which the organisation's operations are located	See I p. 15
	2.6 Nature of ownership; legal form	See II
	2.7 Nature of market served	See I p. 13
	2.8 Size of the organisation	See II
	2.9 List of stakeholders, characteristics of each and their relationship to the organisation	See III p. 18-26
Report scope	2.10 Contact person(s) for the report	See III inside to cover
	2.11 Reporting period for information provided	See III
	2.12 Date of most recent previous report	See I
	2.13 Scope of report (countries/regions, products/services, divisions/facilities/joint ventures/subsidiaries) and any specific limitations on the scope	See III
	2.14 Significant changes in size, structure, ownership, or products/services that have occurred since the previous report	See III
	2.15 Basis for reporting on joint ventures, partially-owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between reporting organisations	
	2.16 The nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	See III
	2.17 Decisions not to apply GRI principles/protocols in the preparation of the report	
	2.18 Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits	
2.19 Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.		

Section and sub-section	CRITERIA OR INDICATORS	VALUE OR COMMENT
Report profile	2.20 The reporting organisation's policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability of its sustainability report	See III
	2.21 The reporting organisation's policy and current practice with regard to providing assurance about the reliability of the full report	See II
	2.22 Methods available to report users for obtaining information and reports about economic, environmental, and social aspects of the organisation's activities.	See III and <a href="http://www.afg.fr/sustainabledevelopment">www.afg.fr/sustainabledevelopment</a>
Governance structure & management systems	3.1 Corporate governance structure, including major Board committees responsible for setting strategy and oversight of the organisation	See I p. 21-30
	3.2 Percentage of independent, non-executive members of the Board of Directors/Managing Board	See I p.22
	3.3 Process for ensuring adequate expertise on the Board to manage strategic direction of the organisation, and manage environmental and social risks and opportunities.	See III p.18 and 19
	3.4 Systems for identifying and managing economic, environmental and social risks and opportunities.	See II
	3.5 Linkages between executive compensation and achievement of the organisation's financial and non-financial goals	See II
	3.6 Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies	See I p. 21-30
	3.7 Organisation's mission and values statement(s) and policies with economic, environmental, or social provisions developed internally, including areas of applicability.	See III p. 6
Stakeholder engagement	3.8 Systems open to shareholders for making recommendations or expressing desired orientations to the Board of Directors/Managing Board	See II
	3.9 Basis for definition and selection of major stakeholders	See III p. 18-26
	3.10 Approaches to stakeholder consultation reported in terms of frequency of consultations by type of consultation and stakeholder group	
	3.11 Type of information generated by stakeholder consultations	
	3.12 Use of information resulting from stakeholder engagements	
Overarching policies	3.13 Explanation of how the precautionary principle is addressed the organisation's policies	See III
	3.14 Any voluntary economic, environmental, and social charter, sets of principles, or other initiatives to which the organisation subscribes or which it endorses, including date of adoption and countries of applicability.	See III and <a href="http://www.agf.fr/sustainabledevelopment">www.agf.fr/sustainabledevelopment</a>
	3.15 Principal industry and business association memberships and participation in domestic or international discussion groups	See <a href="http://www.agf.fr">agf.fr</a>
	3.16 Policies/systems for managing upstream and downstream impact, including: <ul style="list-style-type: none"> <li>– policies for supply chain management as they pertain to outsourcing and supplier environmental and social performance.</li> <li>– product and service management initiatives</li> </ul>	See III p. 23

Section and sub-section	CRITERIA OR INDICATORS	VALUE OR COMMENT
Overarching policies	3.17 Organisation's approach to managing indirect economic, environmental and social consequences of its activities	See III
	3.18 Principal decisions taken during the reporting period concerning operational installations or changes to them	
	3.19 Programmes and procedures pertaining to economic, environmental, and social performance	See III p. 5
	3.20 Status/role of certification pertaining to economic, environmental, and social management systems	See III
GRI index	4.1 Table indicating the location of each GRI element in the report (section and indicator): – Vision and strategy: answers to questions raised in 1.1 and 1.2 (CEO's statement) – Profile: 2.1 - 2.19	See III p. 34
	– Governance structure & management systems: 3.1 – 3.22 – Performance indicators: all principal indicators, including where explanation of any omissions may be found – Any additional indicator the organisation may decide to include in the report.	See III p. 27 ff.
<b>Economic Performance Indicators</b>		
Customers	Monetary Distribution Indicator: EC1 Proceeds from the sale of the reporting organisation's products and services (see 2.8)	See I p. 12
	EC2 Geographic breakdown of markets	See I p. 15
Suppliers	Monetary Distribution Indicators: EC3 Cost of all goods, materials, and services purchased	
	EC4 Percent of contracts paid in accordance with agreed terms, excluding agreed penalty arrangements	
Employees	Monetary Distribution Indicator: EC5 Total remuneration to employees broken down by geographic region (including wages, pensions, and other benefits and redundancy payments)	See III p. 29
Funders	Monetary Distribution Indicator: EC6 Distributions to investors, with detail of interest on debt and dividends on all types of shares, including mention of any arrears in preference dividends.	See I p. 18 and 19
	EC7 Increase/decrease in retained earnings at the end of the reporting period	
Public sector	Monetary Distribution Indicators: EC8 Total taxes paid, by country	See II
	EC9 Subsidies received, by country or geographic region	
	EC10 Donations to the community, outreach or other groups, broken down into cash and kind, by type of beneficiary	See III p. 24 and 25
Indirect economic impact	(EC13) Description of the organisation's indirect economic impacts	
<b>Environmental Performance Indicators</b>		
Materials	EN1 Total materials used, other than fuel and water	See III p. 30 and 31
	EN2 Percentage of materials used that are processed or unprocessed wastes from sources external to the reporting organisation. Refers to both post-consumer recycled material and waste from industrial sources (tons, kg, volume)	
	EN3 Direct energy use by source (in joules). Report on all energy sources used by the reporting organisation for its own uses as well as for the production and delivery of energy products (i.e. electricity or heat) to other organisations	
	EN4 Indirect energy consumption	
Water	EN5 Total water use	

Section and sub-section	CRITERIA OR INDICATORS	VALUE OR COMMENT
Biodiversity	EN6 Location and size of land owned, leased, or managed in biodiversity-rich habitats	
	EN7 Description of the major impacts on biodiversity associated with the organisation's activities and/or products and services in terrestrial, freshwater, and marine environments	
Emissions, effluents, waste	EN8 Greenhouse gas emissions (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> )	See III p. 31
	EN9 Ozone depleting substance emissions	
	EN10 NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type	
	EN11 Total volume of waste by type and destination	See III p. 31
	EN12 Significant discharges to water by type	
	EN13 Number and total volume of discharges of chemicals, oils and fuels	
Suppliers	(EN33) Performance of suppliers with regard to environmental policies described in the "Governance and Management Systems" section	See III p. 23
Products and services	EN14 Significant environmental impacts of principal products and services	<a href="http://www.agf.fr/sustainabledevelopment">www.agf.fr/sustainabledevelopment</a>
	EN15 Percentage of products' recoverable weight/volume and percentage actually reclaimed by the reporting organisation after use	
Compliance	EN16 Incidents of/penalties for non-compliance with all applicable international declarations/conventions/treaties, and national, regional, and local regulations associated with environmental issues, specifying the countries of operation involved	<a href="http://www.agf.fr/sustainabledevelopment">www.agf.fr/sustainabledevelopment</a>
Transport	(EN34) Description of significant environmental impacts related to the modes of transport used by the organisation for logistical purposes	See III p. 30 and 31
Overall	(EN35) Environmental expenditure by type Explanation of definitions used for each type of expenditure	
<b>Social Performance Indicators</b>		
Employment	LA1 Geographical breakdown of workforce by country/region, by status (employee/non-employee), employment type (full-time/part-time), and by employment contract (unlimited-term, fixed-term or temporary) Workforce retained in conjunction with other employers (temporary agencies or co-employers), segmented by geographical area	See III p. 29
	LA2 Net employment created and average turnover, segmented by geographic area	
Industrial relations	LA3 Percentage of employees represented by independent trade union organisations or other bona fide employee representatives broken down geographically or percentage of employees covered by collective bargaining agreements broken down geographically	French legislation prohibits companies from holding this information
	LA4 Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting entity's operations (e.g. restructuring)	See I p. 62
Health and safety	LA5 Description of organisation's practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.	See III p. 62
	LA6 Existence of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees	
	LA7 Number of ordinary occupational accidents, lost working days, absentee rates and number of on-the-job deaths (incl. employees of subcontractors).	<a href="http://www.agf.fr">www.agf.fr</a>
	LA8 Description of guidelines or programmes related to HIV/AIDS (in the workplace and beyond)	



Section and sub-section	CRITERIA OR INDICATORS	VALUE OR COMMENT
Training and education	LA9 Average hours of training per year per employee by category of employee (e.g. senior management, middle management, professional, technical, administrative, production, and maintenance)	See III p. 29
Diversity and opportunity	LA10 Existence of equal opportunity policies or programmes as well as monitoring systems to ensure compliance and results of monitoring	See III p. 21
	LA11 Composition of senior management and corporate governance bodies (including the Board of Directors) Include male/female ratio and other measures of diversity	See I p. 22-29
Strategy and management	HR1 Existence and description of policies, guidelines, and procedures to deal with all aspects of human rights relevant to the reporter's operations, including monitoring mechanisms and results	See III p.6
	HR2 Evidence of consideration of human rights impacts in investment decisions and selection of suppliers/contractors	
	HR3 Description of guidelines and procedures for evaluating and measuring the performance of the supply chain and subcontractors with respect to human rights	
Non-discrimination	HR4 Existence and description of overall policy and procedures/programmes intended to eliminate discrimination in the organisation's operations, including monitoring systems and results of monitoring	See III p. 21
Freedom of association & collective bargaining	HR5 Existence and description of freedom of association policy and extent to which this policy is universally applied and in collective bargaining, independently of local laws, as well as description of procedures/programmes to address this issue	See I p. 62
Child labour	HR6 Existence and description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visible and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring	See III p. 6
Forced & compulsory labour	HR7 Existence and description of policy to prevent forced and compulsory labour and extent to which this policy is visible and applied as well as description of procedures/programmes to address this issue including monitoring systems and results of monitoring	
Disciplinary practices	(HR9) Description of implemented appeal practices (representation and appeals process)	www.agf.fr
	(HR10) Existence of a policy of non-retaliation against employees and an effective, confidential employee grievance system (incl. its impact on human rights)	
Security practices	(HR11) Human rights training for security personnel, including type of training, number of persons trained, and average training duration.	www.agf.fr
Indigenous rights	(HR12) Description of guidelines/policies/procedures to meet the needs of indigenous peoples	
	(HR13) Existence of minority group grievance mechanisms/authority	
	(HR14) Share of operating revenues from the area of operations that is re-distributed to local communities	
Community involvement	SO1 Description of policies for managing the impact on the community in areas affected by the organisation's activities, including monitoring systems and the results of monitoring.	
	(SO4) Awards received for social, ethical or environmental performance	See III



<i>Section and sub-section</i>	CRITERIA OR INDICATORS	VALUE OR COMMENT
Corruption	SO2 Description of guidelines, procedures and management systems for preventing corruption among employees and companies belonging to the organisation	www.agf.fr
Political contributions	SO3 Description of organisation's policies, procedures/management systems and compliance mechanisms for managing political lobbying and financial contributions to political parties	www.agf.fr
Competition and pricing policies	(SO6) Court decisions pertaining to antitrust and monopoly laws	See III p. 6
	(SO7) Description of reporting organisation's policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behaviour	
Consumer health and safety	PR1 Existence and description of policy for preserving customer health and safety during use of reporting organisation's products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue including monitoring systems and results of monitoring	See III p. 22
Product and services declaration	PR2 Existence and description of reporting organisation's policy, procedures/management systems and services regarding product information and labelling	
Advertising	(PR9) Existence and description of reporting organisation's advertising policy, procedures/management systems, and compliance mechanisms with respect to standards and voluntary codes Identification of geographic area covered by this policy	
	(PR10) Number and types of breaches of advertising and marketing laws	
Respect for privacy	PR3 Description of reporting organisation's policy, procedures/management systems and compliance mechanisms for ensuring customer privacy	See III p. 6

*Entre parenthèses : indicateurs secondaires.*

# Avis externe

sur certaines informations Développement Durable

A la demande du groupe AGF et en notre qualité de Commissaire aux comptes, nous avons vérifié la correcte description dans le rapport annuel 2006 de plusieurs actions relatives au Développement Durable :

- Les réalisations présentées dans la section “AGF et l’Investissement Socialement Responsable” (pages 8 et 9) ;
- La présentation des produits à l’attention des seniors (page 12) ;
- Les actions de prévention des risques en entreprise (pages 14 et 15) ;
- Le déploiement de la politique sociale (pages 21 et 22) ;
- Les efforts de réduction des impacts environnementaux de son activité, présentées dans la section “L’environnement” (pages 25 et 26).

Les informations figurant dans ce rapport annuel relèvent de la responsabilité de la Direction Générale du groupe AGF. Il nous appartient, sur la base des travaux décrits ci-dessous, de vous faire part de nos constats sur la réalité de ces processus.

## Nature et étendue des travaux

Comme convenu, nous avons effectué les travaux suivants :

- Nous avons conduit des entretiens avec des correspondants Développement Durable au sein des directions fonctionnelles et opérationnelles.
- Pour les réalisations les plus significatives relatives aux processus analysés, nous avons recherché des preuves justifiant la réalité des actions conduites en 2006. Nos travaux comprenaient des entretiens avec les personnes impliquées dans ces réalisations et la revue des documents attestant leur réalité tels que compte-rendus de réunion, fiches de présence, documents internes, etc.

Conformément aux Normes Internationales d’Audit, des travaux de cette nature ne comprennent pas tous les contrôles propres à un audit conduisant à une assurance modérée ou élevée, mais nous permettent de formuler des constats.

Nous avons fait appel, pour nous assister dans la réalisation de ces travaux, à nos équipes spécialisées sur les questions de Développement Durable placées sous la responsabilité de Monsieur Eric Duvaud.

## Constats

- Concernant les actions qui ont fait l’objet de nos travaux, nos constatations sont en cohérence avec les informations présentées dans le rapport annuel 2006.
- Afin de faire progresser la fiabilité des informations sur les réalisations et sur les performances du groupe AGF dans ce domaine, il est nécessaire de poursuivre la mise en place de systèmes de suivi et de mesure adaptés aux besoins du pilotage de la stratégie de Développement Durable.

Fait à Neuilly-sur-Seine, le 23 février 2007  
L’un des Commissaires aux Comptes,  
Ernst & Young Audit  
Dominique Duret-Ferrari





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