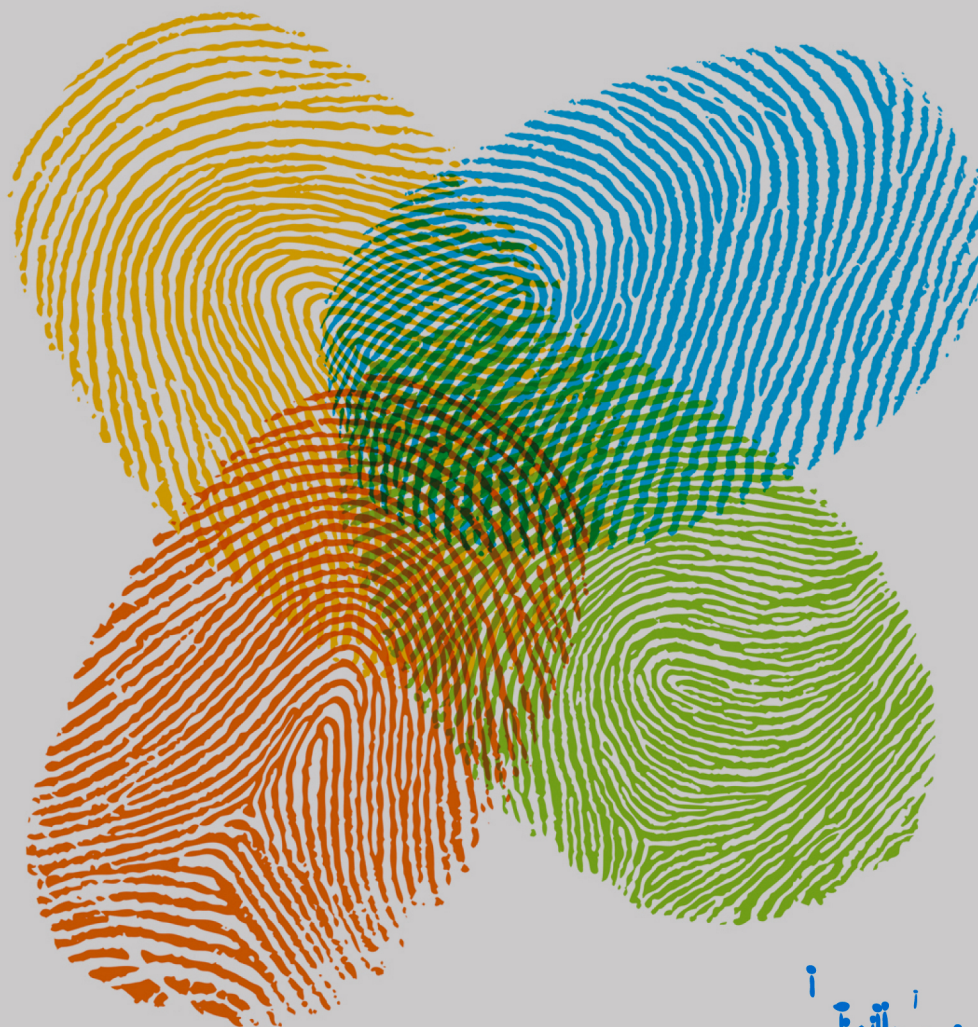


Sustainability Report 2009

People with Ideas

CGD Group Insurance Companies'
Social Responsibility Programme



gente
com ideias

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Chairman's Statement



Insurance activity, owing to its characteristics of risk relationship, well-being and the protection of persons and property may well be the business sector most ideally placed to produce positive impacts in terms of sustainability. Its mission gives it, inter alia, the chance to intervene in such diverse areas as climate change, natural disasters, health and prevention, and issues related with increased longevity, leveraging behavioural changes on a personal and corporate level and influencing public policies.

Following our first approach to sustainability, in 2009, based on a strategic outlook, this first report aims to describe our management-related performance, particularly showing how sustainability issues are reflected in our products. We consider that the greatest corporate challenge, in sustainability terms, lies in the evolution from traditional to more sustainable products.

The comprehensive nature of insurance activity often adds to the difficulty of focusing on priority areas and the choice between these issues can be finely balanced. The strategy of Caixa Geral de Depósitos Group insurance companies is therefore essentially geared to the development of solutions which, in addition to their relevance in business development terms, also enables them to respond to issues of national interest and situations we consider could be the cause of major social inequality. The application of this strategy is exemplified by the development of products designed to facilitate access to savings and increasing Portuguese citizens' awareness of issues related with savings and assistance in retirement; a more integrated healthcare offer, laying emphasis on the importance of prevention; analysis of the feasibility of whole life insurance, which although an obvious risk area for insurance companies, comprises a major advance in terms of consumer protection. We also wish to provide drivers found guilty of causing accidents with a higher level of protection, which is currently outside the scope of mandatory insurance, thus enabling them to benefit from insurance cover.

Caixa Geral de Depósitos, S.A. - 2010
Ano 100.º da Independência de Portugal
Rua do Carmo, 154 - 1200-090 Lisboa
Tel: 213 100 000 - Fax: 213 100 001
www.cgd.pt

In environmental terms, although Fidelidade Mundial and Império Bonança provide insurance under the new Environmental Liability Directive, we recognise that there are still certain difficulties in the exhaustive comprehension of the concept of "environmental damage" and together with the Portucel Soporcel Group, are proud to announce the launch of forest fire insurance. The characteristics of this insurance, which guarantees the payment of reforestation after a fire claim, are unique in Portugal.

Our strategy for the next two years, when we shall be publishing our second sustainability report, will focus on developing our approach to issues related with population ageing and related problems, such as dependency and quality of life. We also aim to make progress in the healthcare area, with more flexible family-friendly products, and to exploit opportunities related with incentives for better environmental behaviour.

Lastly, a few words on the future. I would particularly like to emphasise the role which could be played by a Group such as ours in raising the Portuguese population's awareness of risk management and protection of people and property, as a means of minimising the impacts of life's "vicissitudes". An almost pedagogical approach of this type must be accompanied by innovation in increasingly more flexible and accessible products.

Jorge Manuel Baptista Magalhães Correia

Chairman

Fidelidade Mundial / Império Bonança

Madeira

Madeira was severely affected by extraordinary weather conditions in early 2010, which caused material and human damage. This was the highest level of claims ever assumed by the Portuguese insurance sector, involving global indemnities of €136 million and more than 2,000 reported claims.

Fidelidade Mundial, Império Bonança and OK! teleseguros provided their customers with additional support, indemnifying holders of all motor insurance policies with own damages cover, even without optional cover for protection for damages covered by "natural phenomena". Support was also given to customers who have been with the company for longer periods and only with mandatory third party insurance cover, through the payment of a part of the expenses not covered by the insurance, for the repair of their vehicles which were damaged by the storm.

The situation in Madeira also provided a clear example of the responsiveness of CGD Group insurance companies: through the creation of internal structures to provide for customers' needs and by sending teams and loss adjustment specialists to the region, to reinforce local capacity.

How to stimulate and encourage more responsible driving?

What role could the sector play in accompanying claimants?

How to be effective in road safety campaigns?

How to reinforce responsible behaviour by customers?

How to meet greater demands for healthcare services, adapt retirement systems to new circumstances and maintain the feasibility of such systems in a society with fewer workers?

What is the future of the welfare state and social systems?

How will consumption models be affected?

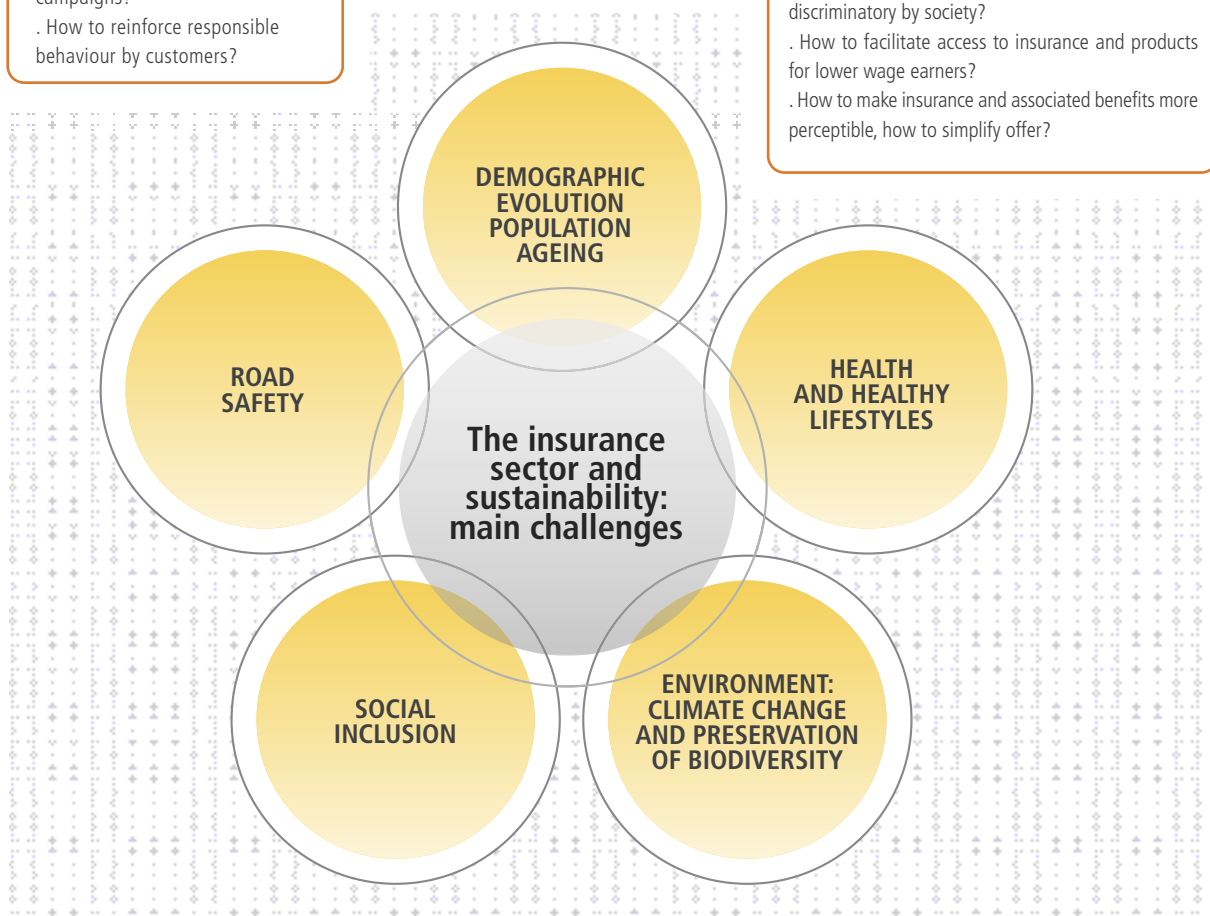
What will be the consequences for the capital market and financial sector?

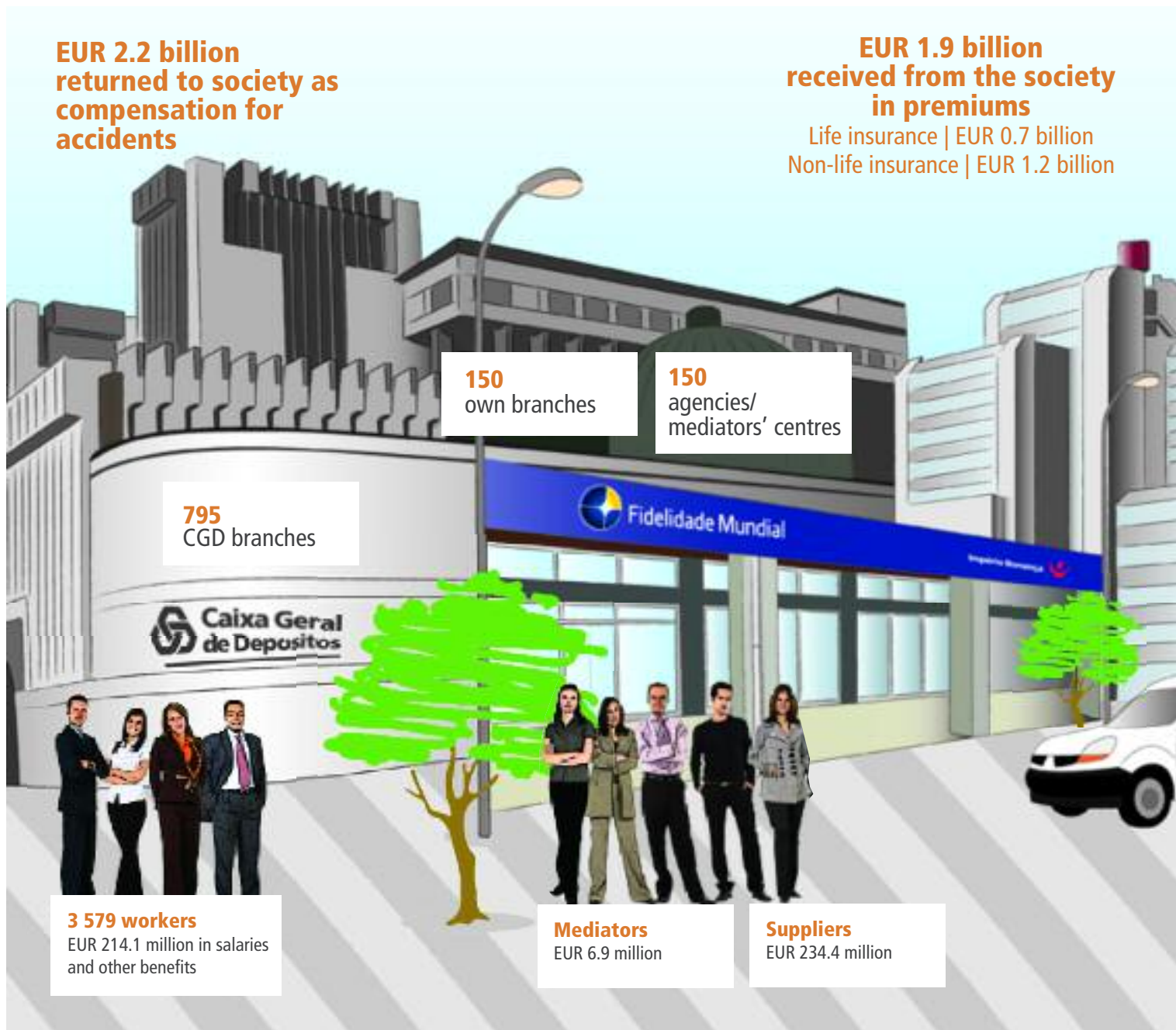
How to assess the new risks and guarantee balance between the profitability of activity and people's needs?

How to reward risk avoidance behaviour without this incentive to healthier lifestyles being perceived as discriminatory by society?

How to facilitate access to insurance and products for lower wage earners?

How to make insurance and associated benefits more perceptible, how to simplify offer?

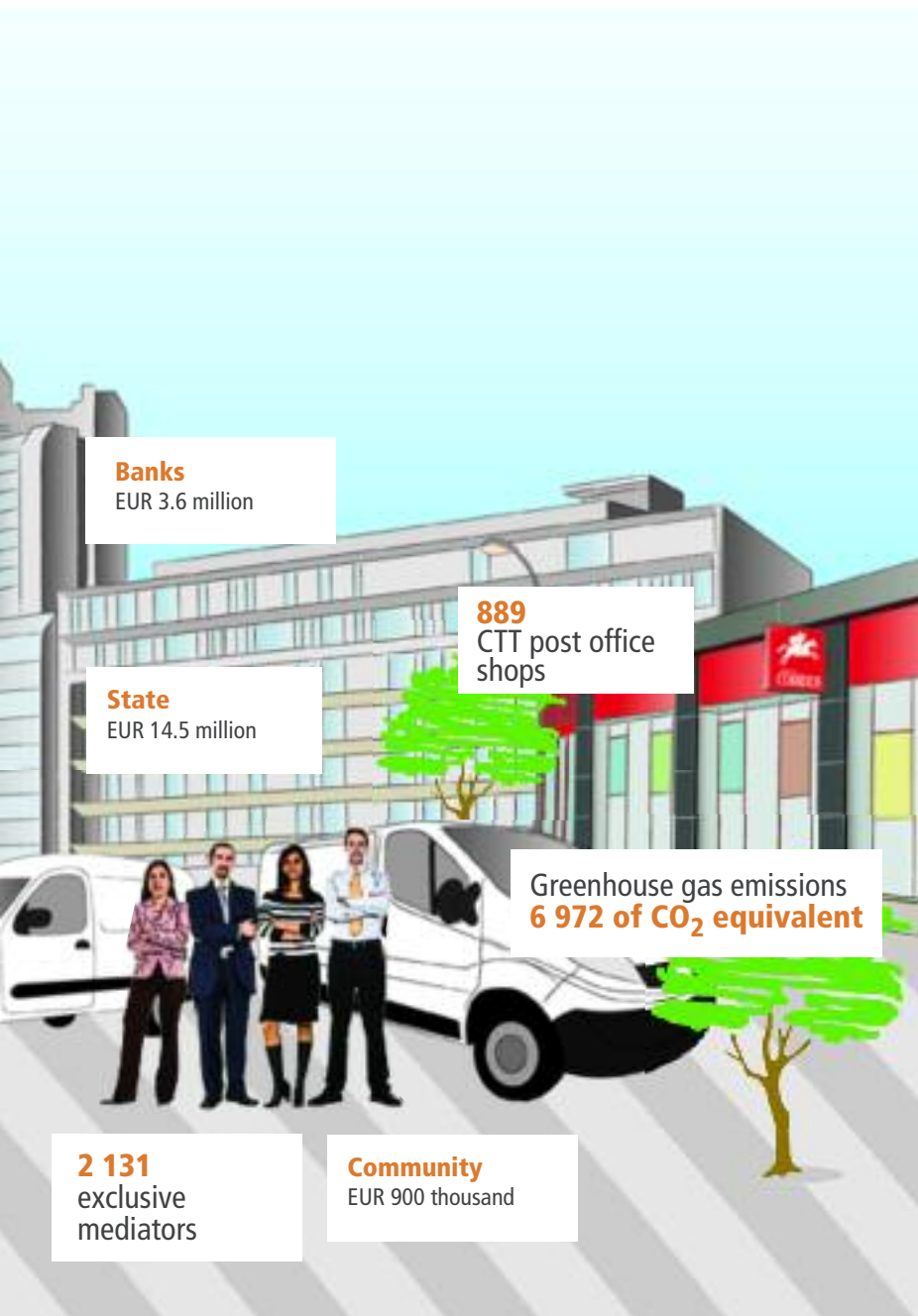




Risk insurance and wealth distribution: the impact of CGD Group insurance companies in 2009

The notion of insurance is intrinsically associated with the concept of sustainability: companies and people cannot take risks and protect their assets without insurance. Unlike other industries, insurance companies, rather than being at the forefront of global environmental and social impacts, are primarily affected by them.

The continuation of the financial and economic crisis in 2009 evidenced the crucial role played by the insurance sector in leveraging economic recovery and restoring confidence. CGD Group insurance companies made a highly significant contribution in ploughing back an amount of €2.7 billion into society. This was higher than the amount taken in direct insurance premiums and



Insurance market data in Portugal, 2009

Workers:

11,270

Mediators:

27,139

Direct insurance premiums:

€14.5

billion

Life insurance premiums: €10.4 billion

Non-life insurance: €4.1 billion

in Panorama do Sector Segurador 2009-2010,
Associação Portuguesa de Seguradores

comprised profit sharing by the insured, payment/investment of savings and death indemnities directly related with insurance activity, repairs to damaged property, taxes and contributions to public utility entities, payments of goods and services to suppliers, wages and commissions paid to mediators and commercial partners.



First Report

This Caixa Geral de Depósitos (CGD) Group insurance companies' first sustainability report:

- is the result of a systematic identification of interested parties' expectations;
- is based on a benchmarking analysis between domestic and international companies in line with the main domestic and international trends;
- undertakes a series of commitments based on a context of sustainability, internal and external expectations and such companies' business strategies;
- encourages careful consideration of sectoral sustainable development related issues;
- monitors the sustainability commitments defined by companies (published in the "Sustainability – A First Approach" enclosure distributed with Caixa Seguros e Saúde Group's 2008 Annual Report).

The contents of this document aim to:

- approach CGD Group's insurance companies' commitment to sustainability;
- explain the insurance sector's positive impacts, in terms of returning benefits to society;
- consider how sustainability concerns are integrated with insurance activity, through its respective **products (product sustainability)**;
- report on how the diverse sustainability areas are integrated with **management policies (management sustainability)**, by identifying good practice and providing the relevant figures, commitments and confirmation;
- set out CGD Group's insurance companies' undertakings for 2010-2011.

Understanding of good practice

- The provision of a social, economic or environmental benefit to interested parties;
- Voluntary and exceeding legislative requirements;
- Not casual, but intentional, resulting from a commitment;
- Major impact;
- Coherent over time.



Management sustainability...

Selection of special initiatives based on innovative or differentiating insurance activity related components.

Methodological information


Scope:

- Period of report: 01 January - 31 December 2009.
- Companies considered for Global Reporting Initiative indicators: Fidelidade Mundial and Império Bonança.
- Detailed indicators (GRI Table) are set out in a supplementary document, available at www.gentecomideias.com.pt.
- Companies included in strategy, challenges, good practice and objectives: all CGD Group insurance companies.

Exceptions:

- Several practices may already refer to 2010, on a basis of context.
- The "Product Sustainability" chapter considers the examples on the document's publication date (October 2010).
- The initial infographs exceptionally refer to all CGD Group insurance companies, as the idea is to provide an overview of activity.

A A+ B B+ C C+

		A	A+	B	B+	C	C+
Mandatory	Self-declared						
Optional	Third party verification						
	GRI verification						

The report is in line with Global Reporting Initiative – GRI G3 directives, information on which is available at www.gentecomideias.com.pt. The application level corresponds to level B. In their next publication, CGD Group insurance companies aim to broaden the scope of the GRI reference indicators to other companies in their operating sphere. The report will be published every two years and the accounts published annually. The companies also intend to arrange for their next publication to be certified by an independent external entity.



FLASH 2009

Achievements



Launch of
Activcare



Launch of
Global Healthcare Offer



Launch of
Checkcare



Launch of
"Get your customers'
OK!" programme



Performance of
1st Scientific Survey on
Mediators' Satisfaction



Election of
Fidelidade Mundial's and Império
Bonança's first Mediators'
Advisory Board



Execution of
"In Good Shape" Retirement
Programme



Awareness
Healthy Living Month



Organisation of
"To Give Blood is to Save
Lives" initiative



Launch of
Specific Insurance Package for
Private Charitable Institutions



Second year of implementation of
ActivAction Programme, as an integrated set
of projects aimed at enabling Caixa Seguros
e Saúde Group to achieve its objectives for
2008-2010: enhancement of brands and
sales network



Creation of
Pool of Volunteers



Launch of
"National Retirement
Awareness Index"



Launch of
Retirement Innovation
Prize



Innovation/Retirement
prize-giving ceremony -
"How to Save for
Retirement and Maintain
your Standard of Living"
conference



Opening of
Fidelidade Mundial Prize for Young
Painters exhibition at Galeria
Chiado 8



Launch of
"book exchange" initiative to
encourage reading



Offer of
Leve card for Fathers' Day,
Mothers' day and
Saint Valentine's Day

Trust, Quality and Efficacy

- [illegible]

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OK! teleseguros
Agility Awards 2009

Certification

- Via Directa certified to NP EN ISO 9001 - Audit and Monitoring of Transition from NP EN ISO 9001:2008 by APCER. Leading direct sales insurance company certified by APCER (Portuguese Certification Association) under the ISO 9001:2008 Quality Management System.
- Via Directa renewed its Qweb certification. Via Directa was the first Portuguese financial institution to be awarded this certification (Certification of Electronic Business Processes) for its internet site in 2006.
- GEP renews its Quality certification to NP EN ISO 9001:2008, without any non-conformities
- GEP renews the certification of its motor vehicles loss adjusters from the Saragossa Centre and Audatex
- Cares – Companhia de Seguros S.A. certified to NP EN ISO 9001 – NP EN ISO 9001:2008 audit concession by APCER. This insurance company specialises in assistance and legal protection services. Its Quality management System has been certified by APCER and the IQ Net – Management System.

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CGD Group's insurance companies' approach to sustainability



Commitment to sustainability

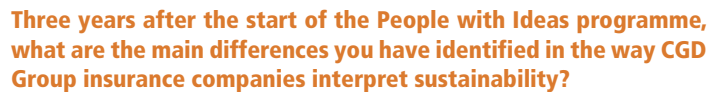
CGD Group insurance companies Fidelidade Mundial, Império Bonança, Multicare, OK! teleseguros, CARES, EAPS and GEP began work on structuring their commitment to sustainability and consideration of their role in terms of value creation for stakeholders, in 2007.

This resulted in the creation of the People with Ideas social responsibility programme, as a platform for sustainable development issues, interacting with interested parties in the said companies, including workers, suppliers, business partners and society in general. A different format, mobilising workers to submit sustainability-related proposals to top management is also clearly an investment in sustainable development being made by the

companies. The start-up of this programme was monitored by the Faculty of Economics and Management of Universidade Católica do Porto, which produced a case study on the project.

One of the programme's special features is the fact that it comprises 15 workers from several companies who spend two and a half days per month on sustainability issues and who are also assessed on the basis of their input.

... e a sua importância para a sustentabilidade da empresa e da sociedade. A sustentabilidade é um conceito que abrange a dimensão económica, social e ambiental. A sustentabilidade económica refere-se à capacidade da empresa de gerar valor e manter a sua competitividade a longo prazo. A sustentabilidade social refere-se à capacidade da empresa de tratar os seus stakeholders de forma justa e equitativa. A sustentabilidade ambiental refere-se à capacidade da empresa de proteger o meio ambiente e os recursos naturais. A sustentabilidade é um conceito que evolui ao longo do tempo e que é influenciado por diversos fatores, como a tecnologia, a sociedade e o meio ambiente. A sustentabilidade é um conceito que é fundamental para o sucesso a longo prazo de qualquer empresa. A sustentabilidade é um conceito que é fundamental para o sucesso a longo prazo de qualquer empresa. A sustentabilidade é um conceito que é fundamental para o sucesso a longo prazo de qualquer empresa.



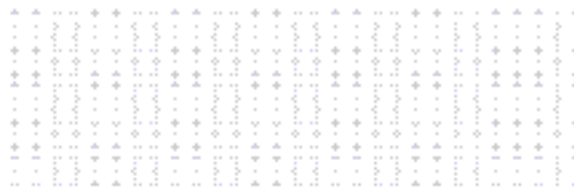
What are the main difficulties in terms of the programme's internal assimilation and main facilitating factors?

What role will the programme play at this stage as a driving force for the integration of business sustainability?

Honouring our undertakings

The first approach of CGD Group insurance companies' commitment to sustainability was set out in the enclosure "Sustainability – A First Approach", which defines a series of priority issues for 2009, based on the identification of interested parties' expectations. Such issues were related with internal management, communication, human resources and environmental efficiency, improving contacts with the community and a customer and supplier assessment based on sustainability criteria. The evolution of practices witnessed a change in management approach to one of integrating sustainability in products.

In this, its first sustainability report, CGD Group insurance companies have fulfilled their commitments previously submitted in response to priority issues.



Priority issues 2009	Undertakings 2009	Status 2010	Notes
Communication	Analysis of internal communication and proposals for the improvement of efficiency and means	●	Brought forward to 2011
Communication	Specific communication on vision, mission and Group values, compliance et al	●	Approval of internal site on compliance; scheduled for launch in 2011
Human Resources	Harmonising of social benefits among workers in different companies	●	Ongoing
Human Resources	Production and dissemination of Workers' and Enquiries Handbook	●	Brought forward to 2011
Community relations	Definition of Solidarity Policy, integrating Pool of Volunteers	●	Performance areas in line with strategy and business
Community relations	Action Plan for Volunteers Programme	●	
Community relations	Awareness action for healthy eating habits	●	Development of internal awareness actions (See chapter on Management Sustainability)
Community relations	Awareness action for road safety	●	Development of internal awareness actions (See chapter on Management Sustainability)
Environment	Production of Environment Policy and Action Plan and definition of responsibilities	●	
Environment	Implementation of Action Plan	●	Actions implemented; (See chapter on Management Sustainability)
Environment	Environmental awareness of workers and business partners	●	Development of actions with workers
Assessment of customers and suppliers	Definition of sustainability criteria for the assessment of customers and suppliers	●	Certification of workshops

Sustentabilidade
Uma Primeira Abordagem
2008
Gente Com Ideias
Programa de Responsabilidade Social
das Empresas Signatárias do Gênesi Club

Actions 2009/2010	Status 2010	Notes
Ongoing training of sustainability team	●	Performance of ongoing training actions
Continuation of stakeholder consultation process	●	Performance of second stakeholder consultation stage
Communication of CGD Group Insurance Companies' practice on this subject matter	●	Focus on internal communication of practice (site, newsletter, other tools)
Contribution to dissemination of sustainability issues	●	Internal People with Ideas site Promotion and organisation of conferences Workshops/competitions
Membership of BCSD Portugal	●	
Publication of Sustainability Report for 2009	●	



Guarantee of inclusion of interested parties

Identifying interested parties' expectations and integrating them as part of their business strategy is a practice which CGD Group insurance companies have consistently implemented, in a more structured format over the last three years. Our commitment is clear: to involve the most critical stakeholders and create value for both parties.

A second round of systematic consultations with a collection of such companies' critical interested parties took place in 2009 and 2010, with the aim of identifying their sustainability-related expectations and concerns. In-depth interviews were accordingly executed and focus groups set up.

Interested parties from the CGD Group Insurance Companies

- Shareholder
- Customers
- Workers
- Brokers
- Suppliers
- Media
- Mediators
- NGOs
- Sectoral organisation
- Loss adjusters
- Regulator



Internal Expectations

Human Resources

Career management development
Promotion of worker training
Promotion of workers' responsibility and autonomy
Harmonising of workers' benefits in all companies

Internal Management

Ongoing improvement to quality of service, responsiveness
and increased flexibility of processes
Efficient management of resources

Institutional

Synergies with CGD Group and among insurance companies
Consolidation of Caixa Seguros e Saúde Group identity
Revision of communication strategy (institutional
and sustainability)

External Expectations

Guarantee of transparency of contracts
Promotion of environmental and social practice in value chain
Integration of sustainability in products

Position and practices in the sector (benchmarking operations with sister companies and domestic and European associations in the sector) were analysed at the same time.

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Integrating the most critical business and societal issues and defining priorities

Caixa Seguros e Saúde Group considers sustainable development to be an indispensable priority, governing its strategy and performance. As the Portuguese market's leading group, it aims to be the sector's benchmark operator in sustainability terms.

in Sustainability Strategy for CGD Group Insurance Companies

This report deals with sustainability-related issues. Business management issues such as quality of service and responsiveness, consolidation of Caixa Seguros e Saúde Group's identity and exploitation of synergies with CGD, career management, worker training and standardisation of workers' benefits are considered to be a part of current management, i.e. "business as usual", and are therefore not dealt with in this report which is exclusively geared to the context of sustainability.

Consideration given to the issues resulting from talking to interested parties, the contextual setting and peer companies has resulted in the production of a table of relevant issues.

Such considerations have resulted in the following priority issues upon which we have revised our commitments for the period 2010-2011.

The decision to consider the relevance of the issues to our business was the result of internal brainstorming sessions with key divisions and representatives from various companies. Each issue will be processed in more detail on the basis of a three year action plan.





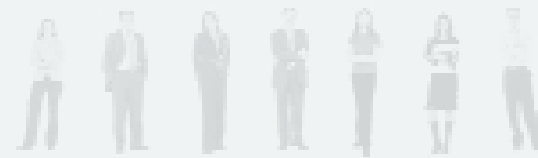
Priority issues	Expectations	Undertakings 2010-2011
Integration of sustainability in products	<ul style="list-style-type: none"> To innovate and provide for current challenges: population ageing, health and healthy lifestyles, environment and climate change and social inclusion. Rewarding customers for their choices Influencing through preventative actions 	Leading innovation for products involving sustainability challenges
Transparency	<ul style="list-style-type: none"> Committing to contractual transparency Demonstrating companies' respective endeavours 	Committing to increasingly transparent information for consumers
Revision of communication strategy	<ul style="list-style-type: none"> Revising communication of strategy and practice Training mediators, suppliers and workers on good practice 	Revising the communication strategy in terms of institutional and sharing of good practice
Financial literacy	<ul style="list-style-type: none"> Developing awareness campaigns 	Committing to the provision of information to consumers on the most informed and conscientious choice
Impact on value chain	<ul style="list-style-type: none"> Training and informing partners and suppliers Recognising good practice, positive discrimination 	Involving customers and partners in sustainability practices
Resource management	<ul style="list-style-type: none"> Using resources efficiently and effectively 	Implementing projects and procedures to improve process efficiency
Investment in the community	<ul style="list-style-type: none"> Maintaining focus on the business Assessing return on investment 	Providing continuity to the structuring of investment in the community

The action plans associated with these commitments can be examined in this document and at www.gentecomideias.com.pt.



Meeting the challenges of the sector through our offer

Issues related with ageing, healthcare and healthy lifestyles, environment, climate change, social inclusion and road safety will be CGD Group insurance companies' development areas for the next few years.

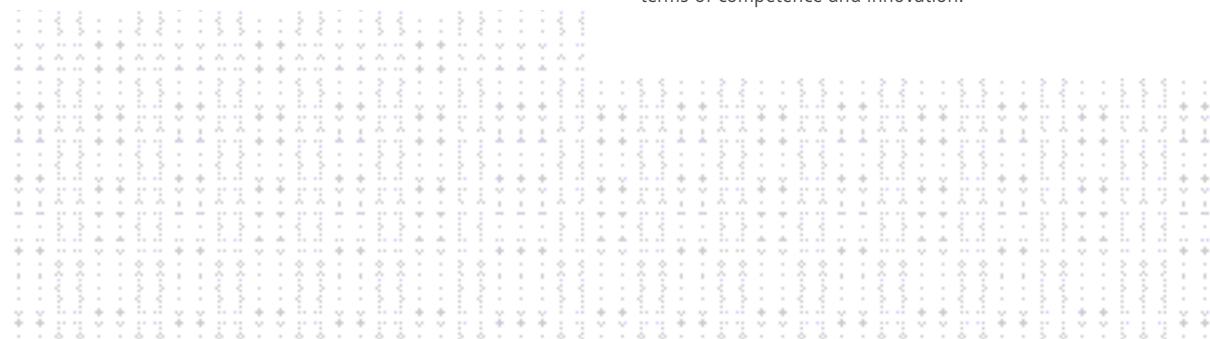


CGD Group insurance companies, as market leaders, are responsible for encouraging careful, proactive consideration of these issues, not only on account of the high expectations of their interested parties but also for their long term business sustainability management.

This new context will create opportunities for companies in which Caixa Seguros e Saúde Group's leading position only adds to its responsibilities. Part of the Group's mission is to help raise the awareness of Portuguese society, play a pedagogical role and share its know how, regarding the behaviour of Portuguese citizens and evolution of national issues.

The structures integration process required a commitment to achieve internal efficiency and mobilise workers. The insurance sector has traditionally been strongly intertwined with social issues which have always been its business drivers and priority is therefore attached to developing healthcare and ageing related products. The need to deal with environmental problems, however, is a more recent and complicated process, entailing the need to abandon the safety of the comfort zone and develop new competences.

This chapter¹ discusses the route CGD Group insurance companies have already taken on such issues and their recognition of the fact that there is still much to learn which will require endeavours in terms of competence and innovation.



¹ The main sources used for the contents of this chapter were UNEP FI's sectoral publications, European Union statistics (Eurobarometer), the Portuguese Insurance Association and Portuguese Insurance Institute.

Demographic evolution – ageing, healthcare and lifestyles

Over the last few decades the world's population has been affected by an evolutionary demographic process, characterised by the transition from a situation mainly characterised by high birth and death rates which are now moving in an entirely opposite direction with significantly lower levels for both of these parameters.

Falling birth and death rates have had an inevitable impact on demographic dynamics resulting from the combined effects of a series of economic, social, scientific or technological causes which have, inter alia, helped to fuel major progress in medicine and changes in the role of women in society, the economy and the family.

Although originating in western societies, this is currently an across-the-board, statistically verifiable development, although different countries and regions are at very different stages and are also evolving at different rates. The trend, however, is universal.

As a consequence of this evolution, year after year, the number of births tends to diminish and average longevity tends to increase. This not only has the effect of increasing the number of old people in a given population but also increases the old-to-young ratio. This is the crux of the demographic ageing process.

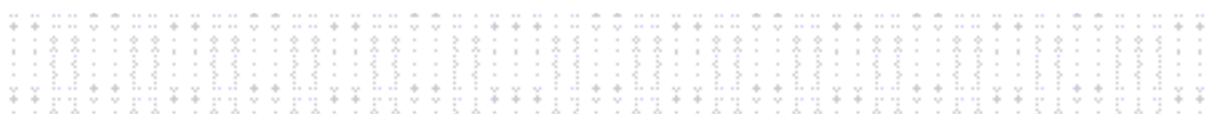
Life expectancy in Portugal increased by 19 years in the second half of the twentieth century (from 59 to 78) and is expected to increase by another five years by 2050. Portuguese women, over the same period, gave birth to less than half the number of children, from an average of 3.0 in 1950 to only 1.4 in 2000.

Over the same time period, the proportion of young people in Portuguese society fell by almost a half from 30% to 16%, as opposed to the 65s or older whose relative proportion has increased by a factor of two and a half from 7% to 17%. This is the first time, since the turn of the century, that Portugal has had more older than younger people

Lastly, there has been a fourfold increase in the oldest of the old (80s and over) who now account for 4% of the total against only 1% in 1950.

The trend is unlikely to change. Projections indicate that young people, in Portugal, in 2050, will only account for 13% of the population, slightly more than the 11% of Portuguese who, at the same time, will be 80 or older. Old people will, in turn, comprise 32% of the population.

The implications of this evolution are multiple and difficult to assimilate as a whole. Its inevitability and the growing evidence thereof in social, economic and political terms require analysis, comprehension, anticipation of respective needs and the preparation and planning of adequate responses.



This will firstly involve the need to occupy the time of the senior segments of society, owing to their growing quantitative importance and specific needs which will have to be met.

Secondly, as regards the less positive consequences of the ageing process: more old people signifies higher levels of illness and dependency, notwithstanding the fact that increased longevity does not necessarily mean an increase in the number of years without health or autonomy. The proliferation of new pathologies associated with non-transmissible chronic or degenerative illnesses will particularly bring with it new and greater needs.

Lastly, the whole of the above increase in needs will have to be met through wealth creation generated by a relatively small number of assets, in each population, as not all senior citizens leaving the workplace will be replaced, owing to the fact that there is an insufficient number of young people today, to restore the generations.

Both from a material (productivity of the working population to provide for new, growing needs) and financial viewpoint (redistribution of income generated through labour), there will be a significant increase in the levels of pressure and requirements.

An immediately obvious conclusion, owing to the structural nature of this evolution and its short or medium term irreversibility, is the need to anticipate the problems deriving from this new demographic paradigm and prepare the necessary responses on the broadest range of levels. This will particularly involve the supply of goods and services for which higher (or new) demand will be recorded and the planning and financing of their public or private acquisition.

Another important aspect is the relative loss of economic and demographic dynamism in societies with a larger proportion of older people which may, in itself, be an endogenous characteristic of this same ageing process. Population ageing is considered responsible for halving the European Union's economic growth rate and an age related increase of the public expenditure of around 4.75 percentage points of GDP by 2026 has been forecast.

States are, inevitably, expected to confirm the perception of current trends, i.e. two steps backwards as a guarantor of the provision of necessary goods and services and exclusive/principal financier of the respective costs, owing to the evident insufficiency of the public finances in societies undergoing an ageing process.

Demographic issues are, in short, demanding and transversal to society and involve political decision-makers, financial markets, companies and citizens.

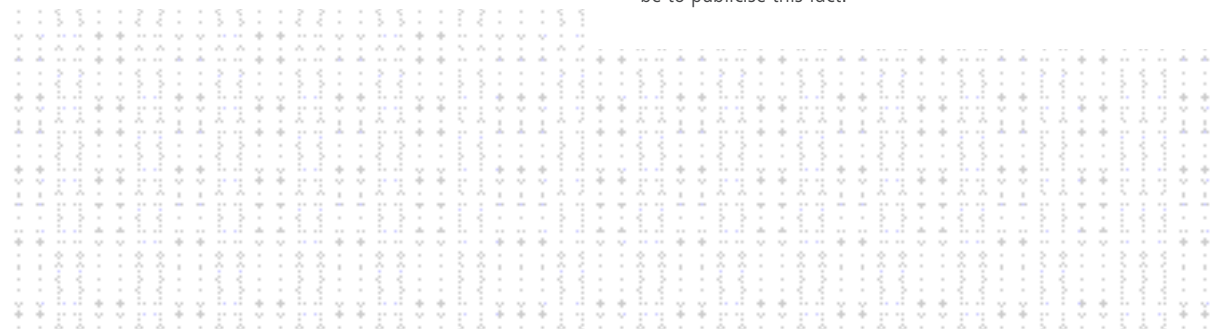
Impact on Insurance Sector

Insurance activity, essentially geared to protecting persons and property, will naturally be affected by this new context.

People will, in general, live longer and therefore have to guarantee their means of subsistence for longer periods after their working lives have come to an end. They will also have to take steps to provide for the consequences of the increasingly fewer human assets contributing to wealth production for latter distribution. Lastly, the existence of very old people entails diverse contingencies, particularly regarding higher rates of illness or dependency.

The insurance sector is therefore currently responsible for preserving financial equilibrium and guaranteeing the durability of its payments to customers and, in an environment of significant and rapid change, assessing the probability of risks for optimising their mutualisation and defining tariffs. The sector is also responsible for optimising the management of savings funds to ensure security and returns.

Another responsibility involves pedagogical aspects based on two aspects: firstly, prevention is a decisive factor to ensure an ageing process in good health. Another area of activity should involve raising citizens' awareness of the need for retirement savings. The gross savings of Portuguese families, in 2009, was only 9.1% of total disposable income. Most people do not set aside a specific account, either due to the fact that they do not have the necessary financial resources, or because they are not aware of the consequences of demographic imbalance on their future. One of the priorities of insurance companies in communicational terms should be to publicise this fact.



The issues

- How will society and the economy reorganise to deal with demographic evolution?
 - How will the concepts of working life and retirement be redefined and how will the respective borderline between them be redrawn?
 - How to make creative use of senior citizens' experience and capacities to avoid their non-contribution to the productive process at too early a stage?
 - What will be the new activities for occupying the spare time of senior citizens who are no longer working? How will the leisure industry develop?
 - How will healthcare and dependency (continuous care) support systems adapt?
 - What role will public services play? What part will the private sector play?
- How will the growing social needs associated with demographic change be financed?
 - What is the extent of the state's retraction as a financier?
 - How will the transition process between a universal support system and a financing regime essentially based on sharing and a new model, using (probably on a more complementary rather than alternative basis) public and private solutions and sharing and capitalisation regimes, be managed?
 - How will the respective contributions between different generations and, within each generation, be specifically distributed?
 - In particular, what will be the impacts on the current working generation which is currently nearing retirement age and which has financed the preceding generation's inactivity but has not been able to accumulate sufficient wealth to meet its own needs and will not be able to rely on significant funding from the next generation?
 - What are the consequences for the capital market and financial sector, and particularly for insurance activity?
- More specifically, how will issues associated with the ageing/quality of life relationship be dealt with?
 - What will be the split between greater longevity comprising years of good health and years of serious or incapacitating illness?
 - What will be the impact of this evolution on the demand for leisure goods and services and support in situations involving illness and dependency?
 - How will public and private healthcare and continuous care services evolve?
 - How should these forecasts and the desirable and necessary behavioural changes be collectively communicated?
 - How should good behaviour and prevention habits be encouraged and rewarded without discrimination?

What the sector says...

The recent financial crisis may have helped to show that insurance company PPRs (retirement savings plans) are the best retirement savings instruments.

(...) At the end of 2009, around 2.2 million people had taken out PPRs from the insurance sector, comprising savings of around €13.6 billion (almost €2 billion up in 2009).

(...) The expansion of PPRs is also a sign that the Portuguese population is becoming more aware of the fact that the pensions they will be receiving from the public social security system will not, even remotely, correspond to their salary levels at the time of retirement. In other words, they are becoming more aware of the importance of such voluntary complementary savings, for their retirement as the only way to avoid an unplanned increase in poverty at such a delicate stage of their lives.

in Panorama do Sector Segurador 2009-2010,
Associação Portuguesa de Seguradores

Strategy of CGD Group Insurance Companies



Current Offer

Innovation: Business Guidelines

Leve, the first new generation Retirement Savings Plan product

Based on its responsibility as the largest Portuguese insurance companies group, a product providing for the new demographic context and the imperative need to raise awareness of the need for retirement savings was launched in 2007. In addition to being an accessible and expedient Retirement Savings Plan (PPR), it also has a strong educational component.

Leve is the first instance of CGD Group insurance companies' contribution, as market leaders, to raising society's awareness of retirement issues and increasing financial literacy levels.

The premises governing the launch of the Leve PPR were to simplify the purchase of PPRs, make them more attractive, secure new customers and pass on the message of the growing importance of savings in retirement.



Leve is the first product of the new generation of PPRs in Portugal, because it has made retirement savings an effortless day-to-day act. This is because the PPR is associated with the use of a CGD Group credit card, in which a percentage of the payments made with the card automatically reverts to the PPR, thus enabling "automatic" daily savings to be made which neither imposes a burden on family finances, nor changes the standard consumption pattern. A percentage of monthly expenditure (up to a maximum amount of €100 month) is converted and paid into the Leve PPR, via a cash-back system. Leve also provides for additional family protection in the form of (optional) life insurance - Leve Mais ("Plus") which, upon payment of a small amount, guarantees the payment of fixed monthly income for 5 years in the event of death or permanent disability. The minimum amount payable to Leve is €25. Please see: www.leve.pt

Transmission of the idea that it is both possible and desirable to achieve balance between the day-to-day management of family finances and ensuring financial protection for the future.

Financial Literacy: Saving Awareness

Consciência Leve ("Clear Conscience") programme to fuel awareness

The Consciência Leve Programme aims to provide a definitive stimulus towards a new way of looking at things and a new approach to life and the principles of economic equilibrium in retirement, in the form of a collection of initiatives, provision of know how and creation of the respective means of promotion.

Please see: www.consciencialeve.pt

To help society improve its levels of financial literacy, permitting the construction of a national framework for rebalancing individual financial awareness.

Rewarding Retirement Innovation

The Retirement Innovation Prize rewards the development of innovative academic projects on retirement economics, promoting creativity and economic optimism and the quest for solutions with effective economic, financial and social impacts on society. The 2009 prize-giving ceremony took place at the "Como Poupar para a Reforma e Manter o Nível de Vida" conference whose jury consisted of Daniel Bessa, António Caetano, João Duque, Luís Santos Pinto, Fernando Faria de Oliveira and Rita Sambado.

To promote the dissemination of information and consumer advisory services, helping to improve awareness on retirement issues.

Retirement Awareness Index

This indicator aims to measure the equilibrium between Portuguese citizens' current "feel good factor" and long term sustainability regarding retirement. The index's results for 2008 show that on a scale of 1 to 100, the Portuguese population has an average RAI (Retirement Awareness Index) of 10.4 with around 61% of people falling below this average. The maximum value found on the RAI scale, was 53.1. This is explained by the fact that people only begin to plan for any type of retirement savings at a very late stage. It is perfectly clear that there is a road to be travelled in individual pedagogical terms, to make awareness of retirement savings a priority issue. The aim behind this index's periodic supply of information is to raise society's awareness of retirement issues and citizens' awareness of their attitude towards retirement.

Please see: www.consciencialve.pt

"The RAI and referred to characteristics, is an innovative concept in diverse important aspects for people's quality of life and the sustainability of such quality in retirement."

António Caetano, ISCTE-IUL

"Reforma em Forma"

Fidelidade Mundial and Império Bonança have teamed up with RTP to produce the "Reforma em Forma" retirement series of five television programmes shown on RTP2, in December 2009.

Please see: www.consciencialve.pt

Yet another stimulus for the creation of a new mentality and new principles of economic equilibrium for retirement savings.



Insurance Library

CGD Group insurance companies' "Insurance Library" project aims to share its experience with the community, in arranging for the supply of information supplied on studies, reports and monographs related with different insurance aspects. As the frequency of publication was dependent upon the timeliness of the issues, the first issue on "Conflitos no Seguro Automóvel" was published in 2007 and a second "Aspectos práticos da avaliação do dano corporal em Direito Civil" in 2008. 2010 will see the publication of a third issue related with population ageing. This is another contribution from insurance companies for the purpose of sharing information and their experience, stressing their response to this issue in terms of financial literacy.



Outlook

CGD insurance companies will continue to work on issues related with the concept of retirement, based on a multiplicity of approaches, ranging from the issue of long term savings (initial approach) to the eventual need for assistance for the different contingencies which may occur in retirement.

Collective awareness

Endeavours will continue to be made to promote citizens' financial literacy with an increased focus on prevention based on a twofold approach of making financial decisions in good time and the adopting of healthy lifestyles.

Long term savings

In the long term savings area, opportunities to further consolidate the concept of the Leve product will be exploited, although this is already well established in the segment epitomised by the Group's brand.

Annuities and immediate financial insurance products

There are solutions designed to achieve financial security over the short to medium term. They particularly include lifelong annuities, acquired either through the payment of a lump sum; or the gradual use of property guarantees (e.g. own homes which remain for the usufruct of the insured). The current commitment is, however, to spread awareness of and access to these kinds of products together with a careful revision of technical support conditions and the permanent monitoring of presuppositions regarding demographic evolution.

Dependency insurance

The individual ageing process, in general, and incapacitating illness in particular, often give rise to specific limitations as a consequence of which a person ends up in a situation of dependency, i.e. they need the support of a third person to enable them to perform several such basic day to day tasks as eating, dressing, washing, etc. The significant increase in these types of situations in current societies, as a consequence of the collective ageing process, raises issues, whether in terms of support services, or relating to the financing of the referred to services. Different countries have adopted different responses to this question, ranging from considering support for dependency as a right of citizenship (as in the right to health resulting in free, universal support in cases of illness), up to social welfare type assistance as part of a concept of the duty of solidarity without any correspondence in terms of the recognition of rights. This involves the treatment of dependency as yet another eventuality of the social protection system (as in the case of unemployment and sickness). Portugal is going

through a transitional period, with recent legislation and formal responses currently at their development and implementation stage; although the largest proportion of dependents are still not covered by the system and treated on an ad hoc basis.

Studies in this area indicate that the costs of support to persons with medium to major dependency status cannot be fully covered by the public system. In many cases, possibly, the sum of eventual public support with an average retirement pension will continue to be insufficient and additional funding will accordingly be required. Although, in general, this is the area in which retirement savings solutions and also, to a certain extent, eventual healthcare cover, have a role to play, the use of specific products to provide for such needs will, in most cases, be the best solution.

Insurance companies have, for several years, in various countries, been supplying dependency insurance which, in its most simple and accessible format, comprises a previously defined level of lifelong monthly income, starting from the time when the insured is certified to have lost a certain level of autonomy.

CGD's healthcare area, in Portugal, pioneered the commercialisation of dependency insurance with these characteristics, in the second half of the 1990s. However, the fact that not enough people are aware of this need has been an inhibiting factor for the sale of a product whose only failing, in this case, is to have been ahead of its time. Our current objective is to rehabilitate this initiative, studying the way in which it may, over the short term, be adapted to the current situation in Portugal and brought onto the market.



Health and Healthy Lifestyles

When the prevalence of non-transmissible illnesses continues to increase, how can economic interest and public service be reconciled?



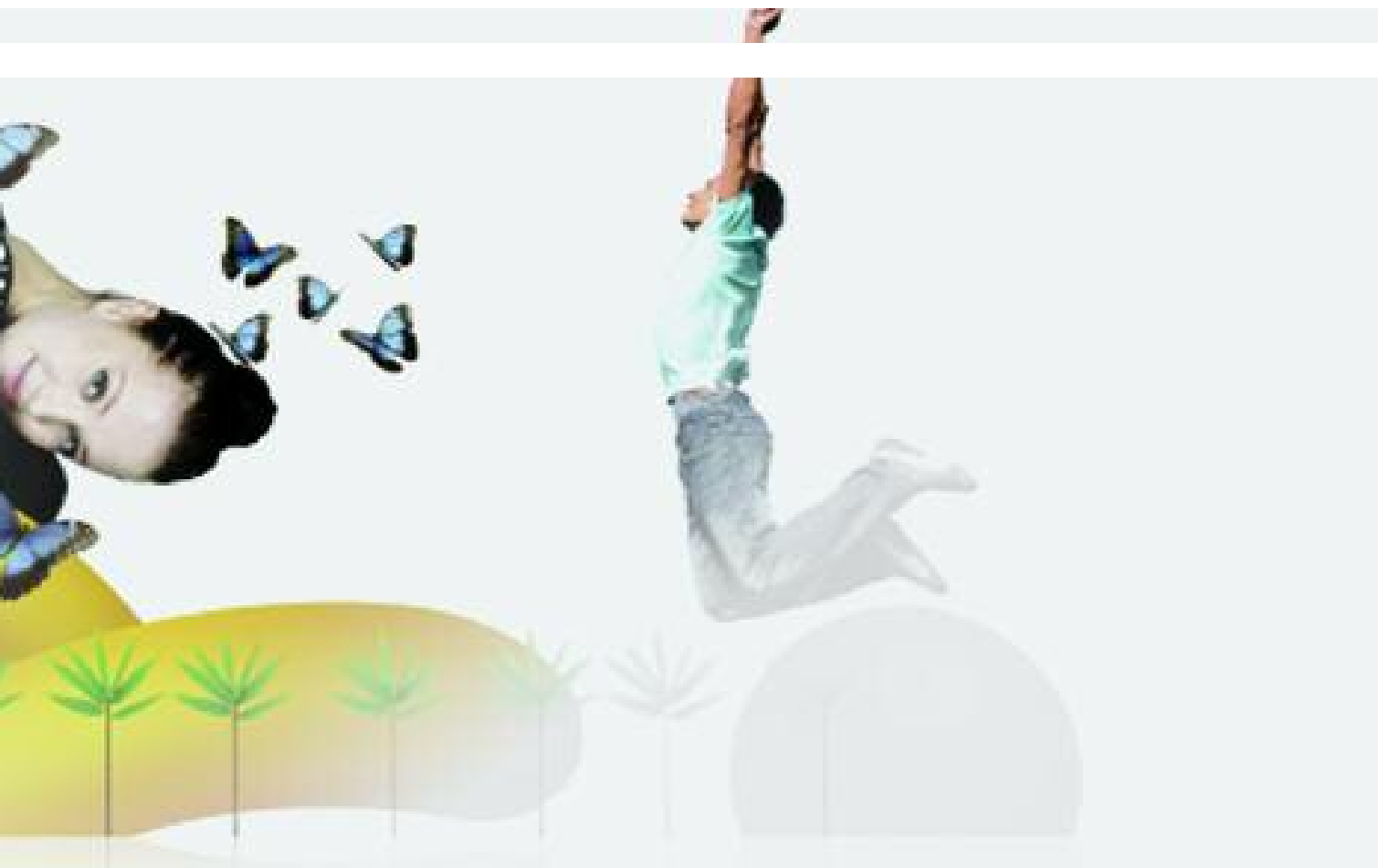
Healthcare systems in industrialised countries are facing serious challenges: population ageing increases the probability of illness and dependency. Europe has a high rate of such non-transmissible illnesses as cancer, diabetes, cardiovascular disease, obesity and musculoskeletal disorders, attributable to the interaction between various genetic and environmental factors, particularly related with lifestyles such as use of tobacco, excessive consumption of alcoholic beverages, eating habits and lack of exercise. Cardiovascular disease and cancer are currently the major cause of death in developed countries. Over the last three decades, weight gain by children in the European Union has continuously increased. Overweight people are now estimated to account for 30% of the population.

In Portugal, cardiovascular disease is the main cause of death and also one of the major reasons for hospitalisations, incapacity and disability. Associated with cardiovascular disease are such risk factors as the use of tobacco, dyslipidemia, diabetes, excess consumption of alcohol, sedentary lifestyles, obesity and excessive stress. One in nine Portuguese are currently diabetic although only around half of the persons affected have been diagnosed.

Impact on the Insurance Sector

The insurance sector's response to the challenges of health and healthy lifestyles consists of constantly adapting its services to changes in individual behaviour as in demographic or technological and scientific evolution. The sector should also be developing its capacity to predict risk and assessment systems for the purpose of revising its business models and providing the best service in an increasingly unstable environment.





The issues

- How will the relationship between longevity and quality of life evolve?
- In light of the increase of the prevalence of non-transmissible illnesses and population ageing, how should the new risks be assessed to achieve balance between profitability of activity and people's needs?
- How should behaviour which tends to avoid risks be rewarded without society perceiving such an incentive towards healthier lifestyles as discriminatory?
- How to make insurance and its associated benefits more perceptible? How can offer be simplified?

What the sector says...

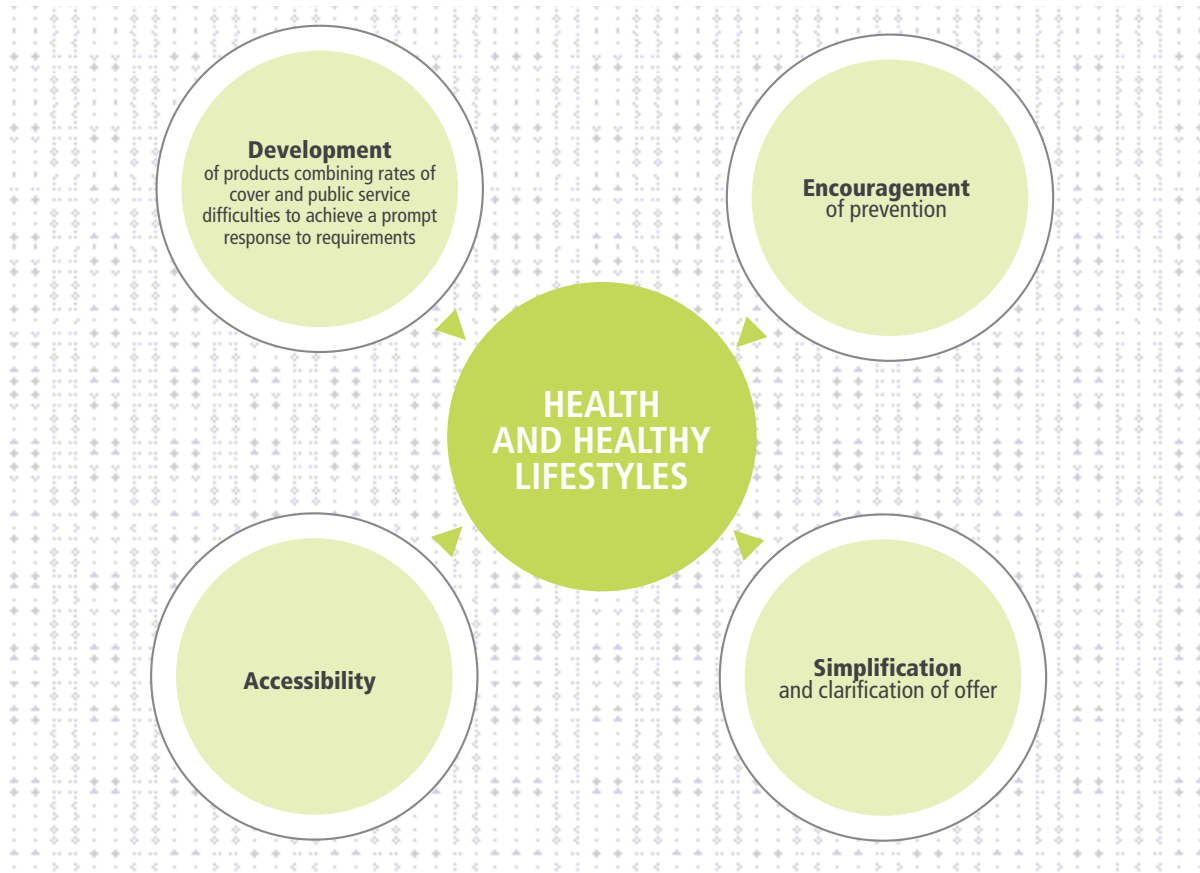
The financial sustainability of the National Health System is a critical conditioning factor in terms of its evolution and respective funding. Notwithstanding any ideological debate on the issue, the difficulty of maintaining the current model requires urgency in anticipating the evolution of the National Health System, as this will condition the evolution of other parties' provision of healthcare services and respective funding. It is in such an environment that insurance companies, as active partners in financing healthcare in Portugal, have a role to play.

(...) Subscriptions for private healthcare packages by Portuguese citizens have been on the increase, as the non-mandatory insurance with the largest number of insured (more than 2 million) and encompassing almost 20% of the Portuguese population.

in Panorama do Sector Segurador 2009-2010,
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Strategy of CGD Group Insurance Companies



Current Offer

User-friendly Global Healthcare Offer encourages prevention

Fidelidade Mundial and Império Bonança have renewed their offer using the services of Multicare, to create the concept of a Global Healthcare Offer.

This offer can be adapted to customers' choice of the most suitable option in line with their requirements and financial capacity. In light of the warnings on the complexity of healthcare insurance from consumers' associations, attempts have been made to simplify the form of presentation of products with only three subscription levels and a fourth "customised" level, for customers interested in an ad hoc offer. Whatever the choice of plan, subscribers benefit from a guarantee of preventative medicine.

Multicare is presently the only company in the market with check up cover, providing all its Healthcare Plan customers with a diagnosis every two years.

Activcare cards as healthcare facilitators

Healthcare cards are a new product and facilitate access to healthcare services for people who have not taken out Multicare insurance, but who do not wish to be limited to the availability of public services. There is no grace period, nor age limit on subscribing for and maintaining the card. Whatever the type of card, it is acquired without medical examinations or clinical questionnaires from the HPP (Hospitais Privados de Portugal) associated network at more affordable prices, with the insured person being responsible for the payment of the services.

- **Activcare General card:** for dentistry and out-patient services (consultations, tests and treatments).
- **Activcare Dental card:** for dentistry services including implants and orthodontics.
- **Activcare Maternal card:** tests and consultations during pregnancy at more affordable prices, with internment at time of birth.
- **Activcare Vital card:** for persons who are not able to benefit from a healthcare plan on account of their age and for consultations and tests in various specialised areas, at more affordable prices, in addition to a wide range of homecare services.



Customers who subscribe for a Multicare Healthcare Plan or Activcare card, also have access to Multicare's Complementary Services which provide them with advantages in the healthcare and well-being area. These include, inter alia, discounts at spas, health clubs, opticians and beauty parlours.

Checkcare

CGD Group insurance companies' investment in prevention and healthcare has led to the creation of the Checkcare package, enabling customers to diagnose their state of health. This is the best product for persons wishing to identify health problems and improve their quality of life.

The Checkcare offer includes the Well-Being package, which consists of a checkup voucher and the Nutrition package which, in addition to checkups also provides three vouchers for consultations for the amount of €35 each, enabling users to continue to benefit from medical consults.

Outlook

The evolution of the panorama of current illnesses and lifestyles, together with population ageing, have created a series of challenges for the insurance sector which are critical in business sustainability terms and CGD Group insurance companies will therefore remain committed to improving and simplifying their offer and intensifying their approach to prevention.

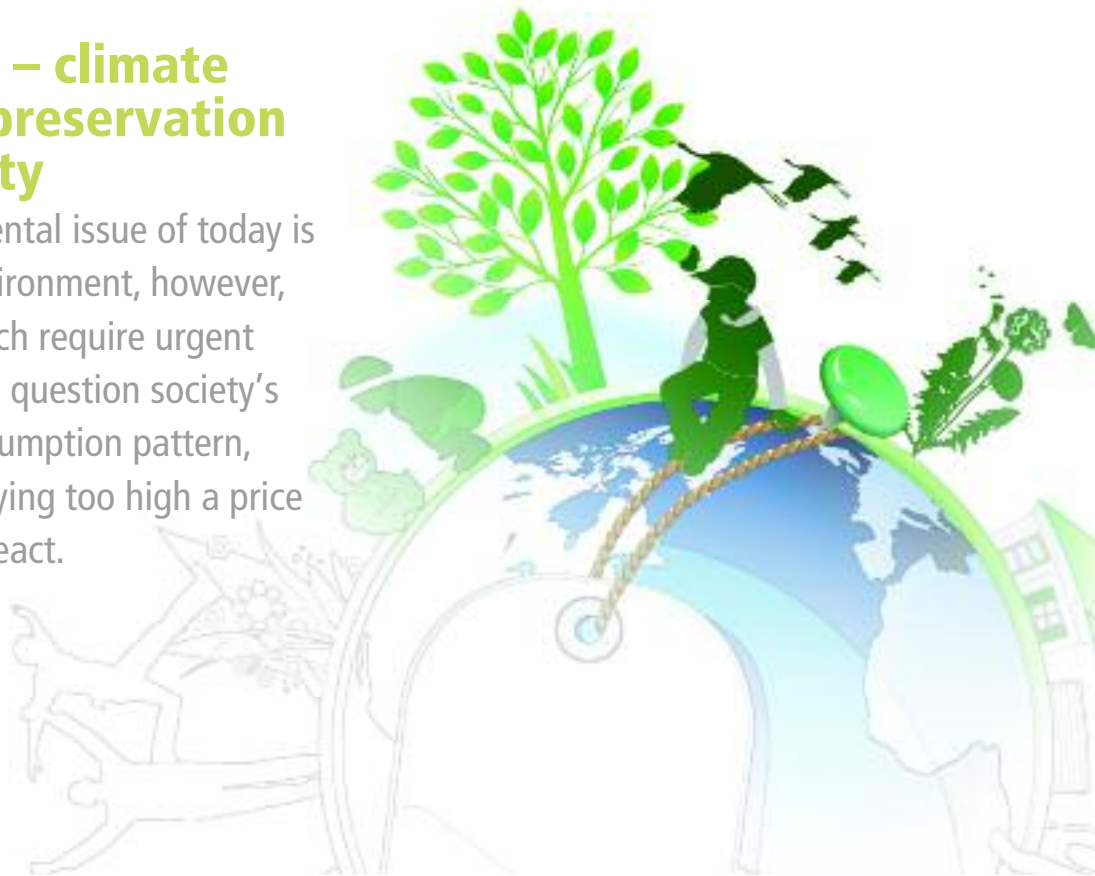
Lifelong Healthcare Insurance

In a context of innovation and responsibilities regarding the response to current society's new characteristics, CGD Group insurance companies are also carrying out studies on the possibility of introducing lifelong healthcare insurance, enabling financing requirements to be met when illness strikes a person who has exceeded the age limits which, for easily understandable financial reasons, have currently been set, for insurance activity in general terms. The design of this type of insurance requires special care, particularly taking into account the need to harmonise profitability and compliance with all of the probable rules and regulatory requirements and no less importantly the insured's perception that his/her essential needs will be met. Lifelong insurance will effectively require the prompt creation of a fund to finance healthcare expenses in old age, as the only way of honouring the commitment to finance healthcare needs over the longer term, owing to the existence of unknown variables such as the evolution of technology and actual medical procedures, frequency thereof and associated costs or increase in human lifespans. This is a major challenge on which CGD Group insurance companies are focused.



Environment – climate change and preservation of biodiversity

The main environmental issue of today is the climate. The environment, however, has other areas which require urgent attention and which question society's current type of consumption pattern, under penalty of paying too high a price if it is not quick to react.



Climate change already has tangible effects: a general rise in temperature, rising sea levels and more frequent extremes of weather. Such occurrences have high economic and social costs and the frequency thereof will not lessen over the short term. The United Nations have announced that natural disasters, in 2008, cost around USD 181 billion and 236,000 lives. The 2006 Stern Report had already indicated the costs of climate change: at least 5% of global GDP per annum. To provide for these situations, adaptation plans for economic activity are being developed to guarantee continuity.

Another major concern is biodiversity: the fact of the disappearance of many species over a short period of time could lead to a drastic reduction in biodiversity. The disappearance of this genetic heritage is the result of intensive agriculture, destruction of forests, increasing urbanisation, major projects such as dams and roads, pollution and other factors caused by human beings and deriving from the need to satisfy current consumption levels.

Reference should also be made to the availability of fresh water and unpolluted ground. Given the dimension and sophistication of human activity, ecosystems often do not have the capacity to assimilate effluent and synthetic agents (i.e. chemicals) which invade the environment. In many cases the ecosystem "dies", becoming totally sterile.

Such questions raise issues of continuity, requiring us to reconsider our form of consumption.

The issues

- How should economic agents' responsibilities be assessed?
- How should the associated risks be measured?
- How should the costs of environmental damages for the different interested parties be decided?
- How should environmental costs be internalised?
- How should the current approach to consumption be changed?



Impact on Insurance Sector

The fact that economic agents are responsible for the impact of their activities on the environment, has very significant consequences for insurance activity which is in a strong position to induce greater responsibility.

The insurance sector has an important impact on the environment, as it must be innovative in its prediction of future risks and control over its exposure to natural disasters. In tandem with legislation, the sector is, therefore, the main driving force behind environmental risk control factors, as insurance policies will be proportional to such risk.

UNEP FI as the United Nations organisation geared to the study of the relationship between the environment and financial sector, has calculated that economic losses from natural disasters double every 10 years and if the current trends persist, could soar to USD 150 billion over the next ten years. According to the CEA – Insurers of Europe – between 1980 and 2008 Europe's annual costs, resulting from extreme weather, were around €11 billion of which around 31.4% were covered by insurance companies.

The feasibility of insurance and reinsurance may be jeopardised if they do not succeed in calculating and defining tariffs and predicting these new risks. According to the CEA, the role played by insurance in preserving the environment should be one of mitigation and adaptation:

- Mitigation on the basis of incentives policies with the sector's stakeholders with the aim of diminishing their ecological footprint or facilitating the development of such new technologies, as alternative energies.
- Adaptation by developing new solutions to insure new environmental risks, but not limited thereto. The (re)insurance industry could help to improve knowledge of current developments and better prevention, carrying out studies and implementing new risk assessment models.

In 2010, the coming into effect of mandatory financial guarantees set up by companies, whose activity could lead to environmental damages, created new obligations.

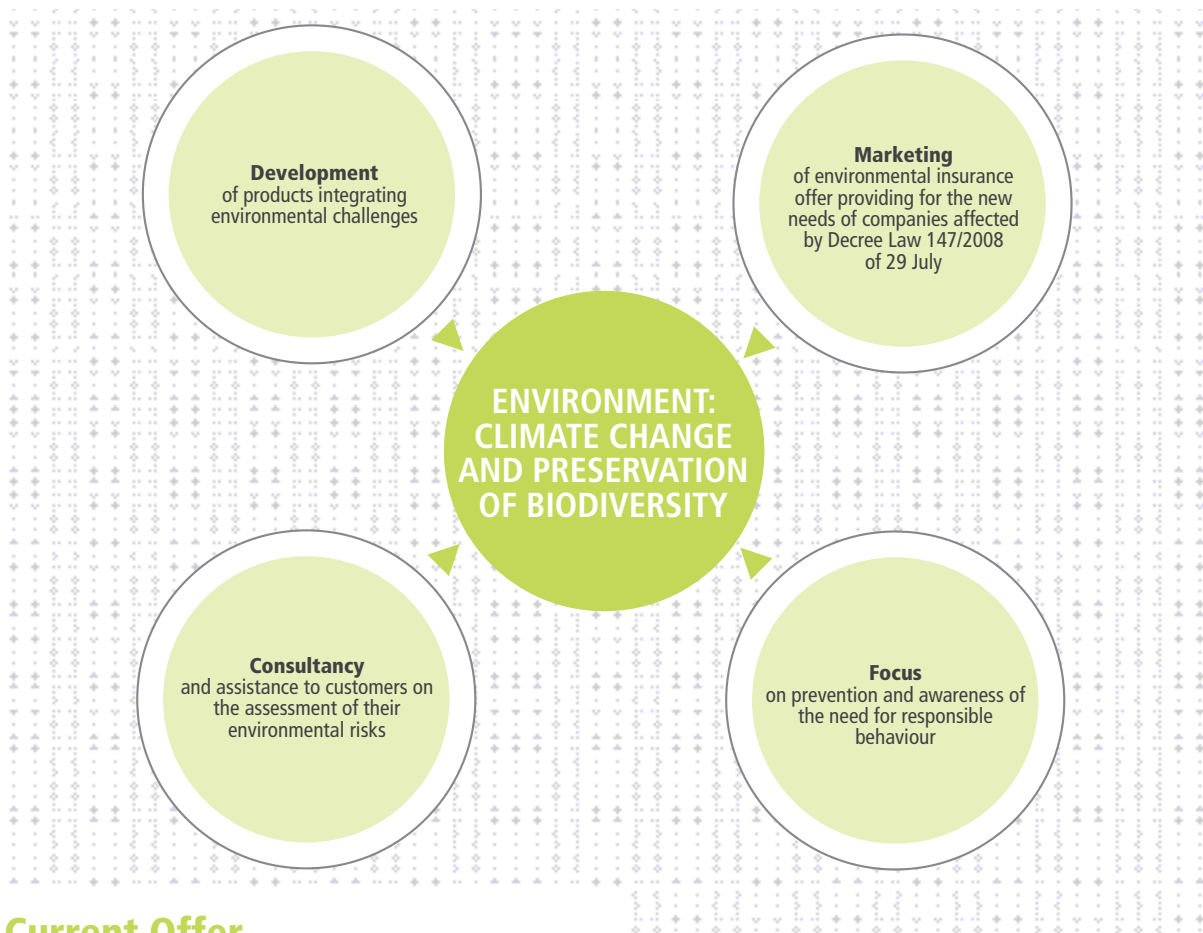
The New Environmental Liability Directive comprises a business leverage tool for insurance companies, although there are still difficulties related with the complexity of the assessment of new risks and even the comprehension of concepts related with "environmental damage".

What the sector says...

The regulations covering liability for environmental damage established a regime of administrative responsibility for the prevention and remedying of environmental damage, requiring one or more own, autonomous, alternative, complementary financial guarantees to be set up. This could take the form of insurance policies, bank guarantees, subscribing for environmental funds or own funds set aside for the said purpose.

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Strategy of CGD Group Insurance Companies



Current Offer

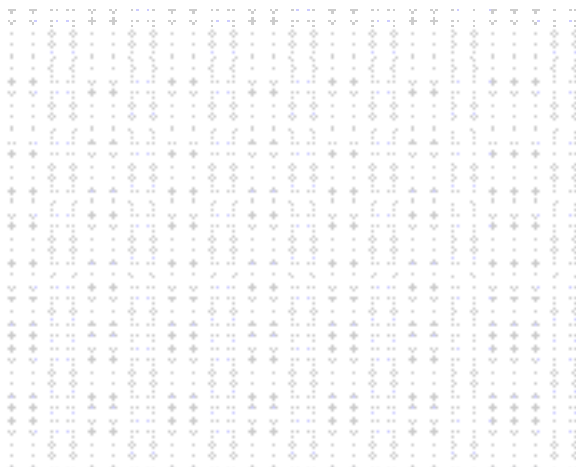
Environmental Liability Insurance

Fidelidade Mundial and Império Bonança provide companies with insurance to cover their new legal obligations. Such cover guarantees payment of the costs incurred by the insured when resulting from lawfully established obligations relating to primary, complementary or compensatory repair measures for natural resources resulting from the occurrence of a polluting condition on a safe risk location when imputable to the insured, under Decree Law 147/2008 of 29 July. The contracts include base cover for environmental liabilities, cleaning-up costs and additional cover for accidental civil pollution liability.

Forest Insurance

Forest insurance could represent an important instrument for forest managers. In Portugal, the cost of traditional forest insurance, covering ligneous material, has been financially impossible, on account of the associated risk.

Incentivised by the Portucel Soporcel group, CGD Group insurance companies have launched a lower risk but highly comprehensive insurance making it possible to insure areas with a minimum of one hectare, anywhere in Portugal, at competitive prices, to cover an owner's and forest manager's basic interests.



The operations covered by this insurance are: reforestation; replanting or seeding of arboreal forest species in areas without growth; recovery: silvicultural intervention to promote the regeneration of forest areas when trees are not dead and natural regeneration. Subscriptions for this insurance require the production of forestry management and forest protection plans for fires for the areas to be insured.

Although this insurance still does not benefit from any public funding, its cost and objectives already represent progress. Portugal and its forest production have now been provided with an instrument which makes it possible to guarantee that forest areas will not disappear after a fire, owing to the existence of the means for cutting down and removing burned wastes without any economic value and for the immediate reforestation of the land affected.

This product is a risk management instrument geared to promoting the continuity and sustainability of Portuguese forests.

It guarantees payment of the costs necessary to recover the productive capacity of forest areas after an episode of fire, lightning or explosion, either owing to natural causes or acts of vandalism.

Outlook

EAPS - Empresa de Análise, Prevenção e Segurança, S.A., has several projects for the safety of persons, property and the environment. Environmental audits and risk assessments enable Group and non Group customers to identify, establish and/or optimise the implementation of prevention or protection methods and help minimise the probability of the potential occurrence of environmental accidents. A computer assisted procedure, allowing companies to provide for the respective operational and technical needs and liabilities is currently being developed.

Growing awareness of the importance of forest stands leads to the supposition of the appearance of new market dynamics, associated with forest fire mitigation risk. Such a development, associated with these new concerns, will, however, be a naturally slow process.

CGD Group insurance companies will retain their constant commitment to the dissemination of product information and intense quest for new forms of collaboration with entities directly or indirectly involved. Forest insurance, owing to its characteristics, makes an important contribution to protecting the country's biodiversity.



Social inclusion

Poverty and social exclusion are concepts on the agenda, certified by the fact that 2010 was the European year for such issues. What could be the role of insurance companies which perform an activity that enables them to prevent exclusion?

A large proportion of the population does not have access to insurance products either due to a lack of awareness of the notion of risk or for financial reasons. The fact that this population is normally more vulnerable means that the creation of specific products for the more vulnerable is, in itself, a risk for insurance companies. Issues of discrimination and exclusion are in the agenda, both for insurance companies and political institutions. A solution which does not involve the different interested parties in risk sharing will be difficult to achieve.

According to data from the INE's 2008 "Inquérito às Condições de Vida e Rendimento", around 18 per cent of the Portuguese population is at risk of poverty. However, without considering any kind of social transfer, the survey shows that the rate of poverty for Portuguese citizens at risk is around 41.5 per cent. Unemployment has also increased over the period and 524 thousand people were registered with government job and vocational training centres at the end of 2009. The elderly population is also vulnerable. In July 2009, the average old age pension was only €385 and this amount is even lower for the 980 thousand women covered by social security with an average of no more than €292 per month.

On the other hand, Portugal has witnessed significant growth in its "social economy", i.e. the not-for-profit or "third sector". This growth associated with a reassessment of the role of state and market required greater attention to be paid to private not-for-profit organisations. Portugal has around 4,750 private charitable institutions, which increasingly account for a larger source of employment and are an indispensable resource in terms of social cohesion.

Insurance activity, by protecting persons and property, avoids the need to rebuild from ground zero in the event of any problem.

The issues

- How should greater accessibility to financial products be guaranteed?
- How should competitiveness through the adapting of products to higher risk segments be guaranteed?





Impact on the Insurance Sector

Financial exclusion refers to consumers' difficulties in using and accessing financial products which are often maladjusted to their real needs and/or financial capacity. Difficulty in accessing financial products increases both individual and corporate risk. For people outside the financial system, savings options are informal and unreliable and the provision of discounts and advantages is inaccessible.

The cost of financial exclusion is borne by the more vulnerable. Such inaccessibility hides poverty and lack of knowledge owing to low levels of financial literacy.

Insurance companies are responsible for implementing financial inclusion measures either through product innovation or in pedagogical terms, with an emphasis on the promotion of financial literacy. Such practices help to expand their customer portfolios, create new markets and enable social progress, incentivising entrepreneurialism. This type of product is exemplified by micro insurance which is targeted at a less privileged class of customers to whom access to financial products has traditionally been denied, in addition to offers adapted to meet the real needs of private charitable institutions, as provided by the Portuguese Association of Insurance Companies, in 2009, in Portugal.

Active inclusion/protection policies for less privileged claimants who are seriously injured in traffic and accidents in the workplace should be developed, using the services of multidisciplinary teams of doctors, social assistants and liquidators to accompany the most serious cases. In situations in which the claimant's family circumstances do not provide sufficient guarantee of the careful use of the indemnities, they could be paid out in the form of a lifelong annuity.

What the sector says...

Providing universal access to financial products is increasingly viewed by the stakeholders of financial institutions as a part of their corporate social responsibility.

Several population groups, often with a high level of entrepreneurial capacity, have traditionally been excluded from financial services (...).

Several of the opportunities of financial institutions' offer of products to such groups normally include, inter alia, microfinance solutions, remittance services and mortgages.

in Banking on Sustainability, International Finance Corporation, World Bank

Strategy of CGD Group Insurance Companies



Current Offer

Protocols with Charitable Institutions

CGD Group insurance companies provide private charitable institutions with a special integrated insurance offer at more affordable prices, improving the level of protection of workers, volunteers and users of such third sector institutions. The protocol is the result of a joint initiative with APS and EntrAjudá.

Notwithstanding the fact that this offer already existed, in 2009 it was adjusted and updated and particularly geared to this segment, providing a broad range of insurance, including such personal insurance areas as life and personal accidents, workman's compensation, property, motor and civil liability insurance.

The current offer particularly includes the following advantages:

- Cross selling discounts;
- Motor insurance with an advantageous maximum agreed discount;
- "AP Voluntários": death up to the age of 90 and permanent disability up to the age of 75;
- EAPS Protection and Safety of Persons and Property Consultancy Report.

The agreement includes the innovative offer of a Consultancy, Protection and Security of People and Property Report by EAPS.

Road safety

Raising awareness of road safety concerns in the insurance sector means two things: social responsibility and lower claims costs.

The Eurobarometer analysed European citizens' perceptions of the main risk factors, in 2006, having ascertained that, together with environmental pollution, the possibility of road accidents is particularly relevant and one out of every two Europeans thinks that he/she will have a road accident. According to the same study, citizens are not willing to pay more for safer cars and, in general, no drivers think that they are not careful.

In Portugal, the road accident statistics in 2009 speak for themselves: 738 deaths, 2,567 serious and 42,284 minor injuries. The National Road Safety Plan identified two main problems affecting road safety in Portugal: inadequate behaviour by users of road infrastructures with frequent violations of the Highway Code and the lack of civic education of an expressive proportion of drivers, worsened by the feeling of impunity resulting from the ineffectiveness of the inspection/notification/decision/punishment of offenders. The 2009 figures, however, are better than in past years, particularly on account of better cars on the road, drivers' behaviour, awareness campaigns and inspections carried out by the authorities responsible for safety aspects.

This, however, continues to be one of the main issues for the insurance sector in general: motor insurance accounts for a highly considerable proportion. In 2008, around 6.7 million vehicles were insured in Portugal, with motor insurance premiums representing around € 1.7 billion (around 42% of non-life insurance).

The issues

- What role does the sector play in road safety terms?
- What role could the sector play in its assistance to claimants?
- How to increase the effectiveness of road safety campaigns?
- How to reinforce responsible customer behaviour?





Impact on Insurance Sector

A high level of road accident claims represents a significant dimension in cost terms for the insurance sector in the form of indemnities for bodily injuries, death and material damages. There has been an increase in the latter over time owing to the increase in the quality of equipment fitted to vehicles, degree of technological complexity, cost of replacement parts and labour costs.

APS data indicate that the annual socioeconomic costs of road accidents in Portugal are equivalent to 3% of GDP or around €4.5 billion.

Insurance companies need to increasingly generate more awareness of the issue, analysing the available data, identifying high risk groups and isolating factors which add to drivers' risk profiles. This knowledge is used for new product developments, increasingly adapted to drivers' requirements and frequently operating on the basis of incentives to responsible behaviour.

The sector should also endeavour to reduce environmental damages resulting from traffic accidents, promoting the repair and recycling of spare parts, with a lesser ecological impact than their simple replacement (bumpers, windows, et al).

What the sector says...

Insurance companies, from a social point of view, have an important role to play in terms of road safety as they are responsible for indemnifying the vast majority of the respective victims. And their aim is to do so fairly and as quickly as possible.

in Portuguese Association of Insurance Companies,
www.apseguradores.pt

Strategy of CGD Group Insurance Companies



Current Offer

OK! GPS

OK! GPS is a product based on the pay-per-use concept, referred to as pay-as-you-drive in the insurance market and based on an individual calculation of the risk and insurance premium in accordance with the way a vehicle is driven. In the case of this product, the insurance premium is no longer defined by the insurance company and customers have the decision-making factors on their side in being able to prove that good driving habits can have a positive influence on the amount of the insurance premium.

The fitting of telematic equipment to a customer's vehicle makes it possible to obtain information for calculating the insurance premium based on the customer's profile and provides our customers with additional services. Assistance is provided in the event of an accident owing to detection by the equipment's sensors, allowing the prompt provision of assistance, even if the customer is not in a position to contact the insurer. Another service comprises the equipment's use for the locating and respective recovery of the vehicle in the event

of theft, in cooperation with the respective authorities. This is a totally new concept, in Portugal, in line with best international market practice and provides benefits for customers, insurers and society.





OK! GPS encourages careful driving, to the benefit of drivers who drive fewer kilometres, at low speeds, at non rush hours and using safer roads. The technological system used increases the level of transparency and reduces fraud associated with motor insurance which prejudices the interests of both insurance companies and society at large, notably other customers.

Raising awareness of road safety issues

CGD Group insurance companies have developed and supported several initiatives, reinforcing their active role in raising awareness of road safety issues.

- “Automatic Police”: this measure has been implemented by the Portuguese Home Office to prevent carjacking and other criminal activities. Police vehicles have been fitted with a device using a camera and a computer linked to a database providing real time information on any vehicle. With the use of the “Automatic Police”, the identification and confiscation of the vehicle owing to the fact that it is not insured, is faster and more effective, taking into account that only vehicles on which information is housed in the databases will be stopped. CGD Group insurance companies have renewed their support for the project owing to the positive results it has achieved, through the implementation of a second stage focusing on the south of the country.
- Protocol with Universidade Autónoma de Lisboa involving joint studies and activities in sectors such as the above, which both parties consider to be of mutual interest.



Outlook

One of CGD Group insurance companies’ future challenges is to protect the driver of the insured vehicle causing the accident, as mandatory civil liability insurance excludes this cover. In 2009, according to the PSP and GNR, 20,738 drivers were involved in traffic accidents: with 450 deaths, 1,556 injured and 25,732 minor injuries, representing around 60% of all victims reported in the said year, being recorded. It is estimated that more than 20,000 drivers do not have mandatory insurance. In cases in which drivers lose control of the car and/or have a collision and are responsible for causing serious or very serious injuries, the insured capital has not been sufficient to pay the costs of medical assistance or to restore the victim’s or victim’s family’s pre accident economic status. To remedy this shortcoming, CGD Group insurance companies, in conjunction with APS, are studying new insurance to extend the provision of benefits under Ministerial Ruling 377/08 of 26 May to drivers responsible for the accident. This cover will enable a significant reduction to the level of conflict in the event of an accident and simplify and improve the relationship with public hospitals, particularly avoiding the current lack of protection of drivers in the event of a serious accident.

The focus will continue to be on prevention in terms of this challenge. OK! telesseguros will be launching a product devised by its own workers in 2010. The product will supply a range of covers particularly geared to the protection of the driver, passengers and other road users, with a marked training component comprising a defensive driving course, encouragement of more responsible behaviour based on communication and other information tools.

The launch of this product will be further reinforced by the company’s clear stance in terms of road safety. Contributory factors will be awareness initiatives for road users, involvement in academic or technical studies making it possible to minimise the impact of accidents on society and the formation of partnerships with charitable institutions associated with road safety issues.

3. Management sustainability



[illegible]

Encouraging workers' growth

According to the 2009 analysis published by the CEA (Committee of European Insurance) the fact that the last few years have witnessed an increase in the average age of insurance sector workers requires a response from companies, particularly as regards the need to attract and retain new talents. At a time when we are still engaged on a process of integrating diverse companies, consideration of this issue, career training and management are priority matters for the motivation and growth of our workers.



Talent Retention Project

The Talent Retention Project - which is a part of the ActivAction programme² - created professional growth opportunities aligned with strategic vision for a group of 40 workers in 2009. With the objective of developing each worker's maximum potential, this project aims to consolidate management competences and increase participants' strategic executive capacities.

The programme's first stage comprised training at Universidade Nova. Its second stage was based on an action learning programme, whose participants were challenged to apply the necessary competences to deal with everyday occurrences. Each participant is currently being proactively monitored through the definition of a personal development plan. 70% of the total number of participants are already engaged on a function with greater impact and responsibility within the organisation.

² An integrated collection of projects with the objective of achieving Caixa Seguros e Saúde's ambitions for 2008-2010.

Worker Training - a need-based approach

FM's/IB's training schedule for 2009 was based on the needs identified in the annual performance assessment. Training activities, in the said year, were geared to sales management in the commercial area, integrated development, operational risk (e-learning format), ActivAction systems, proactive customer care and new multirisk and multicare products.

Company's Practices

Performance management model:

Application of performance management model to all IB/FM workers. The model is already being applied by Multicare and will shortly be applied by Via Directa.

Commitment to staff rejuvenation:

Protocols with universities and inclusion of young graduates in the trainee programme.





Training of Fidelidade Mundial and Império Bonança workers

5,171

participants, **up 15.7%** over 2008

46,899

training hours

Investment of

€698,000

in training activities

Objectives

- To provide continuity to talent retention
- Launch of second edition of Talent Retention Project
- Promotion of trainees programme (4th edition)
- E-learning course on basic insurance sector knowledge

In the first person...



João Brito, member of the first edition of the Talent Retention Project

"My involvement in the programme gave me the feeling that my dedication to the organisation was recognised and this made a positive contribution in motivational terms. The project reinforced my capacity to work in a team and helped me to focus on results."

Involving workers

CGD Group insurance companies have 3,759 workers and 7 companies. Their organisational culture is necessarily an area which requires constant improvement, subject to various difficulties in terms of harmonising general procedures and our identity. Worker involvement is therefore a current and future issue. 2009 witnessed a series of initiatives designed to promote worker participation and team motivation. Good examples to be followed.



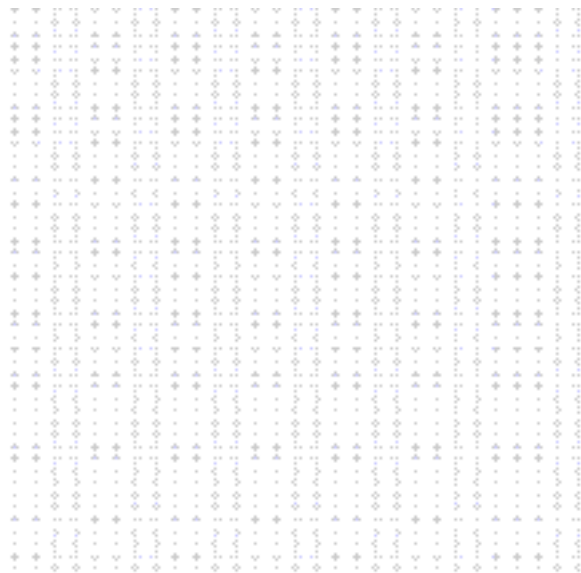
Get your customers' OK!

OK! workers were jointly involved in a customer-centric project, in 2009, geared to a more intense commercially dynamic approach, pursuant to which the company launched its Get your Customers' OK! project, in September 2009, identifying five objectives to be achieved in 2010:

- To reinforce the leading position on direct sales channels;
- To continue to be externally recognised as an innovative company (i.e. prizes);
- To regain first place in the National Customer Satisfaction Index in the insurance area (ESCI);
- To develop a broader range of products with integrated solutions;
- To improve upon its 35th position in the "Best Companies to Work For" Index.

The project was designed to promote team spirit, creativity and innovation, with the involvement of 165 workers. Diverse groups were set up (motivation management, internal communication, external communication, innovation, product development, training, stimulating of functional structures, corporate social responsibility and cost reductions) with each worker having been allocated a specific task with the possibility of following up the development of ideas submitted to and validated by the company's board of directors. Work will continue to be performed on the

proposed issues through the transfer of knowledge to the day-to-day running of the company and implementation and development of the proposed ideas.



In the first person...



Carla Estradas, Marketing and Product Division, OK! teleseguros

"Of the benefits provided by the Get your Customers' OK! programme, I wish to make particular reference to relationships between workers in different areas, participation/involvement in terms of business organisation/management, the combining of knowledge in various areas in a project differing from the day-to-day activities of most workers and the submission of all projects to the board of directors, representing an opportunity for all workers to promote their ideas."



Nuno Lopes, Customer Service Division, OK! teleseguros

"My group was engaged on the issue of the Development of a broader range of products for providing integrated solutions. This involved two highly intensive months of study and preparatory meetings followed by an implementation stage. The project was an excellent corporate initiative and I must confess that the results exceeded my expectations. This is why I would like to say "Thank You!" on behalf of us all."



Get your customers' OK!

165

workers involved

2,358

hours of training, average **14 hours** per worker

70

suggestions, **44** approved and **45%** already implemented

Objectives

To provide continuity to initiatives designed to involve workers

- . Maintenance of competitions and workers' leisure time activities
- . Repeat of "piggy bank" action

Implementation of second stage of Get your Customers' OK! project

- . Periodic project training and follow up actions.
- . Identification of other development areas for the application of the same methodology.

Creation of active listening and response tools related with workers' expectations

- . New FM/IB organisational climate survey.

Company's Practices

Internal communication and initiatives:

Designed to promote the active participation of workers.

Information and dialogue:

Intranet, *Entrenós* (electronic newsletter), People with Ideas site, People with Ideas spaces, *Companhias* magazine.

Innovation Prize:

"Securing the future": internal ideas competition to reward the best product idea or internal efficiency measure linking insurance activity with sustainability.

Benefits:

Special protocols such as mortgage loans and purchases of PCs, extending of healthcare insurance to descendants up to the age of 24, free checkups and screenings. Retired workers are also entitled to these benefits.

Leveraging the growth of our business partners

The mediators’ network is indispensable to the insurance business and is particularly critical in the current context which requires greater professionalism and further enhancements of activity. Our investment in the training and professionalisation of our more than 8,000 mediators is a factor behind the success and growth of the network. We continued to implement a pioneering project in the insurance sector, in 2009, designed to enhance the involvement of mediators and incentivise an entrepreneurial approach.



Development and growth of business partners’ network

Mediator training, in 2009, was targeted at the need for in-depth knowledge of products and computer platforms. There is a continuous commercial leverage which aims to make adjustments to current needs, prepare the launch of new products and achieve alignment with general insurance companies guidelines.

National Director of Mediation Network	National Director of Mediation Network
Commercial Directors	4 Directors of mediation network 1 Director of branch office network
Regional Directors	17 Directors of mediation network 3 Directors of branch office network
Commercial Branch Offices	Northern Area Central Area Lisbon Area Southern Area, Madeira and Azores

Entrepreneurship - Customer Managers Project

IB created this pioneering insurance sector project, in 1999. It operates as an “incubator” to ensure the renewal, professionalisation and modernisation of the mediation network in order to promote an entrepreneurial approach and finding new mediators. The initial training given to participants was divided up into products, assurance, IT, protocols, motor insurance claims and legal matters, workman’s compensation claims, sales techniques and the certification of mediators. This three year project includes the integration of such services as mortgage loans; leading mediators to set up their own businesses on IB’s/FM’s franchising network.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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In the first person...



Ana Trindade Bolsa, Mediator

"The training process is one of this project's major pluses - provided that it is allied with a top rate commercial team. Highly reasonable objectives, albeit not always easy to achieve, owing to a certain lack of experience in the area, were set during the training period. My future objectives will always be the growth and consolidation of the customer portfolio and, over the medium term, to open a space exclusively geared to microcompanies as a personal project I intend to achieve!"



Paulo Loureiro, Mediator

"Objective no. 1: To always achieve objectives. With permanent training, as an essential part of the project, up to present day times. In this project and the enormous difficulties appearing in the meantime, I was always given unconditional support and assistance in structural terms. Difficulties overcome by teamwork! Objective no. 2, The shop. As the project progresses and in exceeding the objectives, I'm beginning to "dream" of opening a shop. Icing on the cake!

Today, Objective no. 3, To grow through training, in professionalism and volume, in short, growth, growth, growth..."

Mediation network revenues

€907.8 M

of total revenues (€188,8 million in life insurance and €719 million in non-life insurance)

Mediation network training

10,669

hours in the mediators network,
111 training sessions and 3,298 participants

Customer managers project

1,577

participants since its creation, 272 participants in 2009, revenues of around €55,1 million, with a total of 46,873 training hours, 8 shops and sales outlets opened in 2009 and 67 since 1999

Objectives

To reinforce mediator training for the development of new competences
. Inclusion of behavioural training in the 2010 training schedule

Providing continuity to the development of the Customer Managers Project
. Selection of 150 professional customer managers/mediators

Reinforcing quality of service

2009 demonstrated the importance of customer service. There were improvements in quality of service singled out, in 2008, as a critical item for insurance companies. This took the form of a series of actions allowing us to tailor our offer and service to customers' needs. Over the same period, the response to the most important sustainability related sectoral issues was an indispensable area for innovation.



Innovation as a business development area

Permanent contact with the mediation network and customers not only made it possible to identify areas for improving levels of service but also represented opportunities to diversify products and services in accordance with stakeholders' requirements.

The following products were launched, in 2009, in line with the above approach:

- Global Healthcare Offer, providing customers with a series of innovative healthcare solutions.
- Retirement savings plan under the Leve brand, to encourage user-friendly, easy to subscribe for, accessible retirement savings.
- Home insurance, providing customers with a multirisk home solution with a vast range of cover, fixed excesses, user-friendly subscriptions at competitive prices based on a one stop shopping approach.

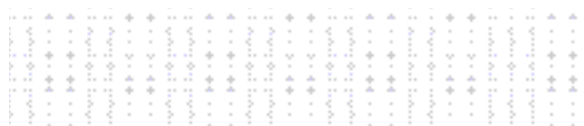
CGD Group insurance companies' innovation and response to sectoral challenges on sustainability issues are discussed in chapter 2 of this report.

Restructuring of branch office network

The reinforcement of the mediation network and improved customer proximity, in 2009, led to the adopting of such technical measures as competitive tariffs and more efficient subscription processes, together with commercial actions.

This action can best be exemplified by the restructuring of the commercial network, for the purpose of reorganising and stimulating the network, in conjunction with the provision of a parallel set of tools such as an IT platform to facilitate the responsiveness of mediators' activities. Network reorganisation consisted of the separation between customer and mediator services with the objective of specialising and providing better services, endeavouring to form a basis for the mediators' support structure and expand the network of customer service outlets. The reorganisation culminated, in 2009, with the opening of 27 Mediators Centres. Further work will be carried out on the restructuring of the commercial network, in 2010, with the planned opening of 30 Mediators Centres. The aim, in bolstering the network, is to gain time to leverage the efficiency and effectiveness of commercial initiatives, ensuring the existence of mechanisms designed to boost performance and disseminate best practice.

The implementation has a clearly defined objective: each of the Regional Divisions involved was given up to 5 weeks to reorganise the network and 8 weeks to provide a commercial stimulus. These projects are being developed under the ActivAction programme.



In the first person...



Miguel Vilaça, Director of Customer Marketing Department, Marketing Division – Products and Customers

"The Fidelidade Mundial and Império Bonança Customer Contact Centre is one of the brand's main contact points with the market. With a daily average of 3,000 "interactions", we are a decisive factor in building up the image of the brands we represent. This is more of a challenge than a responsibility and we do our daily best to achieve the objectives.

2009 was the year of the restructuring of customer service teams, reinforcement of technical and behavioural training and standardisation of procedures among the teams involved, resulting in an average 17.7% growth in indicators over the course of the three mystery client studies performed in 2009."

Focus on quality of service

On a contact centre level – Customer Support Service - the customer service area was given autonomy and training actions were developed, specifically for the customer care.

Effectiveness is gauged by customer satisfaction studies. The results are periodically announced, allowing each structure to analyse the assessment of its performance and define plans to improve it.

As regards claims, the creation of a claimants' satisfaction barometer for motor insurance was tested on a monthly basis, for effective implementation in 2010.

Company's Practices

Complaints management:

Insurance companies are strongly committed to continuously improving their response to customers' requests through the use of an integrated complaints management application, complaints reception and monitoring system and a complaints management centre.

Quality of service:

Surveys on customer satisfaction, mystery client studies, customer enquiries lines and web simulators are several of the tools used by insurance companies to provide customers with a quality enquiries service.

Number of complaints

5,944

complaints procedures finalised and **5.938** complaints received in 2009

Less than **100** records of repeat complaints, compared to 2008

A global decrease of **16%** in complaints over 2008

Complaints response times

8.12

working days of global response time down **34.8%** over 2008

Average response time of **2.29** working days achieved by the Complaints Management Centre down **7%** over 2008

Average response time of **5.83** working days from technical and complaints areas down **41.7%** over 2008

Analysis of complaints by insurance area

28.2%

of complaints made over motor insurance, down by around **30%** over 2008

24.7% of complaints referring to life insurance, down **26%** over 2008

6.6% of complaints on health insurance down by around **13%** over 2008

6% of complaints related with financial issues down by around **55%** over 2008

Settling of complaints

46%

of complaints settled in favour of the complainant

Objectives

Reinforced performance in technical area

. Improvement of level of service in order to achieve a repeat claims rate of less than 10%

. Efficiency improvements by Complaints Management Centre – measured by the average internal response period

Improving performance by listening to others

Mediators are our prime business partners as the “the face of insurance companies”.

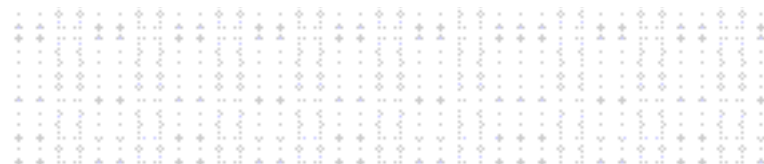
The comprehension of their needs is fundamental for improving relationships, negotiating terms and available tools. 2009 was characterised by two initiatives which demonstrated our commitment to guaranteeing an active listening process and ensuring dialogue.

1st Scientific Inquiry on Mediator Satisfaction

Innovation and efficiency are priorities in terms of CGD Group insurance companies' performance. Relationships with mediators, targeted at the satisfaction of end customers are, in themselves, an objective involving considerations of quality and differentiation and a sine qua non in terms of market leadership. In their awareness of the fact that improved performance levels must be based on information and indicators, Fidelidade Mundial and Império Bonança carried out a first Scientific “How are things going with FM and IB?” Mediators Survey in 2009 to diagnose our partner's level of satisfaction with their activity and insurance companies, in addition to listening to their opinion on a series of important business development and performance related aspects.



The analysis of responses enabled us to identify and categorise suggested improvements, notably support, autonomy, training courses, meetings, events and social networking opportunities. The definition of the action plan for responding to the expectations identified in the report is in progress.





First Scientific Survey on Mediators' Satisfaction

- 33% response rate from a universe of 5,930 mediators.
- Study carried out by ISCTE/Netsonda's Research and Social Intervention Centre, coordinated by António Caetano between 01 - 30 October 2009.





Creation of Mediators' Advisory Board

CGD Group insurance companies have a Mediators' Advisory Board which acts on behalf of mediators and operates as the connecting and communicational link between the said partners and the companies.

2009 witnessed the start of the process for the election of the new Advisory Board with the presentation of programmes and submission of applications by mediators, information on which was published on the network's portals. 2010 will be the first year in which a Mediators' Advisory Board has the effective involvement of IB and FM, with an online voting system using the mediator portals. This step is important for standardising such companies' processes.



Advisory Board
Fidelidade Mundial / Império Bonança

Responsibilities of Mediators' Advisory Board

- To compile information on market activity and practice
- To suggest future actions
- To share difficulties which affect the efficacy of activity and quality of customer service
- To share important issues on mediation activity
- To consider the impact of the measures taken by insurance companies

Guaranteeing information to and communication with mediators

The day-to-day management of information between mediators and insurance companies mainly comprises the use of My IB and My FM portals. These platforms provide company communications, sector information, legislation, news, campaigns and the minutes of the Mediators' Advisory Board.

The rate of use of such portals will shortly be analysed to improve our understanding of mediators' needs for future adjustment purposes.

In the first person...



Cristina Rodrigues (Marketing Division – Networks and Channels) and Miguel Vilarinho (Commercial Division – Branch Offices and Mediation)

"The first Scientific Survey in Mediators' Satisfaction was performed with the objective of diagnosing the level of satisfaction of the mediation network with the activity and insurance companies and listening to their opinion on several important business development aspects, such as products, issues, commercial and marketing support, training, remuneration, assurance, inter alia. The results of the study are being used to help us instigate a policy of change and to improve our relationship with all mediators, in addition to defining objectives in the best interests of Caixa Seguros e Saúde insurance companies' mediators and, particularly the interests of customers."

Sample and results of the scientific survey on mediators' satisfaction levels

33%

of response rate = **1,945** mediators answered the questionnaire online

58% of respondents were exclusive and

42% multibrand mediators

53% were Fidelidade Mundial and **47%**

Império Bonança mediators

79.3% of respondents considered that insurance companies treated their mediators well and were concerned with their business

Objectives

To promote ongoing dialogue with mediators

. Definition of action plan to provide for the expectations identified in the Scientific Survey on Mediators' Satisfaction Levels

. Second edition of Scientific Survey on Mediators' Satisfaction Levels

Improving accessibility of information on mediators and their respective portfolio

. Creation of mediators' ID

Use of information technologies to continuously improve communication with mediators

. Study on the analysis of the use of the My IB and My FM portals and presentation of proposals for improvements

Diversification of award of prizes to cover more mediators, through the creation of regional prizes and prizes per category

. Analysis of current situation of award of prizes and development of a new implementation proposal

Investing in procedural efficiency

The structures integration process brought with it the need to standardise procedures, communication channels and business cultures. Improved quality of service and of our level of responsiveness require us to be on the front line in terms of the use of information technologies to guarantee competitiveness. We have assumed an internal commitment to procedural efficiency, in order to leverage the economies of scale commensurate with our dimension and the leveraging of our business opportunities.



Development of Medinet and ADN

The FM/IB mediators network has two business platforms at its disposal in the form of Medinet (2002) and ADN (1996), which operate as consultation tools. These platforms have evolved into simulation and product contract channels, increasing the process's efficiency and mediators' autonomy.

An incentives system was created for mediators to increase the use of these business platforms for simulation and product contract purposes. Specially trained operatives were also appointed for the purpose of establishing closer relationships with mediators and giving training to meet any identified needs. Insurance companies set up a Business Platforms Office, in August 2009, to respond to the growing urgency for the development of such tools.

Medinet and ADN

Medinet and ADN are aligned in terms of functionalities involving the integration of structures. Proposals are currently approved on these channels, in which it is possible to contract for motor, workman's compensation and multirisk housing insurance.

Efficiency in costs and processes: a transversal goal

CGD Group insurance companies have launched an integrated project under the ActivAction Programme with the objective of achieving a competitive position in terms of costs and improved levels of service. The project was accompanied by the creation of a specific area designed to optimise costs and processes – Procedures and Value Division based on a four dimensional lean approach:

- Coordinated intervention in processes, management models and human resources;
- Focus on the elimination of practice not conducive to good performance;
- Creation of internal specialisations and start-up of impetus for change;
- Use of a standard methodology.

Out of a total of ten initiatives planned for the optimising of costs up to the beginning of 2010, reference should be made to the aggregation of documents by customer, paperless processes (printing and postage) and consolidation of buildings.

In terms of procedural optimisation, initiatives designed to expand payments by transfer and improving the claims management functions for workman's compensation insurance have already been completed. By way of example, initiatives related with collections, with an expected benefit of €1.1 million, in addition to initiatives coming under the transversal acceptance/issuing to insurance branches, are at their implementation stage.

In the first person...



Fátima Travessa, Mediator

"Currently, the system offers quite a broad range of applications which are a result of its evolution. Consequently, medinet allows for a much more professional service and a faster customer service."



Joaquim Lopes, Mediator

"By choosing solutions that use the web as a technological basis, it is possible to access information faster, anywhere, at any time, with communications costs that could not be achieved by any other choice of solution, making its use more 'democratic', that is, accessible to the whole mediation network, usable by either the bigger mediation companies or by the individual mediator at the start of his/her career."

Use of Medinet and ADN

70.8%

of the around **9,000** users of Medinet and ADN work with these tools in the motor insurance area, **72%** in multirisk home insurance and **35.9%** in the workman's compensation insurance area

Costs optimisation initiatives

10

planned cost optimisation initiatives, with an associated benefit of **€9.7 million**, of which **5**, achieving benefits of **€4.5 million**, have been implemented.

A **3** percentage points increase in payments by transfer in the procedural optimisation sphere

Objectives

To achieve a 22% increase in the use of Medinet and ADN platforms

. Creation of incentives for mediators to use the Medinet and ADN platforms

. Implementation of actions designed to achieve a continuous improvement of platform functionalities

Improving efficiency in consumption

We intend to improve the efficiency of consumption in two aspects: the maintenance of our buildings and raising our workers' awareness of the need to reduce the consumption of resources. In 2009, through the People with Ideas Project, we particularly concentrated on awareness initiatives designed to achieve changes in behaviour.



Commitment to the environment

CGD Group insurance companies defined an environmental policy, in 2008, with the objective of complying with management guidelines on legislation and best practice in the sector. They encouraged the efficient use of resources and a reduction of their impact on activity, notably in terms of waste production. As a principal factor of change, CGD Group insurance companies have reinforced worker training and awareness in this area.

The main performance areas are innovation in products involving environmental issues and the implementation of a worker training and awareness programme for such issues.

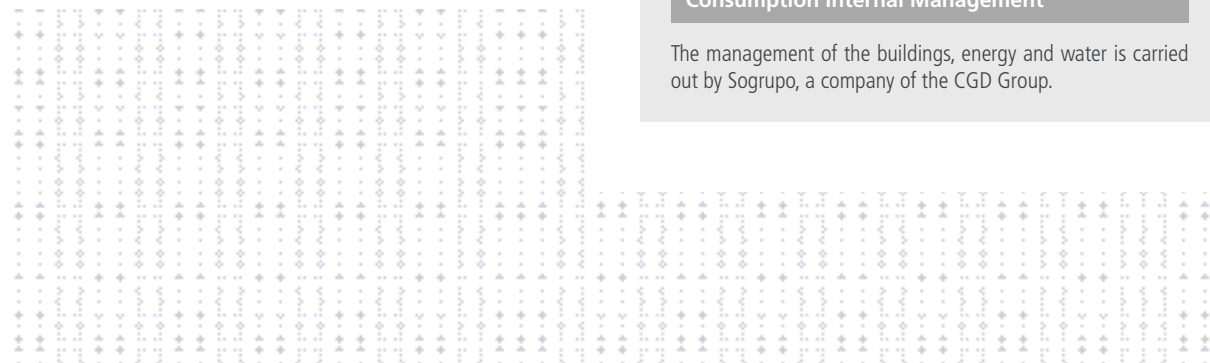
Resource management

Building maintenance procedures operate in terms of energy efficiency, conformity with technical standards and safety conditions.

One of the Group's buildings was certified with a "B" rating under the National Energy and Quality of Indoor Air in Buildings Certification System. In addition to the certification of the said building, initiatives designed to reduce indirect energy consumption in other buildings, were implemented. One of the criteria for the vehicle purchases was their CO₂ emissions.

Consumption Internal Management

The management of the buildings, energy and water is carried out by Sogrupu, a company of the CGD Group.



In the first person...



Fernanda Pereira, responsible for the Environmental Team of the People with Ideas programme

"The environmental operating area of our social responsibility programme is not only involved with training and internal awareness actions or the integration of environmental challenges for products. It is much more than this and comprises the daily adopting of attitudes and working methods converging with the integrated and solid development of a corporate culture guided by its global sustainability value."

Environmental awareness campaigns

As stated, one of the fundamental areas of the implementation of environmental policy has been training. CGD Group insurance companies consider behaviour to be the basis for a sustainable model and have reinforced awareness of the need for rational consumption, stressing the importance of adequate waste management. Special campaigns were organised to reduce consumption, encourage recycling and re-use of resources, particularly paper.

In terms of raising workers' awareness, the People with Ideas project promoted the sustainable use of paper and developed a car pooling mobility initiative by which workers give a lift to other workers making the same journey. In terms of the "Take care of the Litter!" issue, all insurance company workers were given an eco-bag for litter resulting from car trips.

To facilitate more efficient attitudes, CGD Group insurance companies purchased multifunctional printers, produced handbooks on their efficient use and issued recommendations to promote the use of electronic communication.



Energy

53,126 GJ

of energy consumption, equivalent to around **36.000** car trips around the world³, along the Equator

³ Based on an average fuel consumption of 4.5 litres of diesel at a speed of 100 km

Water

27,000 m³

in water consumption, equivalent to around **11** Olympic size swimming pools

Emissions and Wastes

583 tonnes

of paper used, (equivalent to planting an area of around **13 hectares** of forest with around **14,000** trees)

6,972 tonnes of CO₂ in emissions of greenhouse gases (equivalent to planting an area of around **30 hectares** of forest with **33,000** trees)

280 tonnes of waste produced, equivalent to around **90** truckloads of waste

Objectives

To achieve the energy certification of three buildings in 2010

To reduce the consumption of water in buildings
. Identification of opportunities to reduce water consumption by equipment, notably flow reducers and HVAC equipment.

To improve the energy performance of buildings
. Identification and performance of energy efficiency measures for buildings, in the form of energy certification audits, but also for buildings which, not being certified, enjoy similar status
. Selection and fitting of equipment with a high level of energy efficiency for building refurbishments.

To reduce waste consumption
. Monitoring of waste production in large buildings
. Assessment of effectiveness of internal awareness campaigns
. Assessment of effectiveness of new (multifunctional) equipment installations

To raise workers' awareness of the need to reduce consumption, publicising, whenever possible, current consumption levels and contributions towards their reduction.

. Performance of awareness actions

To define environmental criteria in the selection and assessment of suppliers

Structuring investment in the community

The starting line for our solidarity strategy is CGD Group insurance companies' sustainability strategy. It is also the result of our efforts to listen to our stakeholders. Consideration of our approach to the community, in 2009, was strengthened by an exhaustive diagnosis of current practice. We have, at the same time, put in place initiatives to provide for the evolution of social needs.

CRIANÇA
OBRAS
PROJETOS
VIDA
FELICIDADE
ALEGRIA
AJUDAR

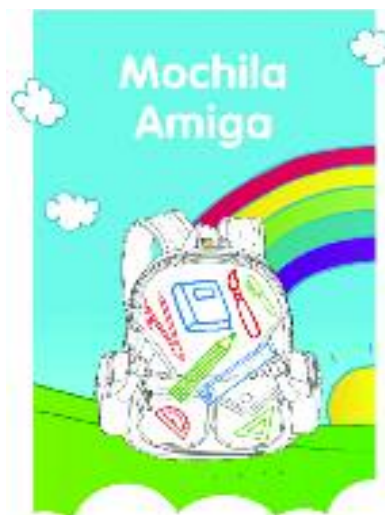
Commitment to the community: business as a central performance area

In the case of CGD Group insurance companies' first approach to sustainability, achieving a closer relationship with the community was considered an important issue. A solidarity strategy integrating volunteers in actions dealing with critical sector issues was developed.

The performance areas defined are coherent and in line with the impacts on and challenges to business and the sustainability context: disability (either congenital or due to accident); education and financial literacy; micro-insurance; poverty and social exclusion; road safety; health and healthy lifestyles.

The origin of the Solidarity Strategy

Resulting from a mixture between sustainability strategy, listening to stakeholders, insurance business specifics and the national context, from a sustainable development viewpoint.





Creation of a Pool of Volunteers and partnership with EntrAjuda

CGD Group insurance companies' solidarity strategy was geared to structuring actions with the community. The first such action comprised the definition of an internal regulation translating corporate undertakings and rules governing corporate volunteer activities. Reference should be made to the fact that each worker was allowed eight hours every six months for volunteer activities.

A protocol was established with EntrAjuda, creating a bridge between institutions' needs and available competences and to ensure the training and accompaniment of volunteers.

The involvement of workers is managed by the Pool of Volunteers in which 111 insurance companies' workers, 33 of which retired, were invited to take part in initiatives. These workers were given training, by EntrAjuda, to tailor their competences to the context of voluntary work.

Three business-centric strategic areas

- Competence of companies.
- Competence of workers.
- Donations by companies and workers.



Christmas tree decorated with socks offered to EntrAjuda



Consolidating the analysis of social investment

An exhaustive audit of donations and other types of support was performed, in 2010, accompanied by an analysis of the coherence between solidarity strategy and practice.

The study's conclusions point to the need for a more structured performance to include the definition and announcement of criteria for the choice of institutions and projects, assessment and measurement of the impact of the projects and reinforcement of operating ideas more closely related with the Group's activity.

Object of analysis of Fidelidade Mundial and Império Bonança study

- Types of investment
- Amounts invested
- Accounting allocation
- Definitions and terminologies used
- Strategic approach
- Management practices
- Assessment practices

Most supported causes

Most supported causes in 2009 (Fidelidade Mundial and Império Bonança):

- Sport
- Culture
- Youth

In the first person...



Vitor Reis, Participant in People with Ideas project

"We consider community initiatives to be a fantastic driving force for communication and internal motivation. Over the last few years they have not only provided for the needs of the associations we usually support but have also made it possible to improve internal cohesion, after the services integration process. Our current intentions are to continue to create this culture of solidarity with society, acting in an increasingly strategic and more demanding manner. The issues on the agenda are how to optimise our impacts and further integrate social concerns in our activity."

Company's Practices

Friendly Backpack initiative:

Based on a collection by workers, around 200 items of school material was given to less privileged children at the start of classes.

Favours initiative:

Involving exchanges of material and services between workers to mark Volunteers Day and Solidarity Day.

Piggy bank initiative:

Individual workers and Caixa Seguros e Saúde Group raised €18,500 in funds for works on the premises of the *Associação Raízes*.

Christmas Trees Decoration:

2,500 pairs of socks were given to *EntreAjuda*.

Study – the Role of Companies in the Community:

Sponsored by Sair da Casca, Caixa Geral de Depósitos and Caixa Seguros e Saúde Group, with the High Patronage of the Presidency of the Portuguese Republic and the support of BCSD Portugal.

Support for the study translated companies' concerns to maximise the impacts of corporate philanthropy and was used as a performance review benchmark.

Investment in the community: sponsorships, subscriptions, gifts and donations

€900,000

invested in the community, representing

8.6% of income before tax

€333,786 in sponsorship and

€530,840 in gifts

€263,100 invested in projects related with

young people, **€65,500** invested in culture

€29,000 invested in CGD Group insurance

companies' own projects, such as the Friendly

Backpack initiative, "Piggy bank" initiative or

Young Artists (AFID)

Investment in voluntary work

€5,000

invested in the pool of volunteers, **40 hours**

in voluntary work, **960 hours** of training with

EntreAjuda

Objectives

To further the implementation of the Solidarity Strategy

. Assistance to the Pool of Volunteers (20% increase in worker participation)

. Assistance to the "Favours Initiative"

. Continuation of feasibility analysis of micro-insurance product

. Development of a road safety or financial literacy education campaign

. Integration of awareness of healthy lifestyles in terms of product offers

To provide continuity to structuring investment in the community

. Performance of actions covering all performance aspects defined in CGD Group insurance companies' solidarity strategy: financial literacy, road safety and micro-insurance

. Cross analysis of the results of the analysis of investment in the community with CGD Group insurance companies' current policies

Helping to promote culture

In our first strategic approach to sustainability, in 2008, we identified culture as an emerging issue in 2010. On this level, we decided to provide continuity to the work being performed over many years on the promotion and recognition of talented young people in the area of painting and promotion of contemporary art.

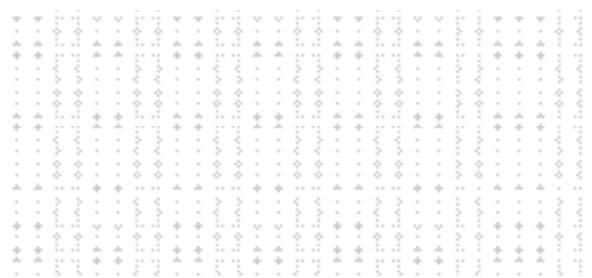


Rewarding the talent of young painters

The Young Painters Prize was created in 1990, with the objective of stimulating Portuguese production in the painting area and promoting the recognition of talented young people. This biannual prize has, over the last few years, selected and awarded prizes to dozens of young artists for whom they have opened up new career prospects.

Changes were made to the scope of the prize, in 2007, maintaining its open character in the form of a competition, but gearing it to artists at the start of their artistic careers in Portugal and helping to stimulate the consolidation of their artistic development.

Six finalists were chosen from the 111 participants in the 2009 competition. Their work was displayed at an exhibition at the Chiado 8 Gallery.



Chiado 8 Contemporary Art

CGD Group insurance companies, taking advantage of the prime location afforded by one of their central buildings, decided to take part in various initiatives to rehabilitate the Chiado, in January 2002, through the creation of a contemporary art space in the form of Chiado 8.

This is the first time such an initiative, designed to promote culture and art, and recognise Portuguese talents, has been organised in the Portuguese business environment.

Insurance Library

CGD Group insurance companies have implemented a series of general initiatives for society in different professional and cultural spheres. These are exemplified by the Insurance Library Project, which prepared its third edition on the issue of population ageing in 2010.

In the first person...



Miguel Wandschneider, Culturgest consultant responsible for the Chiado 8 schedule of events

"The Chiado 8 project is an exemplary case of corporate involvement in the contemporary art domain. First and foremost because Fidelidade Mundial joined forces with another institution – Culturgest – with experience and specific competence in designing and producing contemporary art projects. It is exemplary on account of the perfectly symbiotic way in which the collaboration between Fidelidade Mundial and Culturgest has always been organised, in constant dialogue and with a clear understanding of the role and competence of each within the project. It is also exemplary on account of the cost/benefit ratio. With a moderate budget, Fidelidade Mundial has every reason to be proud of being behind a project which has become a highly important benchmark on the Portuguese domestic scene and whose relevance and quality has been broadly recognised, as can be seen by the repeated critical reviews on the project's exhibitions in the visual arts area."

Promotion of contemporary artists

- | | |
|----------------------------------|---------------------|
| • Alberto Carneiro | • Joana Rego |
| • Albuquerque Mendes | • João Moreno |
| • Alexandre Estrela | • João Queiroz |
| • Ana Jotta | • Jorge Galindo |
| • André Guedes | • Jorge Molder |
| • André Sousa | • José Loureiro |
| • Augusto Alves da Silva | • Leonor Antunes |
| • Base Litz | • Luísa Correia |
| • Cristina Ataíde Costa Pinheiro | • Luísa Cunha |
| • Cruz Filipe | • Nikias Skapinakis |
| • Francisco Tropa | • Penk |
| • Gerad Castelo Lopes | • Sónia Almeida |
| • Isabel Pavão | • René Bertholo |
| • Ida David | • Rui Toscano |
| • Ivo Ribeiro | • Vítor Pomar |
| • Jan Voss | |

Key figures

111

candidates for the Young Painters Prize in 2009

€7,500

for the first prize

81,176

visitors to Chiado 8, since 2002

Objectives

To continue to promote culture and the recognition of talented young people
 . Fidelidade Mundial Young Painters' Prize



Fidelidade Mundial Chiado 8
Contemporary Art



Sónia Almeida
 Exhibition "To be abstract" 2009
 Distinguished with an Honorable Mention
 Fidelidade Mundial Young Painters Prize 2007

Integrating a commitment to sustainability in the value chain

One of our most active concerns over the last few years has been to stimulate our business partners to incorporate management control practice and workshop and environmental techniques in their processes. We have, since 2007, been working on the certification of our workshop network, a step we consider fundamental for integrating sustainability in our value chain.



Certification of workshops

The certification process of member workshops is based on compliance with a series of procedures structured on a qualification system, particularly geared to car repair workshops, designed by the Saragossa Centre. Certification audits under this process are managed by SGS, which, based on its reputation and experience as a certification body, merited the Saragossa Centre's selection as its partner in Portugal.

In addition to certification, a classification system, based on the level of compliance with requirements and varying between three and five stars, has been defined. The three star classification was the minimum required for the first stage of the Certification Process. The workshops successfully completing the certification process received a declaration of conformity and a plaque to be placed in the workshop in a clearly visible public location identifying them as a "Certified Workshop CZ".

The certification system benefits various interested parties: workshops, insurance companies and end customers, as it guarantees a higher level of quality of the provision of service, while guaranteeing the standardisation of assessment criteria for the said services. It provides workshops with integrated management based on an organisational culture that, in addition to increasing the workshop's credibility in the eyes of customers is also responsible for productivity gains and consequently more profitable operations.

Demand for quality

CGD Group insurance companies are requesting a selected number of workshops to achieve four star certification, as a condition for opening claims files, thus providing claimants or third parties with the facility of simultaneously filing the claim, and using the services of loss adjustment specialists and vehicle repair in the workshop.



In the first person...



Pedro Sousa, ToledoCar

"ToledoCar's management, whose policies are based on its commitment to excellence and professionalism in the provision of its services has since day one, enthusiastically committed to the Saragossa Centre's three star certification proposal as a qualitative leap forward to enable it to provide its services to a more demanding market. The benefits of this certification not only involve a marketing concept with which it is associated but an improvement of the level of quality of repairs and, on the basis of continuous application, our perception of customers' satisfaction levels and an assessment of the effectiveness and running of the company."



Walter Lamego, MCoutinho

"Mcoutinho's transversal aim is to involve and commit its principal corporate players, i.e. workers, customers and suppliers to the quality programme.

For our workers this tool represents the development of a strong, structured and conscious organisational culture, guaranteeing the involvement and active participation of all in the company's affairs. For customers, it endeavours to continuously apply certification based improvement processes, perceiving customers' levels of satisfaction and assessing the efficiency of our customer-centric approach. Lastly, for suppliers, the quality policy represents the definition of a list of criteria to be used for the selection and assessment of the suppliers.

Workers, customers and suppliers have as their common denominator a win-win-win approach. MCoutinho Group therefore aims to generate added value for all interested parties with which it works."

Key figures

114

certified workshops

Objectives for 2010

To consolidate the workshop certification process

- . Certification of 10 workshops with four stars
- . Monitoring of workshops with three stars (over a period of 54 months) helping them to maintain this certification
- . Training of workshops for the implementation of management control practices, workshop techniques, environment and hygiene, health and safety in the workplace

To incentivise workshops' implementation of good practice

- . Recognition of good practice in workshops

Guaranteeing transparency of activity

The Portuguese Insurance Institute (ISP) requires companies in the sector to define and implement a customer treatment and anti-fraud policy, set up an autonomous fund responsible for complaints management and appoint a customer ombudsman. We have responded to these ISP guidelines and created another specific structure for the arbitration of conflicts between our customers.

Compliance

Compliance

CGD Group insurance companies have adopted a compliance and anti-money laundering policy in line with best international practice and are considered as having benchmark status in the domestic insurance market. The dissemination and implementation of this strategy is the responsibility of a Compliance Division, specialising in processes for the control and prevention of money laundering operations and guaranteeing compliance with legislation, rules, codes and standards for mitigating reputational and compliance risks.

The compliance function was also implemented in the Via Directa, Multicare and CARES insurance companies in 2009 and in FM and IB branches abroad. A new anti-money laundering function was also implemented in the case of the latter companies.

Mission

The Compliance Division's mission is to assist management bodies, management structure and workers to comply with legislation, rules, external and internal codes and standards in place to avoid prejudicing the image of the companies and their market reputation in addition to financial aspects (compliance risk).

Treating customers fairly

In terms of compliance, office processes and controls, reference should be made to the "Treating Customers Fairly" initiative with the objective of protecting customers' fair and legitimate interests. The initiative's underlying principles take into consideration product design, marketing and advertising, sales process, after sales support, claims management, complaints management and information management.

Ensuring impartiality and transparency

CGD Group insurance companies began work on a programme with Universidade Católica, for arbitration proceedings to be organised by Universidade Católica Portuguesa's Arbitration Centre (CAUCP), for claims exclusively involving CGD Group insurance companies customers with civil liability motor contracts with conflicting interests or rights. Reference should be made to the fact that the actions are exclusively intended to define the share of the blame of each of the insured parties and that customers are under no obligation to accept the rulings.



In the first person...



António Noronha, Fidelidade Mundial and Império Bonança Board Member

"The size and constitution of CGD Group insurance companies frequently give rise to cases of claims involving customers insured by the same company or between Group customers. It was therefore necessary in such uncomfortable situations for each of the parties to have a perceptible and highly acceptable claims settlement solution. In light of conflicting interests between the Group's two insured parties and exclusively for determining their share of the blame, there is a procedural appeals initiative in the form of preventative arbitration. The Group, in such circumstances, adopts a proactive approach to the settlement of the potential conflict.

Around 1,000 preventative arbitration processes have been performed over the last two years, for CGD Group insurance companies' customers. The average settlement time, initially around 35 days, is now 29 days. With obvious benefits for the parties involved, this settlement time will most likely be reduced even further. Around 80% of these arbitration cases refer to claims involving material damages."

1,007 arbitration procedures took place (446 in 2009), over the last two years, following the protocol established with Universidade Católica Portuguesa. The average time taken to deal with cases was 29 days (against 35 days in 2008). 818 of the arbitration proceedings involved cases of material damages and the rest bodily injury.

Arbitration Centre of Universidade Católica Portuguesa

This service is exclusive and unique to the Portuguese market. It allows disputes to be settled quickly and effectively, in the form of transparent bona fide arbitration proceedings at no cost to customers and guarantees that the rulings have the same value and effectiveness as any legal ruling issued by a court of first instance.

Compliance actions

Analysis of

13

Laws and 7 regulatory standards issued by the Portuguese Insurance Institute

Analysis of 58 new life insurance products

Anti-money laundering actions

36,091

customer filtering actions with the monitoring of 136 transactions

Objectives

To ensure updates and disclosures of information on the workers' Compliance Handbook
. Updating of compliance handbook
. Launch of an internal compliance site

Preparation and implementation of 2nd stage of Compliance Visits Programme
. Development of compliance visits programme
. Implementation of compliance training and e-learning programme

Improvement of anti-money laundering systems
. Implementation of customer filtering software in each branch

To broaden the scope of performance of Universidade Católica Portuguesa's Arbitration Centre
. Execution of 1st non-motor insurance arbitration proceeding, notably in the property area

Placing sustainability on workers' radars

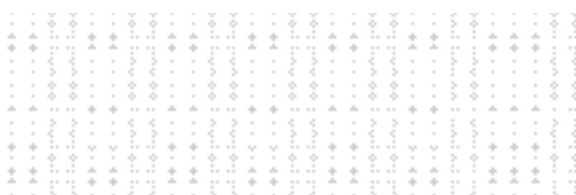
The integration of sustainability strategy as part of our activity and the transmission of top management's vision in terms of operationalising cultural aspects were both critical success factors and a change which was difficult to achieve over the short term. Since 2007, through our People with Ideas programme, we have taken actions leading to sustainability issues being placed on our workers' radars.



Development of electronic communication

An intranet site was created to share sustainability issues with workers, providing information and creating initiatives designed to encourage involvement. The site, which operates as a mirror for the programme, supplies information menus on sector issues, initiatives such as workshops, health screenings, competitions and activities, suggestions for special occasions, events, ideas and issues which change every month.

Company workers also receive a monthly "People with Ideas in 60 seconds" newsletter. There is also a People with Ideas mailbox for real time communication with all workers on information of general interest. On the People with Ideas site, the "SPEAK YOUR MIND" space has been designed to interact with workers who are free to leave their suggestions.



"Securing the Future" Innovation Prize

2009 was marked by several initiatives designed to generate a closer relationship between workers and sustainability issues. Reference should be made to the first edition of the - Securing the Future Prize for Innovation, created to stimulate awareness of key sustainability-related insurance activity issues and promoting innovation and internal motivation, related with internal areas - internal efficiency - and external areas - environment and climate change, population ageing, health, access to insurance and accidents.

Involving workers in the issues

The encouragement to healthy lifestyles involved body mass, blood pressure, cholesterol and lung screenings and eye tests. The "Healthy Living" month was also created and given its own site.

2009 was also the year of the creation of pastimes allusive to Fathers' Day, Mother's Day, Children's Day and Grandparents' Day.

Ten People with Ideas spaces were created in all companies for collecting and providing information on initiatives and encouraging worker interaction. These spaces were inaugurated with the book exchange initiative designed to encourage worker's reading habits.

In the first person...



Francisco Brás de Oliveira, Winner of the Innovation Prize

"These initiatives are an indispensable forum as idea incubators. The winning idea aims to increase the amount of compulsory insurance for workman's compensation in order to incorporate herein the provision of the health and safety in the workplace service, firstly contributing to a reduction of accidents and, as a consequence thereof, improving returns from the insurance area and retaining customer loyalty."



Sofia Botelho, Responsible for the People with Ideas site communication team

"The 'Securing the Future - Innovation Prize' was created with the aim of putting sustainability on people's radars and in a participative and direct manner, disclosing information on the relationship between the business and the sustainability challenges faced by workers. This prize has, inter alia, the merit of putting all workers on an equal footing and making them active participants in the destinies of companies, promoting innovation and internal motivation. An internal microsite was created to provide information on the prize, dealing with sustainability, risks and opportunities for the sector and examples of good practice already implemented. In the case of this prize, the trophy awarded to the winner is always a plus for the company and a contribuion to the future."

Innovation Prize

33

applications for the Innovation Prize, **1** winning idea in the Prevention of Accidents in the Workplace Area currently being implemented, **2** honourable mentions for ideas associated with products and internal efficiency with an environmental aspect

Other internal sustainability-related initiatives

40

initiatives comprising: **1** innovation and internal motivation, **5** awareness of the need for healthy lifestyles, **5** health screenings, **3** environment, **7** solidarity, **3** savings and retirement, **2** access to culture, **4** company and family, **1** road safety and **9** competitions and leisure-related activities

9

newsletters, **14,632** site visits, **38,871** page views, **4,106** unique visitors of the site

Objectives

Helping to raise internal awareness of sustainability

. New edition of – Securing the Future Innovation Prize

Commitment to the external disclosure of CGD Group insurance companies' sustainability-related information

. Launch of CGD Group insurance companies' sustainability site



Monthly newsletter

People with Ideas – a transversal approach

The various projects currently being performed by People with Ideas are targeted at the creation of an internal sustainability culture.

The following is a list of initiatives in 2009.



Innovation and Internal Motivation

. Securing the Future Innovation Prize:
placing sustainability on the agenda, with
information on the relationship between
the business and sustainability challenges

Promotion of Healthy Lifestyles

. "Healthy Living" month

- Healthy eating habits, with the distribution of fact sheets and stickers
- Physical exercise, with leisure time activities and offer of bicycles
- Achieving good intellectual shape, warning of the need to keep brains active with the offer of books on mental gymnastics
- Healthy lifestyle options, the need for a positive and optimistic approach
- Health agenda: one good habit per day!



Healthcare

. Screenings: body mass, blood pressure, cholesterol
(providing information on diabetes and blood pressure),
lung screening in partnership with HPP and eye tests
(for workers' children)



Environment

. Promotion of sustainable use of paper
. Car pooling initiative
. "Take care of the litter!": free eco-bag
for cars





Solidarity:

- . Pool of volunteers, comprising active and retired workers, trained by EntrAjudar
- . Friendly Backpack initiative: in-house collection of school materials for underprivileged children
- . Christmas trees: 3,000 pairs of socks for children in institutions in need
- . "Piggy bank" initiative: donations to pay for works on the premises of Associação Raízes
- . Favours initiative: exchange of goods and services between workers
- . Christmas hampers for pensioners and workman's compensation insurance beneficiaries
- . Blood donations from workers

Access to Culture

- . Free theatre tickets
- . Creation of book exchange initiative to encourage reading, with 10 stands in central buildings
- . Book vouchers



Promotion of savings and financial literacy

- . Offer of personal expenses management tools
- . Supply of a Savings Handbook
- . Leisure activities designed to raise awareness and offer of PPR (LEVE) to workers

Company/Family

- . Leisure time activities related with sustainability issues for Fathers' Day, Mothers' Day, Children's Day and Grandparents' Day



Action plan | Summary

Issue	Area of performance	Objectives
Incorporation of sustainability in products	Population ageing	Product innovation to promote balance
		Transmission of a message of security to society through investment in the demand for alternative savings solutions
	Health and healthy lifestyles	Development of products combining rates of cover and public service difficulties to achieve a faster response to needs
		Encouragement of prevention
		Promotion of accessibility to healthcare products
		Simplification and clarification of offer
	Environment and climate change	Development of products incorporating environmental challenges
		Marketing of an environmental insurance offer providing for companies' new needs under Decree Law 147/2008 of 29 July
		Provision of consultancy and advisory services to customers in the assessment of their environmental risks
		Focus on prevention and awareness of the need for responsible behaviour
	Social inclusion	Creation of products providing for the specific needs of traditionally excluded segments of the population
		Promotion of financial literacy
		Adapting of currently existing products to provide for emerging social needs
		Development of complementary products, such as business micro-insurance, associated with CGD Group microcredit

Issue	Area of performance	Objectives	Actions
Quality of service and response times	Training of mediators	To reinforce the training of mediators for the development of new competences	Inclusion of behavioural training in the 2010 training plan
	Entrepreneurship	To continue to develop the Customer Management Project	Selection of 150 customer managers/professional mediators
	Dialogue and communication with mediators	Promoting ongoing dialogue with mediators	Definition of action plan for the expectations identified in the Scientific Mediators' Satisfaction Survey
		Improving accessibility of information on mediators and respective portfolio	Second edition of Scientific Mediators' Satisfaction Survey
		Ongoing communicational improvements for mediators, via the use of information technologies	Creation of mediator ID
	Involvement of mediators	Diversification of the award of prizes to cover more mediators, through the creation of regional and type of product prizes	Development of study on the analysis of the rate of use of the My IB and My FM portals and presentation of proposals for their improvement
	Complaints management	Reinforcement of performance of technical area	Analysis of current situation governing the awarding of prizes and the development of a new proposal for implementation in 2011
			Improvement of level of service to achieve a repeat rate of less than 10%
			Improvement of efficiency of Complaints Management Centre – measured by average internal response times

Action plan | Summary

Issue	Area of performance	Objectives	Actions
Transparency	Compliance	To ensure the updating and disclosure of information on the Compliance Handbook for CGD Group insurance companies' workers	Compliance Handbook update
		To prepare and implement the second stage of the Compliance Visiting Programme	Launch of an internal compliance site
		To improve anti-money laundering systems	Development of Compliance Visiting Programme
	Arbitration and settlement of disputes		Implementation of e-learning compliance training programme
			Implementation of customer filtering software in branches
Revision of Group's sustainability communication strategy	Communication of external sustainability	To widen the scope of Universidade Católica Portuguesa's Arbitration Centre	First non-motor insurance arbitration proceeding on property damages
	Communication of internal sustainability	To commit to the disclosure of internal information on the sustainability of CGD Group insurance companies	Launch of site on the sustainability of CGD Group insurance companies
		To reinforce internal sustainability awareness	New edition of Securing the Future Innovation Prize

Issue	Area of performance	Objectives	Actions
Resource management	Internal environmental management	To obtain the energy certification of 3 Caixa Seguros e Saúde Group buildings	Fulfilling the necessary requirements to obtain energetic certification
		To reduce water consumption in buildings	Identification of opportunities to reduce water consumption by equipment, using flow reduction valves in bathrooms and HVAC equipment
		To improve energy consumption in buildings	Identification and implementation of efficiency measures for buildings through energy certification audits, as well as for buildings with a similar status but which have not been certified
			Selection and monitoring of high energy yield equipment in building refurbishments
		To reduce waste	Monitoring of waste production in large buildings Assessment of the effectiveness of internal awareness campaigns
			Assessment of effectiveness of new equipment installations (multifunctional)
	Internal environmental awareness	To define environmental criteria for the choice and assessment of suppliers	Selection of environmental criteria to be included in the property and service acquisition
		To raise workers' awareness of the need to reduce consumption, introducing, whenever possible, information on current consumption and contribution to reduction	Awareness actions
	Use of Medinet and ADN platforms	To achieve a 22% increase in the use of Medinet and ADN platforms	Creation of incentives for mediators' use of Medinet and ADN platforms
			Implementation of ongoing improvements to platform functionalities

Issue	Area of performance	Objectives	Actions
Impact on value chain	Sustainability in workshops	To consolidate the workshop certification process	<p>Certification of 10 workshops with four stars</p> <p>Monitoring of workshops with three star certification (period of 54 months) helping them to maintain this certification</p> <p>Training of workshops for the implementation of management control practices, workshop techniques, environment and hygiene, health and safety in the workplace</p>
		To promote the implementation of good workshop practice	<p>Creation of a initiative for recognition good workshop practice</p>
Investment in the community	Structuring of investment in the community	To proceed with the implementation of the solidarity strategy	<p>Expanding of pool of volunteers (20% increase of workers' involvement)</p> <p>Expansion of Favours Initiative</p> <p>Ongoing analysis of feasibility of micro-insurance product</p> <p>Development of road safety or financial literacy education campaigns</p>
			<p>Integration of awareness of the need for a healthy lifestyle in terms of product supply</p>
			<p>Development of actions covering all of the performance areas defined in CGD Group insurance companies' solidarity strategy: financial literacy, road safety and micro-insurance</p>
		To provide continuity with the structuring of investment in the community.	<p>Cross analysis of results of the analysis of the investment in the community with CGD Group insurance companies' current policies</p>

Issue	Area of performance	Objectives	Actions
Workers	Talent retention	To provide continuity to the commitment to retaining talent	<p>Launch of second edition of the Talent Retention Project</p> <p>Expansion of trainee programme (fourth edition)</p> <p>E-learning course on basic knowledge of the insurance sector</p>
	Worker involvement	To provide continuity to the promotion of worker involvement initiatives	<p>Maintenance of workers' competitions and leisure time activities</p> <p>Repetition of "piggy bank" action</p> <p>Periodic project follow-up and training actions</p> <p>Identification of other development areas for application of the same methodology</p>
	Organisational climate	To create tools for actively listening to and providing answers to workers' expectations	New FM/IB organisational climate survey
	Cultural promotion	To provide continuity to promoting culture and the recognition of talented young people	Eleventh edition of Young Painters' Prize

Glossary

Action learning – A training process in which parties study their own actions and experience, based on a hands-on approach, with the objective of improving their performance.

ActivAction – An integrated collection of projects designed to achieve Caixa Seguros e Saúde's goals for 2008-2010.

Assurfinance – Sale of banking products on an insurance sales network.

Business as usual – An organisation's normal operating mode, as opposed to a project or programme involving change.

Cash-back – An amount directly allocated to the Retirement Savings Plan when the Leve Credit Card is used to make a payment.

CAUCP – *Universidade Católica Portuguesa's* arbitration centre.

Compliance – Fulfilment of legal and regulatory standards, policies and directives established for an organisation's business and activities.

Contact center – Evolution of call centre concept acting as a focal point for all communication infrastructures on a single common platform, integrating diverse areas of interaction with customers and the supply of a service on associated channels.

CO₂ – Carbon dioxide.

Broker – An independent insurance mediator who, independently from the insurance companies centres, hids/her activity is an impartial analysis of a sufficient amount of insurance contracts available in the market, in order to be able to advise his clients, providing for their specific needs.

Dyslipidemia – Presence of high or abnormal levels of lipids and/or lipoproteins in the blood.

E-learning – Non-classroom training model, using information and communication technologies.

Focus group – A technique used in qualitative market research based on the moderation of a discussion among a group of people, also referred to as "group discussions".

Behavioural training – Training in behavioural and emotional intelligence as opposed to technical areas, with the objective of improving trainees' soft skills.

Gigajoules (GJ) – A metric unit for the measurement of energy consumption.

Global Reporting Initiative (GRI) – International reference standard for sustainability reports. GRI directives have been adopted by more than 1,500 companies worldwide.



Lean – A management philosophy based on the need to reduce waste (waiting times, overly bureaucratic approach, etc.), with the objective of improving the quality of the service provided and optimising the cost structure.

Mediator – Singular or collective person, registered with the Portuguese Insurance Institute, authorised to present, propose and prepare insurance contracts, under lawfully established terms. There are three categories of mediators: agents, finders and brokers.

Active mediators – Mediators with new policies in 2009.

Exclusive mediators – Mediators exclusively marketing CGD Group insurance companies brand products.

Multirisk – Insurance contracts covering various risks.

Mutualisation – Risk sharing upon which insurance mechanisms are based.

Newsletter – Type of publication distributed regularly to subscribers and sent by email.

Pack-start – Initial product package.

Pay-as-you-drive – An incentive which is part of a road safety challenge consisting of a change in the amount of the insurance premium paid in accordance with the way customers drive, rewarding more responsible drivers.

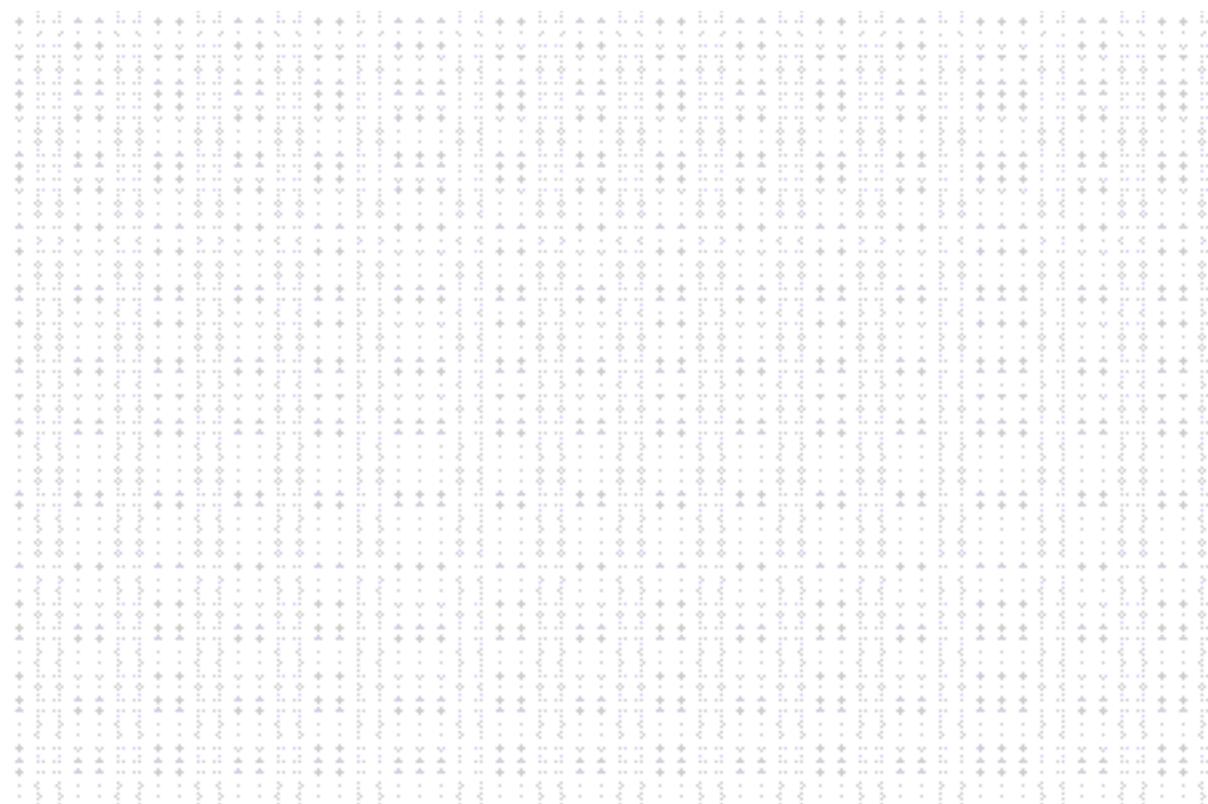
Retirement Savings Plan (PPRs) – Medium or long term savings plans which contribute towards financing retirement complements and providing for situations of need.

Non-life insurance – Non-life insurance activity consists of the following types of insurance and operations: home insurance, multirisk insurance, workman's compensation, motor insurance.

Life insurance – Life insurance activity consists of the following types of insurance and operations: life insurance, wedding / birth insurance, insurance associated with unit trust funds, capitalisation operations and pensions funds.

Rappel – A discount given to a customer who has spent a certain amount within a defined timeframe.

Stakeholders (interested parties) – Person, group or organisation that affects or is affected by an organisation's actions, objectives and policies. An organisation's most common stakeholders are its customers, workers, shareholders, government, suppliers, unions and the community at large from which the organisation extracts resources.



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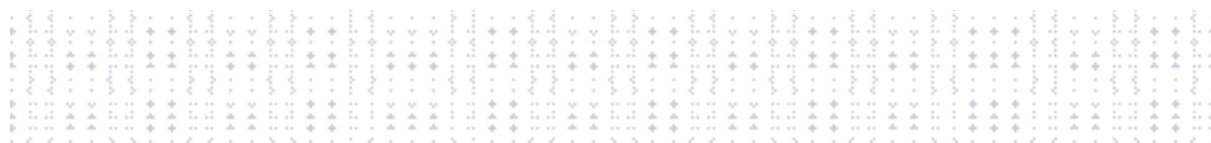
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CGD GROUP INSURANCE COMPANIES' SOCIAL RESPONSIBILITY PROGRAMME
Caixa Seguros e Saúde, SGPS, S.A.