

TRENDS & RATINGS 2003

Corporate Governance Research and Ratings



9 February 2004

Introduction

The “Trends & Ratings 2003” report rests on the summary findings of Deminor Rating’s corporate governance research and rating service for the year 2003.

Deminor Rating’s corporate governance research and rating service provides an annual overall assessment of the corporate governance performance of European blue chip companies.

The analysis covers the 300 largest blue-chip companies in Europe, featured on the FTSE Eurotop 300 index, comprising companies from 17 European countries.

The evolution in corporate governance during the year 2003 was rather impressive in most areas. Governance scandals à la Enron, WorldCom and Ahold surely served as a blessing in disguise in initiating reforms on domestic level.

Jean-Nicolas Caprasse, Managing Partner of Deminor Rating, observes that “companies are keen on demonstrating their integrity, which is reflected in the steep rise in the publication of corporate ethics codes in Europe from 44% in 2002 to 74% in 2003. A similar development is noticeable for corporate governance mission statements, where 77% of the analysed companies published such a report compared to 53% in the year before.”

Corporate governance improvements have been quite perceptible in Europe with respect to disclosure. This is particularly so for board and committee independence and audit and non-audit fees, with Switzerland making the most significant leap forward. Market regulators and associations are increasingly encouraging institutional investors to devise a voting strategy and to use their right and duty to vote. The Netherlands has passed one of the strongest regulations asking asset managers to publish their policy on the exercise of the voting rights and how they have implemented such a policy.

The “Trends & Ratings 2003” report commences with a brief overview of regulatory trends in Europe, then outlines last year’s European proxy voting season and continues with more details with respect to the country ratings and comparative performance data of the last three years. The appendices disclose the top three performers in the nine largest European markets and highlight some corporate governance highs and lows that analysts encountered in rated companies.

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Executive Summary

The year 2003 has been an important transition period during which the effects of national corporate governance codes and other regulatory efforts on both national and international level have been consolidated in many countries. The aftermath of the Higgs Report in the UK, the Bouton Report in France, the Böckli Code in Switzerland as well as the Aldama Code in Spain have resulted in a steep rise of good governance practices and a more general corporate governance awareness by European companies. Governance—so it seems—has emerged from mere window-dressing to the centre-stage of a company's operations.

Nevertheless, the investors' marketplace still finds itself in a difficult period due to geopolitical circumstances as well as corporate scandals. The likes of Ahold, Parmalat or Skandia affected investor confidence negatively and thus increased the cost of capital for companies. This has once more highlighted the pre-eminent monitoring role of an active non-executive director as well as the need for an independent audit committee.

It is however not only the responsibility and integrity of the director that is under debate. Shareholders in general and institutional shareholders more specifically are increasingly called upon to take up their duty as fiduciary owners for the ultimate safeguard of corporate practices by voting at general meetings.

Regulatory trends

The UK redirected the most useful recommendations of the Higgs Review on the role of the non-executive director into the Combined Code that serves as a listing requirement on the London Stock Exchange.

In anticipation of the Commission's recommendation for companies to comply with one national corporate governance code or to explain deviations therefrom, France merged its various codes into one national combined code. French companies are not bound to disclose any form of compliance yet with this code. Additional disclosure items have been strongly recommended by the French Stock Exchange Authority (COB) on auditors' consulting assignments, double voting rights and the capital structure of the companies. As of this year audit firms cannot deliver any consulting services anymore to companies they have audited. As of 2006 audit partners will be obliged to rotate every six years.

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The Cromme Kodex in Germany has been updated in order to have more transparency as regards to executive compensation as well as compensation for supervisory board members .

The Legislative Decree enacted in 2003 in Italy is designed to improve the quality of corporate governance by giving the shareholders the choice of adopting the most appropriate balance between the management and the monitoring role of the

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board of directors. Echoing the High Level Group of Company Law Experts opinion, Italy wishes to grant the choice to Italian companies of adopting a one-tier or a two-tier structure. The current model consists of a board of directors, which is responsible for conducting the business of the company, and a board of statutory auditors overseeing accounting issues and legal compliance of the work of the board of directors.

The Transparency Act in Spain aims at further strengthening corporate governance by establishing additional requirements in cases of director's conflict of interest as well as highlighting the directors' duties of diligent administration, fidelity, loyalty and confidentiality. It furthermore regulates on the disclosure obligations of shareholder agreements, the corporate governance statement in the annual report and the company information to be disclosed to shareholders before the general meeting.

Finally the Dutch Code of Best Practice gives clear guidance on the number of independent supervisory directors, stating that all but one member of the supervisory board should be independent. It furthermore tackles conflicts of interest and recommends the approval of a remuneration report. Such a report should disclose among others the remuneration policy, the variable component, the changes in the policy and the share awards.

On the international level, the OECD is working on revitalising its 1999 corporate governance principles by having released a draft proposal in January 2004 for comment. The European Commission, after having been encouraged by the High Level Group of Company Law Experts which it appointed in 2001, has started a corporate governance action plan, which it published for comment in May 2003. Among others the Commission proposes that companies disclose an annual corporate governance statement. It suggests the expansion of the concept of independence of non-executive directors in company committees, by defining a minimum standard of independence. The Commission considers increasing disclosure requirements for director and top management remuneration. This would include asking for individual remuneration details, prior approval of share option schemes by the general meeting and recognition of the costs thereof in the annual accounts.

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Some regulatory developments during the past 12 months

Region	Issuer	Document
EU	European Commission	Modernising Company Law and Enhancing Corporate Governance in the EU Proposal for a Directive on cross-border mergers of companies ¹
	European Commission	
US	NYSE	Final NYSE Corporate Governance Rules
UK	Department of Trade and Industry	Review of the role and effectiveness of non-executive directors ²
	Financial Reporting Council	Audit Committees - Combined Code Guidance ³
FR	Financial Reporting Council	The Combined Code (update)
	AFEP and MEDEF	The Corporate Governance of Listed Corporations ⁴
	French Government	Financial Security Law n°2003-706
	Autorité des Marchés Financiers	Recommendations released by the French regulator
DE	Commission appointed by Justice Minister	Corporate Governance Kodex (update)
IT	Italian Government	Legislative Decree 19 January 2003 No. 6
NL	Corporate Governance Committee ⁵	The Dutch corporate governance code
SP	Special Commission ⁶	The Aldama report
	Spanish Government	Transparency Act
	Spanish Government	Mutual Fund Legislation

1) Full title: Proposal for a Directive of the European Parliament and of the Council on cross-border mergers of companies with share capital

2) Also dubbed the Higgs Review

3) Also referred to as the Smith Report

4) Principles for corporate governance based on consolidation of the 1995, 1999 and 2002

Association Française des Entreprises Privées (AFEP) and MEDEF (French Business Confederation)

5) Members invited by the Dutch Ministries of Finance and Economic Affairs, Euronext and several other associations

6) The Commission was formed by order of the Spanish Cabinet

Further developments are on their way. The Netherlands that has renewed its national corporate governance code (Tabaksblat) which is in force since the beginning of 2004. Belgium has activated its corporate governance commission in order to merge its various existing codes into one and the Swedish Government is preparing to introduce new laws in order to strengthen corporate governance practices in its national business environment.

Voting at general meetings

In a sound corporate governance environment, shareholders and especially institutional shareholders act as responsible owners signalling to the board their concerns over possible poor governance practices by voting at general meetings, rather than selling their shares. Institutional investors are increasingly under pressure to disclose their voting policies and questioned about how they have used their right to vote in the past.

In order to facilitate voting at general meetings, the European Commission has taken up the commitment to focus its efforts on reducing legal or regulatory barriers to shareholders attending the general meeting and using their right to vote. Recent initiatives by the Belgian (2002) and Dutch (2000) government to introduce a record date can be seen as steps in this direction. At the same time institutional investors have been encouraged by various codes and proposals to make use of their voting right.

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Market regulators encourage investors to vote

Region	Issuer	Obligation to		
		vote	disclose voting policy	disclose vote
World	International Corporate Governance Network	(X)	X	X
	Organisation for Economic Co-operation and Development	(X)	X	X
EU	Fédération Européenne des Fonds et Sociétés d'Investissement	(X)	(X)	---
	Report of High Level Group of Company Law Experts	(X)	X	(X)
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US	US Securities Exchange Commission	(X)	X	X ²
UK	Institutional Shareholders' Committee ³	(X)	X	X
	Chancellor of the Exchequer	(X)	X	---
DE	Bundesverband Investment und Asset Management	(X)	---	---
SP	Spanish Government	X	X	X
NL	Corporate Governance Committee	(X)	X	X
FR	French Government	X	---	X
BE	Belgian Government	(X)	---	---

1) Full name: Disclosure of Proxy Voting Policies and Proxy Voting Records by Registered Management Investment Companies

2) Disclosure upon request is compulsory.

3) Comprised of the Association of British Insurers (ABI), the Association of Investment Trust Companies (its);

X = Yes; (X) = Recommended; --- = No

In 2003 Deminor Rating—through its voting service—raised a total of 96 governance alerts out of 336 meetings (Annual General Meetings and Extraordinary General Meetings combined) in the various companies of the FTSE Eurotop 300. Alerts are issued when the financial interest or other rights of investors are at stake. The proportionally highest percentage of alerts were triggered by Belgian, Dutch and French companies respectively, as is reflected on the right.

Alerts per country during 2003

	Number of Meetings	Number of alerts	%
UK	98	28	29%
FR	48	14	29%
DE	30	5	17%
CH	19	3	16%
IT	34	5	15%
SP	19	3	16%
NL	21	12	57%
SW	18	2	11%
BE	11	8	73%
Rest of Europe	38	4	11%
TOTAL	336	96	29%

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Overall, the most contentious issues involved director's election and capital measures. An alert was raised whenever the election of a director led to a potential lack of independence of the board as a whole, or if insufficient information was provided with respect to the newly appointed board member to assess the qualities of the nominee. Capital matters particularly referred to authorised capital with exclusion of pre-emptive rights. An alert was raised whenever the amount of the potential capital increase was higher than 20% of the total share capital. Unreasonably long authorisation periods (5 years) or the possibility to use authorised capital in the event of a hostile takeover were further reasons for issuing an alert.

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Except for the UK, Sweden and to a lesser extent Italy, authorised capital was a serious matter of consideration for an alert in all countries. Contentious agenda items on director election have emerged particularly in Switzerland and Sweden. In the latter case the nomination committee is always comprised of shareholder representatives rather than independent directors. Audit issues have predominated the UK and Italy. The UK is the only country where the remuneration report is to be put to vote at the general meeting. This new form of transparency and market verification of remuneration policy resulted in several disapproving alerts among which was for example GlaxoSmithKline.

Deminor's Corporate Governance Ratings 2003

Since 1999 Deminor Rating is producing corporate governance ratings on a yearly basis of all companies that are part of the FTSE Eurotop 300 index. Companies are assessed against a benchmark that contains over 300 governance indicators. The analysis grid has been developed, tested and regularly updated by Deminor Rating in collaboration with leading international institutional investors, including some of the strongest advocates in the field of corporate governance.

In light of increased participation by shareholders to general meetings, participation barriers received added weight in the rating analysis. Best practice is to use a record date system rather than the share block, which prevents shares from being traded for a period before the general meeting until after its completion. In the same spirit, Deminor Rating increased the weight of the approval of the remuneration report (obligatory in the UK and recommended by the Dutch Code of Best Practice) in the rating.

This year's summary will further highlight some corporate governance themes. As a follow up to last year's research, an important evolution in matters of corporate governance awareness, director's independence, separation of the roles of chairman and CEO, committees and audit versus non-audit fees will be outlined.

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Country Performance – 2003 / 2002 Ratings*

	Rights & Duties	Disclosure	Board Structure	Total
UK	4	5	5	14
France	3 (4)	5 (3)	4 (3)	12 (10)
Germany	3 (4)	3	2	8 (9)
Switzerland	3 (2)	3 (2)	4 (2)	10 (6)
Italy	3	4	4 (3)	11 (10)
Spain	2	3 (2)	3 (4)	8
Netherlands	2	4 (3)	3	9 (8)
Sweden	3	3 (2)	3 (2)	9 (7)
Belgium	3	3	4	10

*) Figures between brackets are the 2002 ratings, if they differed from the 2003 ones.

Traditionally the UK finds itself in a comfortable first place: the majority of the companies respect the 'one share – one vote – one dividend' principle. Most of those which do not, have non-voting shares with a proportion of less than one third of the share capital. Voting formalities respect best practice (through the system of registered shares there is no need to block the shares) and capital measures respect reasonable thresholds when they allow exclusion of pre-emptive rights. Independent directors form the highest average proportion in the board (53%). Over 90% of companies respect the split between chairman and CEO.

The strongest perceptible improvement in corporate governance ratings was attained by Switzerland which has seen all of its ratings increase, especially regarding the board structure, where the proportion of identified independent directors more than doubled. Companies such as ABB, Ciba, Novartis, Swiss Re, Syngenta and Zurich Financial Services have now identified more than 50% of independent directors on their boards. The rise in the performance with respect to shareholders' voting formalities is explained partially by the increased weighting assigned by Deminor Rating. As for many countries the general corporate governance awareness or mission statements published have been leading the way

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to a higher rating. Whereas last year none of the Swiss companies disclosed all the necessary audit information and only a quarter of the companies reported on executive compensation, this year all companies fully comply with this requirement. This is surely a positive reverberation of the compulsory Transparency Directive which was issued by the Swiss Exchange in 2002 and reflected in the companies' public information in 2003.

Even though France's rating for shareholders' rights has dropped (no record date procedure, no remuneration report disclosed or voted upon at the general meeting), there is a tangible improvement in disclosure practices aligning the country with the highest standards in terms of transparency in Europe next to the UK. Again, corporate governance awareness plays an important role as does full disclosure on audit information. More companies now disclose the attendance rates at the general meetings, define independent directors and report on conflicts of interest. The biggest leap forward in terms of disclosure has been achieved by BNP Paribas, St-Gobain, Bouygues, Valeo and Vinci. A main reason for the rise in the rating with respect to board structure is the additional reporting on the functioning of the board as well as disclosing further rules on conflicts of interest.

As is the case for France, Germany suffers a setback in the shareholders' rights rating because of the absence of a remuneration report and the approval thereof at the general meeting. German companies still fail to identify independent directors on the supervisory board where, half of the members are employee representatives.

Italy moves up one rating for the board structure owing to the identification of independent directors as well as the disclosure of a definition of independence. Companies such as Alleanza, Generali, Mediobanca, Mediolanum, RAS, San Paolo and especially Unicredito saw their ratings go up for that reason.

Spain and the Netherlands are traditionally weaker in shareholder rights when it comes to the 'one share – one vote' principle. Only a small proportion of companies fully respects this principle. Although the Netherlands has moved forward last year in forfeiting voting right restrictions for companies which have issued depository receipts, the issue of multiple voting rights as well as priority rights still represents a heavy blow against shareholder rights. Companies such as KPN and TPG still have a golden share granting disproportionate rights to the Dutch State. They are in fact under examination by the European Commission as regards a potential breach of the principle of free movement of capital. More than half of the companies in Spain have voting right, ceilings which explains their rather low rating as opposed to their European peers. Both countries made a leap forward for disclosure practices. For Spain, overall general information downloadable on the companies' website, board members' information, corporate governance statements and committee information caused ratings to rise. The Netherlands has seen an increased interest in a higher corporate governance awareness and more information on board members, probably in anticipation of the compliance requirements of the Tabaksblat Code.

Sweden, also displayed better disclosing practices. More general information was available, such as articles of association downloadable from the website and increased transparency on executive pay. Higher corporate governance awareness

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from the board was also reflected in the form of public statements of corporate governance commitment.

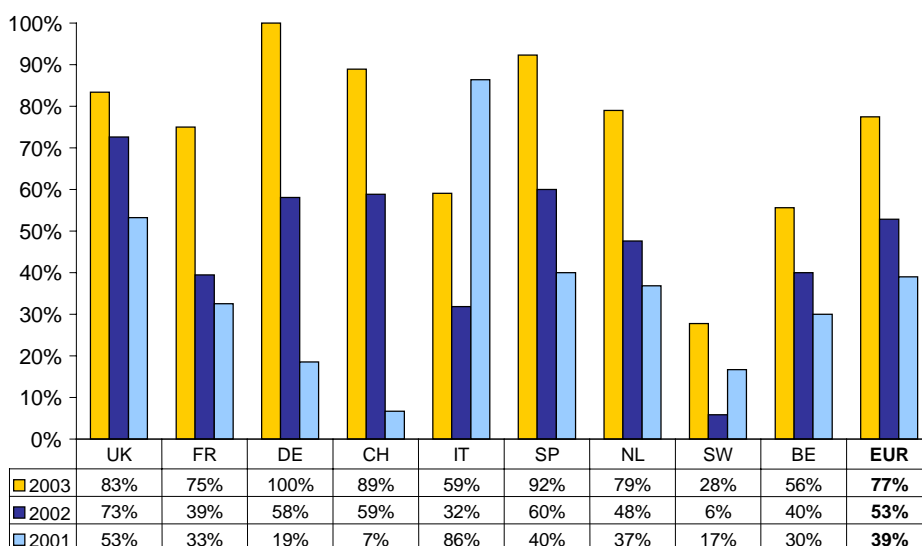
Belgium, where all analysed companies fully respect the ‘one share – one vote – one dividend’ principle, still has a rather high proportion of authorised capital allowing the exclusion of pre-emptive rights. In terms of board structure the country is in line with its European counterparts.

Corporate Governance Awareness

Even though issuing a statement on corporate governance might seem like a ‘box ticking’ requirement, the enormous rise of companies doing so nevertheless shows a serious increase in corporate governance awareness. Whereas 39% of companies back in 2001 issued a corporate governance statement, 77% do so now. The issue of sound governance as a principle, an indicator for a company’s acquaintance and intentional behaviour in this respect, has taken a serious leap forward in an extremely short time frame.

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Disclosure of mission statements of companies on corporate governance



Board Independence

“The board should be able to exercise objective judgement on corporate affairs independent from management, controlling shareholders and others in a special position to influence the company,” the recent OECD Draft Principles of Corporate Governance of January 2004 reads. Even though definitions of independent directors vary from country to country and even from company to company, an increased number of

Major codes and regulations on independence

Region	Code/Regulation	Board Composition	
		NEDs	Independent Directors
UK	Combined Code	≥ 1/2	≥ 1/2
FR	Viénot Bouton	-	≥ 1/3 ≥ 1/2
DE	Kodex	-	-
CH	Böckli	> 1/2	“majority of certain committees”
IT	Predda	-	“an appropriate number”
SP	Olivencia	> 1/2	“a reasonable number”
NL	Peeters	-	“a sufficient number”
	Tabaksblat	-	“all with the exception of maximum one”
BE	Cardon	> 1/2	“a number”

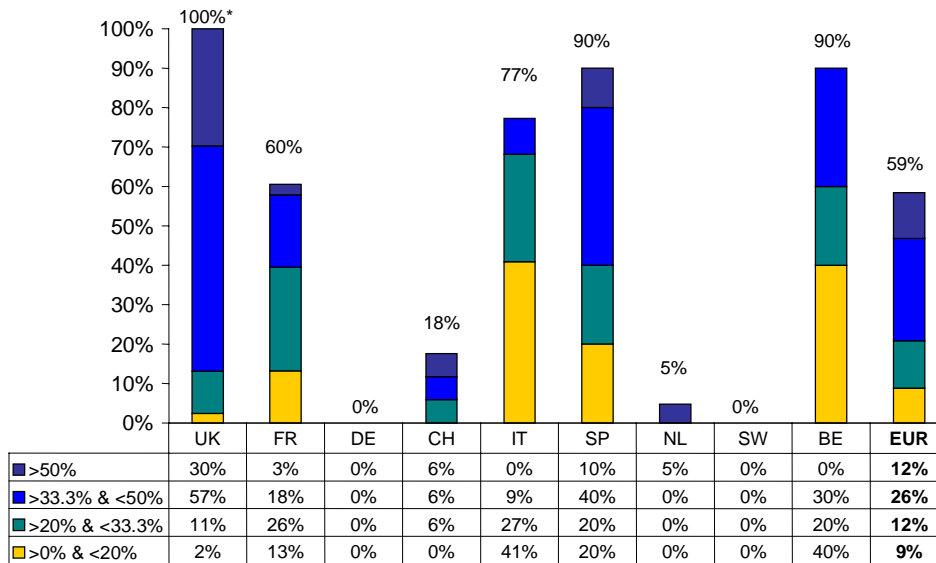
Definitions of independent directors continue to vary from country to country and even from company to company.

companies identify their independent directors and give the necessary information such as outside positions, current and former executive positions, as well as links with the company, in order to assess this independence.

Comparing the 2002 data on the presence of independent directors on the board...

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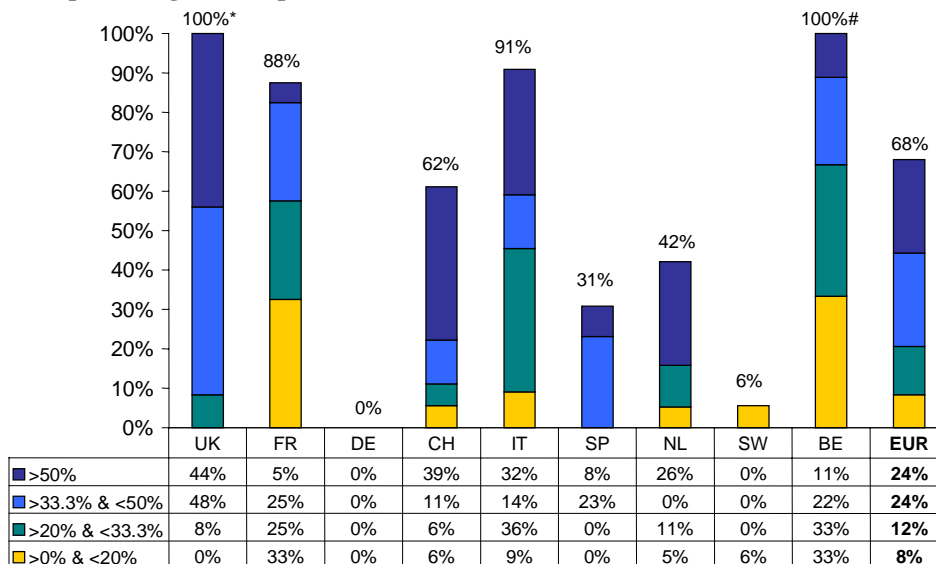
2002 - percentage of independent directors on the board



*)The aggregate figures on top of the bar reflect the percentage of companies in the respective countries who had at least one independent non-executive director serving on their board.

...with that of 2003...

2003 - percentage of independent directors on the board



*)The aggregate figures on top of the bar reflect the percentage of companies in the respective countries who had at least one independent non-executive director serving on their board.

#) To avoid decimals, the sum has been rounded up to 100%, which is the actual performance for Belgium.

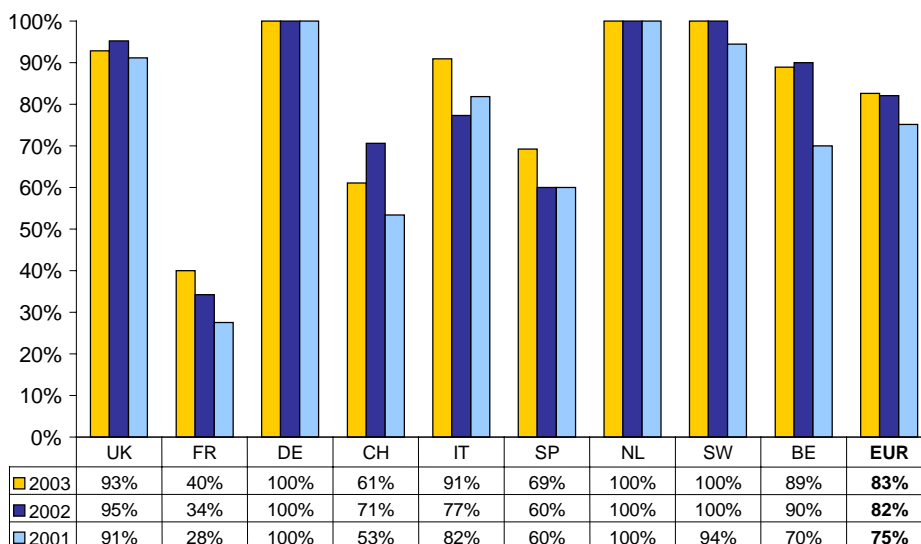
...one notices the overall increase in the proportion of independent directors in Europe (from 59% to 68%) with especially Switzerland, France and the Netherlands making an perceptible leap forward. Belgium is now the only country next to the UK where all companies have at least one independent director.

Separating the role of chairman and CEO

One of the main concerns for investors remains the combined chairman/CEO post that unites both sides of the power pendulum by leading the daily management on the one hand and controlling the persons responsible thereof on the other hand. Even though there was a noticeable move forward towards separating these two roles last year, this development has stalled in 2003, with only little advancement in Italy, Spain, and France. Dutch and German boards with a structural separation of the two posts due to their two-tier system take the lead in this area together with Sweden, where the board consist of non-executive directors and usually one executive (CEO) only. They are followed by single-tier board systems in the UK, Italy and Belgium, where around 90% of companies separate these two posts.

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Separation of the roles of chairman and CEO



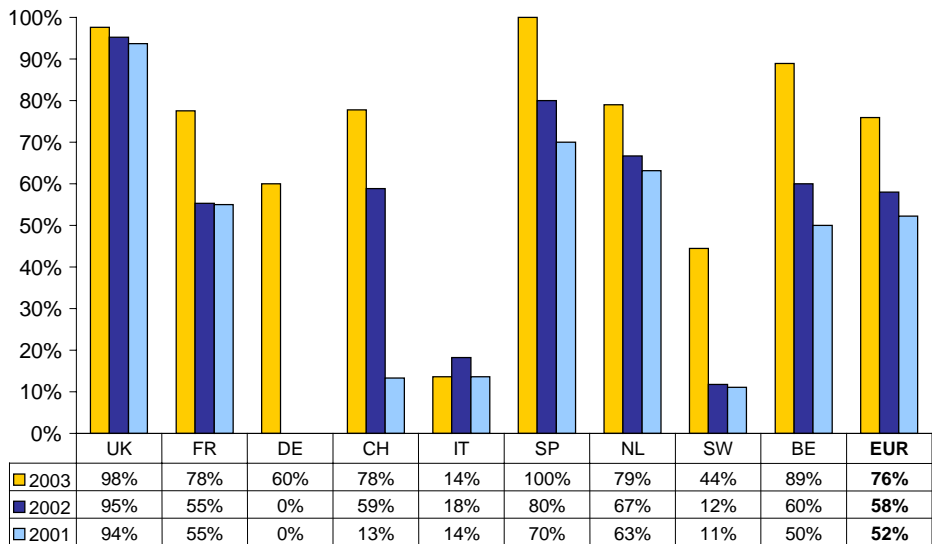
Presence of audit, remuneration and nomination committees

Especially in key areas where there is a strong risk of conflict of interest for executive directors there is need for a more enhanced control by the non-executive directors as well as a more informed, independent and formalised decision-making process. Even though shareholders have to approve the final accounts, the remuneration of directors as well as appoint the directors, these decisions always come in form of proposals prepared by the board. Given the generally low attendance rate at European general meetings, the influence of important strategic shareholders, participation barriers, and at times insufficient information to assess the proposal, minority shareholders opposing the proposal will usually find themselves in an inferior position. The need for independent committees is thus echoed by many codes of best practice and amongst others by the European Commission in its Corporate Governance Action Plan, announced on 25 May

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2003. Audit, remuneration and nomination committees fully or partially composed of independent non-executive directors shall ensure that committee decisions take into account the interests of minority shareholders in a fair manner.

Companies featuring the three essential committees



European companies have made a remarkable effort in putting up the three essential committees (audit, remuneration and nomination).

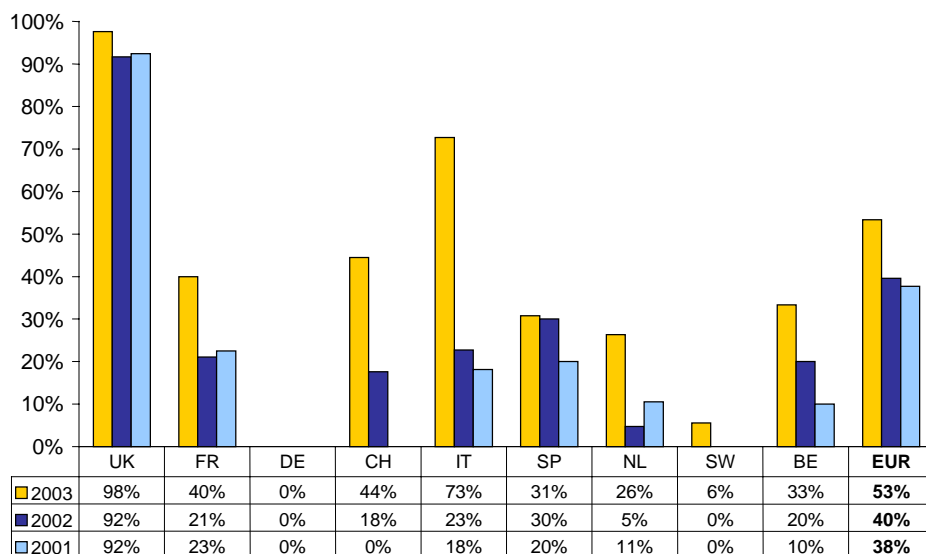
In two years time—as can be seen above—European companies have made a remarkable effort in putting up the three essential committees. Most striking is undoubtedly Germany’s position. The influence of Germany’s Cromme Kodex has made no less than 60% of the companies announce the presence of these committees. About 90% of German companies now have an audit committee. Spain is Europe’s top performer as all companies have installed all three essential committees.

Auditor’s Independence

As was the case last year, the audit profession is under heavy pressure to restore confidence in the independent audit and to liberate itself from the criticism of conflicting interests with non-audit work. The auditor is the ultimate external safeguard for the shareholder providing clarity and checks on the annual accounts of the company. Its independence and integrity is therefor of central importance in the debate of sound corporate governance. As regards the presence of independent non-executive directors on the audit committee, the UK is taking the lead with a clear head start vis-à-vis its European peers.

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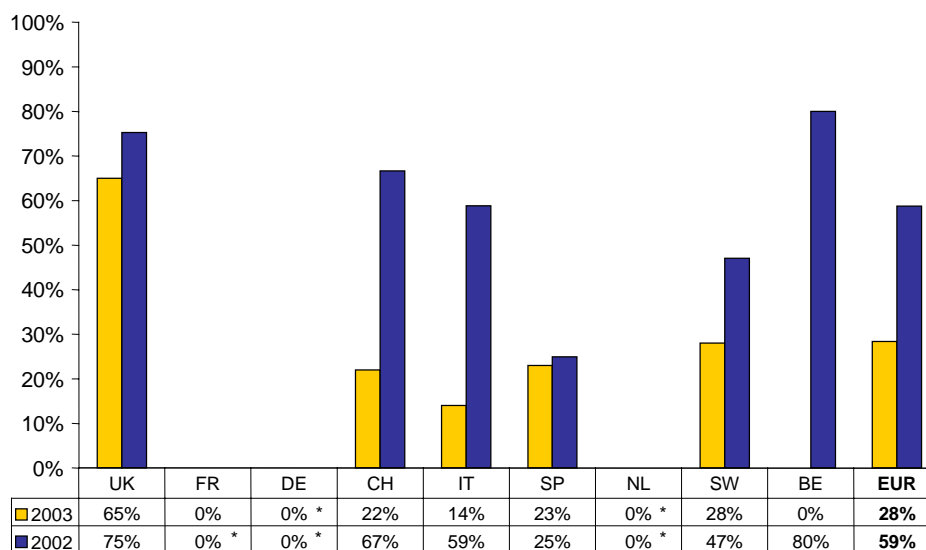
Companies where 50% or more directors in the audit committee are independent



The fact that audit firms often provide a range of services beyond the audit of the company might impair their independence. Increasingly, codes recommend the disclosure of both audit and non-audit fees and restrict the offering of non-audit services by auditors to companies they audit. This has also been reflected in the increase of audit-fee disclosure of the FTSE Eurotop 300 companies, which has increased from roughly 50% in 2002 to 75% in 2003.

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Percentage of companies paying more non-audit than audit fees to the same auditor



*) These countries did not disclose their non-audit fees in the given year.

The ratio of non-audit fees to audit fees have been seriously curbed compared to last year. Whereas 59% of the disclosing companies paid more for consulting than audit fees in 2002, in 2003 it was only the case for 28% of the companies with disclosed fee structure. UK companies are comparatively heavy users of consulting services of their external auditors.

Conclusion & Outlook

2003 has been a year of implementing the letter of some of the codes and regulations of 2002 in form of firmed up 'checks and balances' for company executives. More than ever did companies install audit, remuneration and nomination committees. Independence on the boards has been extended and the focus on independent audit committees and auditors has intensified.

It is to be expected that the corporate governance evolution will continue to proceed with 'comply or explain' statements that will be updated regularly as is the case in the latest Dutch code of best practice. Belgium is expecting a new code soon.

A further enhancement of shareholders' participation in general meetings is to be expected, as the pressure on institutional investors to vote their shares is increasing. If market recommendations do not translate into a more pro-active stance of investors, it can very well be that compulsory measures are taken that would in their strongest form oblige investors to vote or in their more lenient form require investors to explain their voting policy and to disclose their votes cast.

Executive pay packages will come even more under scrutiny and might give rise to more shareholder activism. This will be the case in the first place for the UK with its remuneration report but also for the Netherlands where the approval of such report is endorsed by the new code.

On the European level a corporate governance action plan by the European Commission is already in place. It will give rise to a more harmonised approach to sound governance. The responses for the action plan were for the most part positive. The OECD will come out with a revised finalised set of principles in the course of 2004.

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For further information

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Top three performers in the nine largest European markets
(FTSE Eurotop 300 – 2003)

Note. Top three companies listed in alphabetical order and not according to the highest rating score assigned to them

Rights and Duties of Shareholders

UK	FR	DE	CH	IT	SP	NL	SW	BE
Prudential	Aventis	Celesio	Lonza	ENI	BSCH	Heineken	FöreningsSparbanken	Fortis (BE)
Sainsbury	L'oréal	Deutsche Post	Swiss Re	Luxottica	Inditex	Unilever	Sandvik	Solvay
Vodafone	Orange	ThyssenKrupp	Syngenta	Mediaset	Union Electrica Fenose	Wolters Kluwer	TeliaSonera	---

Disclosure

UK	FR	DE	CH	IT	SP	NL	SW	BE
BG Group	AXA	Deutsche Bank	ABB	ENEL	BSCH	ABN AMRO	Electrolux	Dexia
ICI	Péchiney	Schering	Novartis	ENI	Inditex	TPG	SKF	Fortis (BE)
National Grid Transco	Total	Siemens	UBS	San Paolo IMI	Telefonica	Unilever	TeliaSonera	Interbrew

Board Structure

UK	FR	DE	CH	IT	SP	NL	SW	BE
Anglo American	Alcatel	Deutsche Bank	Nestlé	ENEL	BSCH	ABN AMRO	Electrolux	Dexia
GUS	AXA	Munich Re	Swiss Re	ENI	Inditex	Aegon	Investor	Fortis (BE)
HSBC	BNP Paribas	Siemens	UBS	Unicredito	Endesa	Reed Elsevier	SCA	Interbrew

Highs and lows in European corporate governance

(FTSE Eurotop 300 – 2003)

RIGHTS & DUTIES OF SHAREHOLDERS**Companies with golden shares**

UK	BAE Systems, BAA, National Grid Transco, Rolls Royce, Scottish Power, Scottish & Southern Energy
FR	Thales
DE	Volkswagen
SP	Endesa, Repsol, Telefonica
NL	KPN, TPG
PT	EDP, PT

Lowest percentage of board members elected by the shareholders

NL	ASML, DSM, KPN, TPG	0%
GR	Public Power Corporation	18%
FR	France Télécom	33%

Highest attendance rates (free float) at the general meeting of shareholders (in% of voting rights)

CH	Lonza	41%
FR	Essilor	42%
SP	Altadis	45%

Highest number of days to block the shares in order to access the general meeting of shareholders

CH	Swatch	9
BE	Solvay	9
NL	EADS	9

Highest authorised capital with exclusion of pre-emptive rights (as % of current share capital)

NL	Fortis (NL)	186%
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Highest shareholding by one party in one company

DE	Degussa	93% (Shareholder Consortium between EON & RAG)
NO	Statoil	81.7% (Norwegian State)

DISCLOSURE**The following companies had to be excluded from the analysis due to a lack of information**

SP	Cia Espanola de Petroleos, Fomento De Construc Y Contra
GR	Coca-Cola HBC, Greek Organisation of Football Prognostics, National Bank of Greece

*) The articles of association were not made available after several requests from Deminor Rating

BOARD STRUCTURE & FUNCTIONING

Oldest board of Europe

SP	Banco Popular*	> 80 years: 4 out of 26 (oldest 85)
SP	Banco Popular*	> 70 years: 16 out of 26

*) On 19.12.2003 the company announced that it will shrink its board which may rejuvenate it.

Largest board of Europe

PT	Banco Espirito Santo	31 members
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Highest proportion of women on the board of directors

SW	FöreningsSparbanken	50%
NO	Statoil	44%
NO	Telenor	40%

Highest proportion of foreigners on the board of directors*

UK	Amvescap	85%
NL	Ahold	63%
SP	Amadeus	54%

*) Binational companies as well as transnational merged companies are excluded

Highest proportion of independent directors on the board of directors

NL	Reed Elsevier	100%
IT	BPVN	95%
FI	Nokia	89%

Highest proportion of shareholder representatives on the board of directors

BE	Almanij	78%
SP	Amadeus	77%

Highest proportion of employee representatives on the board of directors

DE	All German companies rated	50%
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Highest remuneration of the chairman of the board of directors (in EUR)*

IT	Capitalia	4,698,755
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*) This includes the gross annual remuneration : salary, benefits and yearly bonus

Trends & Ratings 2003

Highest remuneration of the CEO (in EUR)*

IT	TIM	7,136,000
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*) This includes the gross annual remuneration : salary, benefits and yearly bonus

Highest proportion of non-audit fees versus audit fees paid to the external auditor

UK	Alliance & Leicester	560%
UK	GUS	550%
UK	Exel	500%

Companies without board committees*

DE	Henkel
SW	H&M, Tele2
BE	Electrabel
DK	Lundbeck

*) These board committees include remuneration, audit and nomination committees

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