

Eumedion demands greater compliance with corporate governance code

NETHERLANDS - Corporate governance forum Eumedion has issued a letter demanding greater compliance with the Dutch Takasblat Code to the 75 largest quoted companies.

The Takasblat code, published in 2003, underlined the fiduciary role of pension funds with regards to corporate governance. It carries legal weighting to the extent that it obliges Dutch companies to publish an explanation of any points at which their practices diverge from the code's demands.

Eumedion director Rients Abma, issuing the letter ahead of the coming shareholders' season, outlined the four key areas where compliance could be improved.

"If companies deviate from the code they should give a better explanation as to why they can't implement the principles of best practice," said Abma in his first point, and added that shareholders should vote on these deviations at their annual meetings.

Abma also said documentation with regards to the agenda, as well as any additional explanatory material, should be published 28 days before the general meeting of shareholders.

Fifteen days is presently sufficient in the Netherlands, but the increase to 28 days is in line with proposals issued by the European Commission earlier this week that material should be available one month in advance.

The annual report should contain more elaboration on the duties of supervisory board members, continued Abma, because the customary one or two pages of elaboration was too brief.

The fourth point in the letter took issue with share certificates. Abma said the office which issues these certificates should be more transparent about their voting behaviour in the shareholders' meeting.

"They should explain why they are in favour of an agenda point and be more transparent about their responsibilities," he argued.

Abma said Eumedion expected the 75 companies to take these points into account in the preparation of their 2005 annual reports.