

Dear members of the Management Board and Supervisory Board,

Eumedion, the corporate governance platform for institutional investors, annually sends what is known as its spearheads letter to the 75 largest Dutch listed companies for the coming season of annual reports and shareholders' meetings. The spearheads letter contains subjects to which Eumedion believes the companies addressed should devote special attention in their annual reports and when organizing the general meetings of shareholders. This letter sets out the spearheads for the 2007 season. Eumedion and its affiliated participants expect you to take the spearheads into account when preparing the 2007 general meeting of shareholders and when drawing up the annual report and the annual accounts for the financial year 2006. We expect you to inform Eumedion of the extent to which you will be complying with the spearheads formulated below, and to provide this information at least two months before the annual general meeting of the shareholders in your company, but no later than 1 February 2007. The executive director of Eumedion will be clarifying the spearheads on 18 December 2006 during a meeting of the secretaries of the listed companies. His presentation will be put on the Eumedion website ([www.eumedion.nl](http://www.eumedion.nl)) following this meeting.

The spearheads for the 2007 season are the ongoing development of Eumedion's evaluation of the past season of annual reports and shareholders' meetings<sup>1</sup>. The 2007 spearheads, which are mainly concerned with the organization of the general meeting of shareholders and with executive remuneration, will be introduced briefly below. The spearheads are worked out in more detail in the appendix to this letter.

### **1. The organization of the general meeting of shareholders**

Just as in the previous year, Eumedion has concerns regarding the organization of and proceedings at the physical general meeting of shareholders. The late provision of information, a defective infrastructure for voting in absentia and lack of clarity relating to the agenda mean that an unnecessarily high proportion of votes is still being lost, so that the number of votes cast at Dutch shareholders' meetings can be described as low in both absolute and relative terms. It is in the interests of the shareholder and of the listed company to make efforts to increase the number of votes cast, since higher attendance leads to a more balanced decision-making process. The appendix contains a number of concrete suggestions for achieving higher attendance.

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<sup>1</sup> Can be downloaded from the Eumedion website: [www.eumedion.nl](http://www.eumedion.nl).

Eumedion further believes that business should be conducted more effectively at the annual general meetings themselves. Efficient debate during the meeting is needed to persuade more institutional investors to participate in a physical general meeting and this demands discipline on the part of both the chairperson of the general meeting and the shareholders.

Finally, Eumedion suggests putting a number of concrete subjects on the agenda for the coming general meetings of shareholders. The first subject concerns the facilitation of electronic voting and participation in the general meeting, the second subject relates to a discussion of the merits of the company's existing anti-takeover measures.

## **2. Executive remuneration**

Eumedion has reviewed the recommendations on executive remuneration made by its predecessor (SCGOP) in 2003. The specific objective of the recommendations in 2003 was to make the costs of executive remuneration transparent and focused on the principle of rewarding an executive for above-average or exceptional performance or commitment, in order to ensure that the executive's interests run (more) parallel to the shareholder's interests and to allow an executive to share in the benefits of any success achieved by the company. A number of the recommendations were included in the Dutch Corporate Governance Code ("Tabaksblat Code"). Supplementary to present legislation and to the Tabaksblat Code, the objective of the updated recommendations is to align executive remuneration more closely with the long-term goals of the company and – by extension – to make the long-term bonus a more important element of the total remuneration package than the short-term bonus, under normal circumstances. In addition, the recommendations are intended to improve the transparency of executive remuneration, which can contribute to the quality of the accountability of management boards and supervisory boards to the general meeting of shareholders in this respect. The new recommendations are contained in Appendix II to this letter. The institutional investors affiliated to Eumedion will use the recommendations as tools in the assessment of both the existing remuneration policy and a new policy proposal on remuneration for management.

Yours faithfully,

Rients Abma  
Executive Director