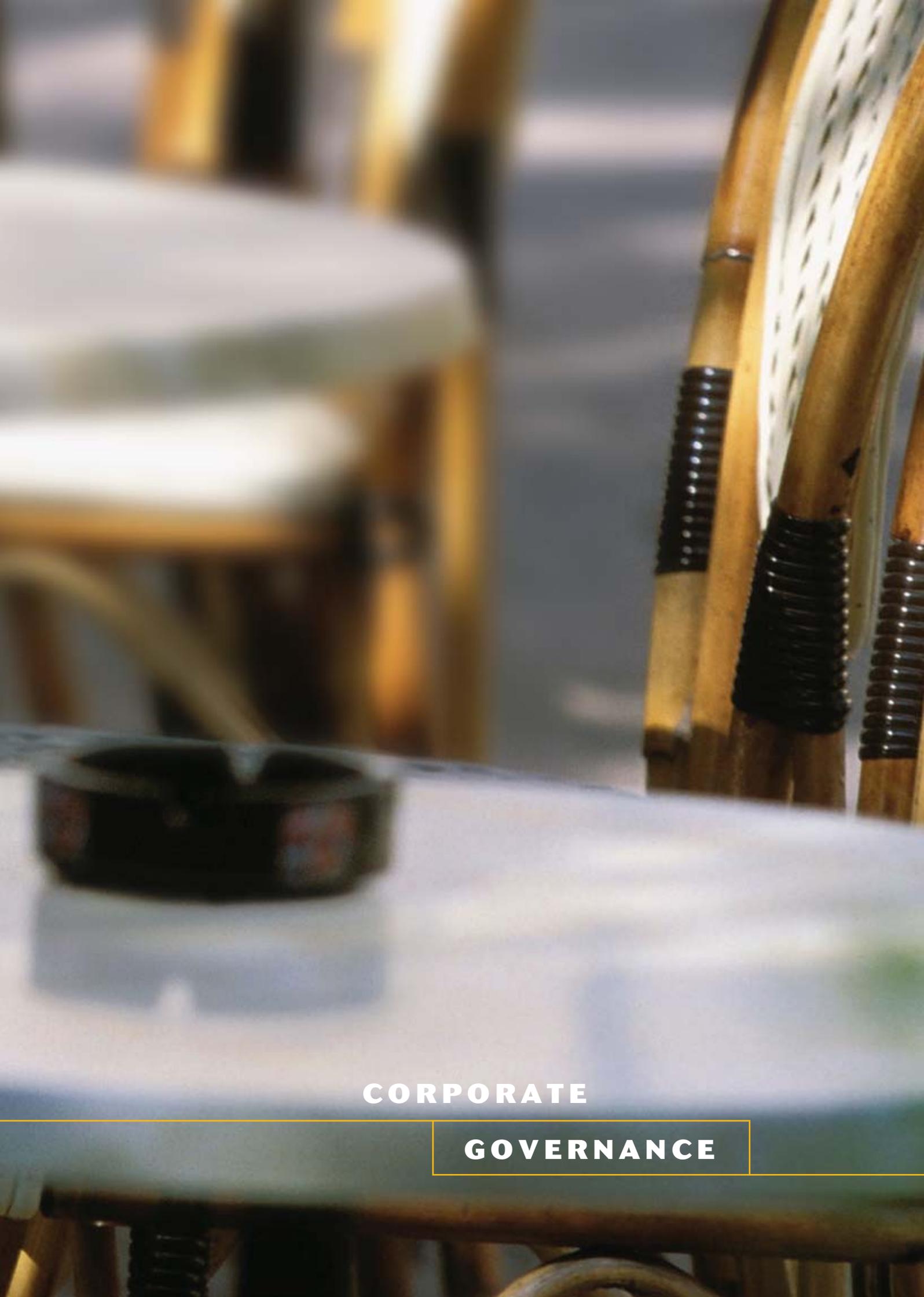


“On top of every table in Moldova”





CORPORATE

GOVERNANCE

Corporate Governance

Corporate Governance in the Netherlands

On 9 December 2003 the Corporate Governance Committee under supervision of Mr. M. Tabaksblat published the Dutch Corporate Governance Code (the "Code"). It was drawn up on request of the Dutch Stock Exchange Euronext Amsterdam in cooperation with management representatives, shareholder representatives and employee representatives of the Dutch business community. The Code is based on the principle accepted in the Netherlands that a company is a long-term form of collaboration between the various parties involved. The Code has as starting points that good entrepreneurship, including integrity and transparency of decision-making by the management board, and proper supervision thereof, including accountability for such supervision, are two pillars on which good corporate governance rests. The Code is in force as of 1 January 2004 and applies to all companies whose registered office is in the Netherlands and whose shares or depositary receipts for shares are officially listed on a government-recognized stock exchange.

The Code contains both the principles and concrete provisions of these principles which the persons involved in a company (including management board members and supervisory board members) and stakeholders (including institutional investors) should observe in relation to one another. These provisions create a set of standards governing the conduct of management board and supervisory board members and shareholders. Non-compliance with the Code is not in itself objectionable and may even be justified in certain circumstances subject to provision of satisfactory disclosure. As unconditional freedom is not desired though, companies subject to the Code have to explain if they do not comply with certain provisions. The legal basis for this rule can be found in a law stipulating that the annual report needs to be drafted in accordance with the Code, in other words, non-compliance explanations need to be inserted in the annual report.

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Corporate Governance and EBI

As of listing on 21 October 2004, EBI became subject to the Code. Though global depositary receipts representing shares in the capital of EBI were listed in the London Stock Exchange, EBI is subject to the Dutch Code in line with the applicability principle of the Dutch Code. EBI acknowledges the importance of good corporate governance and has implemented most of the best practice provisions of the Code in its corporate governance structure. In line with the Code, the Supervisory Board appointed from its members a Remuneration Committee, an Audit Committee and a Selection and Appointment Committee. Each of these committees is subject to charters for their internal regulation and optimal compliance with the Code. The Remuneration Committee has already held several meetings; the Audit Committee and Selection and Appointment Committee have met once in 2004. For further information about the committees, please see the paragraph "Committees" in the Supervisory Board chapter. In addition, the arrangement for whistleblowers and important announcements can be found on EBI's website at www.efesholland.nl. EBI adopted charters for both the Board of Management and the Supervisory Board. These charters deal among others with rules for transactions that can be qualified as transactions with conflicting interests, as defined in the Dutch Corporate Governance Code, for members of the Board of Management and members of the Supervisory Board respectively. No such transactions were entered into in 2004. EBI itself entered into only one related party transaction as mentioned in clause III.6.4 of the Code, but this transaction was agreed on an arm's length basis.



Compliance of EBI with the Code

EBI, which is subject to the Code as of October 2004, aims to fully comply with the Code within a reasonable period of time. There are potential areas for improvement as well as there exist some non-compliance. The following is a description of the material deviations from the provisions of the Code.

Best practice provision III.2.1 of the Code prescribes that the Supervisory Board consists of independent persons, except for one member. Pursuant to best practice provisions III.4.2, III.5.6 and III.5.11, the chairpersons of the Supervisory Board, the Audit Committee and the Remuneration Committee may not be former members of the Board of Management. In order to comply with these provisions, EBI will gradually replace its current members of the Supervisory Board in order to achieve compliance by 2006 with the aforementioned best practice provisions. EBI has decided on the gradual implementation of these best practice provisions in order to maintain an adequate number of persons on the Supervisory Board with knowledge of EBI's business.

With regard to best practice provision III.7.3, EBI acknowledges the importance of preventing conflicts of interests that shareholdings of shares in listed companies held by Supervisory Board members may cause. However, EBI considers disclosure of all shares held in listed companies by members of the Supervisory Board is a too large intrusion on the privacy of the members of the Supervisory Board. EBI has drawn up internal rules regulating such shareholdings in order to prevent conflicts of interest.

