

# Corporate Governance



The application of Corporate Governance principles by s.a. D'leteren takes into consideration the specific shareholder structure of the Company, with family shareholders having owned the majority and ensured the continuity of the company for 200 years.

Certain changes will be implemented in 2005 in order to comply with the new Belgian Corporate Governance principles.

The Company communicates hereunder, as an integral part of its 2004 annual report, published in 2005, how it will apply these principles, subject to approval by the Annual General Meeting of 26 May 2005.

## **BOARD OF DIRECTORS: COMPOSITION**

After the Annual General Meeting of May 2005, the Board of Directors of s.a. D'leteren should comprise twelve members, as listed below:

- six non-executive directors, appointed on proposal of the family shareholders;
- one non-executive independent director, appointed on proposal of Cobepa;
- four non-executive independent directors, selected on the basis of their relevant experience (one of whom, a former executive, will become independent within the terms of the Code as of 1 January 2006);
- one executive director charged with executive management (CEO).

The roles of Chairman of the Board and Chief Executive Officer (CEO) will be separate, as at the end of May 2005.

The Chairman is responsible for the balanced composition and the leadership of the Board. The Chairman, in coordination with the CEO, represents the company and maintains relations with significant external partners. The

Chairman remains, directly and through the Consultation Committee, in close relation with the CEO.

At present, the term of office for directors is three years. The appointment of new directors is on the basis of objective criteria. The age limit is 70. In the best interests of the Company, the Board of Directors may however take exceptions from these terms.

The Chairman and the Deputy Chairman of the Board are selected among the directors appointed on proposal of the family shareholders.

#### **BOARD OF DIRECTORS: ROLES**

Without prejudice to its legal and statutory attributions and those of the General Meeting, the roles of the Board are to:

- determine the strategy and values of the company and approve its plans and budgets
- decide on major financial operations, acquisitions and divestments
- ensure that appropriate organisation structures, processes and controls are in place in order to achieve the Company's objectives and properly manage its risks
- monitor and review performance of executive management
- maintain effective communication with the Company's shareholders and other stakeholders.

The Board of Directors meets at least five times a year. Additional meetings are held when business needs require. In 2004, the Board met eight times, of which once in the presence of the Statutory Auditor, who reported on the external audit activities.

The articles of Association provide that decisions of the Board of Directors are taken by a majority of votes, the Chairman having a casting vote in case of a tie.

#### **CONSULTATION COMMITTEE**

The Chairman and the Deputy Chairman meet monthly with the CEO, as the Consultation Committee, to keep in close relation with each other, monitor the company's performance, review progress on major projects and prepare the Board of Directors meetings.

#### **BOARD OF DIRECTORS: COMMITTEES**

On 17 February 2005, the Board set up two **Board Committees**:

- the **Audit Committee** comprises four non-executive independent directors (of which one will become independent on 1 January 2006). The Audit Committee's terms of reference include mainly: monitoring the company's financial statements, reviewing the risk management function and ensuring the effectiveness of external and internal audit. The Committee will review auditors' reports on half-year and year-end financial statements of the subsidiaries which are consolidated into the Company's accounts. The Audit Committee meets at least three times a year, of which twice in the presence of the Statutory Auditor, and reports on its activities to the Board of Directors.
- the **Nominations and Remuneration Committee** will comprise three members: the Chairman of the Board, who chairs it, and two independent directors. The Committee will make proposals to the Board regarding appointments and remuneration of directors and senior management of the Company, and ensure the Company has formal, rigorous and

## BOARD OF DIRECTORS AS AT 31 DECEMBER 2004

		AGE	END OF TERM OF OFFICE
Roland D'Ieteren <sup>1,2</sup>	Chairman of the Board; Director, Avis Europe plc	63	May 2007
Maurice Pérrier <sup>1,2</sup>	Deputy Chairman of the Board; Director of companies	66	May 2005
Yves Brasseur <sup>3</sup>	Director of companies (Chairman of the Board and member of the audit committee, Exmar; Director and Chairman of the audit committee, Zenitel; Director, Sunparks)	62	May 2006
Gilbert van Marcke de Lummen <sup>4</sup>	Director of companies (AVIS Europe plc, Cofinimmo s.a.)	67	May 2005
Pascal Minne <sup>3</sup>	Managing Director, Petercam	54	May 2007
Alain Philippson <sup>3</sup>	Chairman of the Board, Banque Degroof, Director C.F.E.	65	May 2006
Christian Varin <sup>3</sup>	Managing Director, Cobepa; Director Sapec, KeyTrade Bank	57	May 2007
s.a. de Participations et de Gestion <sup>1</sup>	Permanent representative: Patrick Peltzer, J.D.	65	May 2007
Nayarit Participations s.c.a. <sup>1</sup>	Permanent representative: Etienne Heilporn, J.D.	65	May 2007

1. Director appointed on proposal of the family shareholders.
2. Director descending from, or related to, the founding family.
3. Independent director.
4. Independent director as of 2006.

transparent procedures to support these decisions. The Committee will meet at least twice a year.

Starting in 2006, the company will disclose the collective remuneration of the non-executive directors as well as of the CEO and the senior management of the company.

## EXECUTIVE MANAGEMENT OF THE GROUP

**Executive Management of the Group is the responsibility of the managing director / CEO.** The former Group Executive Committee is discontinued. The CEO is assisted by Corporate management, which comprises group finance, financial communication / investor relations, consolidation, legal and tax matters and group management control. The CEO is, ex officio, member of the Board of Directors of the Company's main subsidiaries and of some of these Board's sub-committees.

The activities of the D'Ieteren Group are organised in three sectors, organised as follows:

The **Automobile Distribution sector** is managed by the CEO, D'Ieteren Auto, who chairs the Management Committee of D'Ieteren Auto. The CEO, D'Ieteren Auto, reports to the Group CEO.

The **Car Rental sector** comprises Avis Europe plc and its subsidiaries. At 1 January 2005, Avis Europe plc is governed by a Board of Directors of 13 members, including three independent directors, and three directors appointed by s.a. D'Ieteren. The Chairman of the Board is a former Avis CEO. One of the D'Ieteren appointed directors is executive Deputy Chairman of the Board of Directors of Avis Europe.

## PROPOSAL OF NOMINATION OF DIRECTORS FOR THE AGM OF MAY 2005

		AGE
Jean-Pierre Bizet <sup>1</sup>	Group Executive Vice President, D'Ieteren, since October 2002. Director of Avis Europe plc; Belron s.a. Previously: Managing Director GIB GROUP; Director, McKinsey & Co, Inc., France.	57
Nicolas D'Ieteren <sup>2,3</sup>	Bachelor of Science (Management), London University. Managing Partner, Nayarit s.p.r.l.; European Manager for Network Development, Bentley Motor Cars (2000-2003)	30
Olivier Périer <sup>2,3</sup>	Architect. Founding Partner, Urban Platform, s.c.r.l., Brussels Director, s.a. de Participations & de Gestion; Reptid Comm. Corp (USA); LHPTrade s.p.r.l.	34

## AUDITOR

		END OF TERM OF OFFICE
Gérard Delvaux	Company Auditor	May 2005

1. Executive director.
2. Director appointed on proposal of the family shareholders.
3. Director descending from, or related to, the founding family.

The Board of Directors of Avis Europe plc has three committees: the Audit Committee, comprising three independent directors, the Nominations Committee and the Remuneration Committee, each comprising one of the D'Ieteren-appointed directors.

Listed on the London Stock Exchange, Avis Europe plc is in compliance with the provisions of the *Combined Code*, with a few exceptions fully disclosed in its annual report. The rights and obligations of the Directors appointed by s.a. D'Ieteren, and of s.a. D'Ieteren as a shareholder, are set out in a *Relationship Agreement* entered into at flotation in 1997.

The **Vehicle Glass sector** comprises Belron s.a. and its subsidiaries. At 1 January 2005, Belron s.a. is managed by a Board of Directors of 13 members, of which six are appointed by Dicobel.

The Board of Directors of Belron s.a. has two committees: the Audit Committee and the Remuneration Committee, each comprising two directors appointed by Dicobel.

Dicobel s.a. owns a 81.73% interest in the capital of Belron. D'Ieteren and Cobepa own respectively 75.5% and 24.5% of Dicobel, which has a Board of Directors of seven members, four appointed by D'Ieteren and three by Cobepa.

## DIVIDEND POLICY

The Board of Directors intends to maintain its ongoing policy of providing the largest possible self-financing for the development of the Group, while ensuring regular dividend growth, results permitting.

## AUDITOR'S FEES

The fees charged in 2004 by the statutory auditor for the work carried out on behalf of Group companies in connection with the compulsory control of the statutory and consolidated financial statements amounted to EUR 152,288 excl. VAT. Further fees of EUR 115,231 excl. VAT were charged for other specific or exceptional assignments.