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September 4, 2003

The Secretary of the Corporate Governance Committee  
c/o PO Box 20201  
2500 EE The Hague  
THE NETHERLANDS

Dear Sirs,

Univar N.V. is one of the world's leading chemical distribution companies with 2002 sales of US \$4.4 billion, with its registered office in Rotterdam and its shares listed with the Amsterdam stock exchange and traded on Euronext. Univar operates under the two-tier structure with its supervisory board constituted of senior European business executives and its management board constituted of US and Dutch business executives with experience in matters directly related to operations and functions of the Company.

As is typical of major Dutch industrial companies, Univar's operations are global. More than half of its employees and facilities are in North America and it has substantial assets and employees throughout the European Union, and it has developing operations in Asia. Although most of Univar's shareholders reside in the Netherlands, few of the Company's employees or assets are located in the Netherlands. Univar's management team is multi-national and Univar anticipates that its sustainability depends, in large measure, on its continuing ability to attract and retain executives from within its non-Dutch operations.

Univar supports the spirit of the principles stated in the Corporate Governance Code ("Code") and most of the specific proposals in the best practice provisions. Univar also supports full disclosure. However, the Code should not go beyond disclosure and legislate fixed rules. As stated in a report issued by a committee of high level experts on company law and chaired by Professor Jaap Winter,

The 'shelf life' of law tends to become more limited as society is changing more rapidly...Fixed rules....come at the cost of little or no flexibility, and the disability to keep pace with changing circumstances.

Inflexible rules on severance pay, the variable compensation component of a remuneration package and 4-year terms of executive board members and prohibiting all direct investments by executive and supervisory board members transgress the authority and function of the supervisory board and violate the principles established by Professor Jaap's committee. The

rules requiring disclosure and pertaining to conflicts of interest provide strong protections while allowing sufficient flexibility for companies to meet the great variety of, and ever changing situations and demands confronting, Dutch companies in the global business environment.

Univar's comments on certain specific sections are as follows:

### **I.1.1 Management board terms limited to 4 years**

We are unaware of any evidence or data that supports the principle that the sustainability of a business enterprise is improved by mandating shorter terms of office for senior management. To the contrary, all evidence supports the proposition that greater turnover and a higher risk of loss of office cause management to focus on the shorter term, to focus on the term coinciding with management's expected term in office. Therefore, management board term limits will likely detract from a long-term focus on the sustainability of the company. Univar is of the view that term limits for the management board are not in the best interests of the typical business enterprise. Shareholder voting and its enhancement through the provisions on remote voting provide the mechanism for the shareholders of a business enterprise to address issues related to removal of an underperforming management board.

### **I.2.3 Prohibition on selling stock acquired under a share plan**

Existing rules regarding transactions in shares by management board members are strict and require public disclosure forthwith. The proposed restriction on the sale of shares acquired through stock plans is unnecessary and unjustifiably onerous.

### **I.2.8 Active investment decisions by directors prohibited**

The conflict of interest rules adequately address the potential problems that may arise from director investments. The proposed best practice rules on conflict of interest might be supplemented by a rule that directors report all investments on a confidential basis to an identified person—the company's compliance officer, for example. We view the proposed ban on personal investment decisions as entirely too onerous given the very limited harm sought to be addressed. There are tens of thousands of listed companies traded on dozens of exchanges around the world. A blanket ban on any personally-directed investments in any of these companies is a much too extreme restriction and is likely to impede the hiring of the multi-national directors necessary for the management and supervision of large multi-national enterprises.

### **I.2.9 Variable compensation may not exceed 50% of total compensation**

We support the full disclosure of compensation and the principle that conditional remuneration should be based on predetermined performance criteria. We do not support a pre-conceived assessment of what is an appropriate relationship between fixed and variable compensation. The possible circumstances are

unlimited and the Code should not express any pre-conceived notions as to forms of compensation. For example, a supervisory board may determine that the shareholders are best served by providing for below-market fixed compensation and replacing salary with variable compensation. The supervisory board exists to make an independent judgment on the structure of a remuneration package and this function of the supervisory board should be allowed to operate without legislated, pre-conceived judgments. We also note that greater shareholder involvement is another mechanism to limit excessive management board remuneration and that pre-established limits interfere with the functioning of this mechanism.

#### **I.2.10 Severance limited to 1 year**

We support the full disclosure of severance arrangements. We do not support the pre-conceived standard that severance above one year should necessarily be viewed with disfavor. Management board members in a multi-national Dutch industrial company should be drawn from many nations and backgrounds. These candidates may have substantial severance due to long employment tenure with the company or from local laws and customs. Customs and pay practices vary from country to country. For example, in some countries severance is awarded in lieu of pension benefits. We view a pre-conceived standard that disfavors severance of greater than a stated amount (1) to be unnecessary in view of the authority of the supervisory board and the proposed greater role of shareholders, and (2) as costly since companies may tend to pre-pay existing severance commitments to employees upon appointment to the management board to avoid distracting shareholder criticism.

#### **I.2.16 Submission of remuneration policy to the shareholders for approval**

This proposal unnecessarily encroaches upon the authority of the supervisory board and will create unnecessary shareholder meeting dissension and conflict. Executive remuneration is one of the least costs in running a large industrial company and the selection of highly competent and effective managers is one of the most important factors in the success of a business enterprise. Executive remuneration gets more public attention than many other matters relating to listed companies, but greater rather than smaller amounts of remuneration do not harm shareholders in any material way and in all likelihood benefit shareholders. Shareholders have the right to introduce resolutions pertaining to remuneration in those specific cases where specific situations so motivate enough shareholders. We view a blanket rule requiring shareholder approval of remuneration policies to be divisive, distracting and as not being a meaningful topic of shareholder approval.

#### **II.7.3 Active investment decisions by Supervisory Board members prohibited**

The conflict of interest rules adequately address the potential problems that may arise from SB member investments. The proposed best practice rules on conflict of interest might be supplemented by a rule that Supervisory Board members report all investments on a confidential basis to an identified person—the

company's compliance officer, for example. We view the proposed ban on personal investment decisions as entirely too onerous given the very limited harm sought to be addressed. We note that there are tens of thousands of listed companies traded on dozens of exchanges around the world. A blanket ban on any personally-directed investments in any of these companies is a much too extreme restriction and is likely to impede the hiring of the multi-national Supervisory Board members necessary for the management and supervision of large multi-national enterprises.

Kind regards,

A handwritten signature in black ink, appearing to read "Gary Pruitt". The signature is written in a cursive, flowing style.

Mr. Gary Pruitt  
Chairman and CEO