

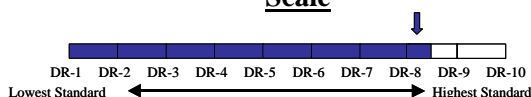
GIMV

Belgium

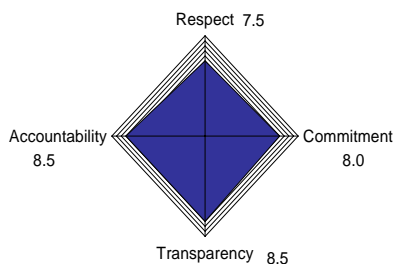
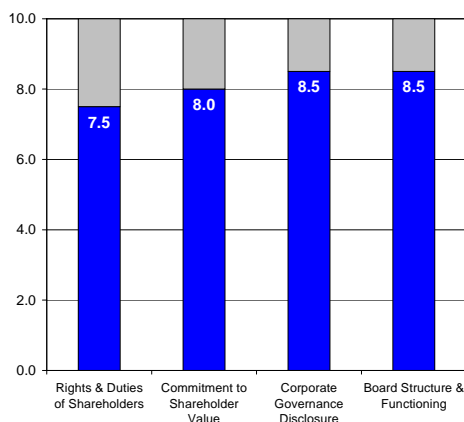
Rating



Scale



Scores for Categories



Summary

ICS Corporate Services (hereafter “ICS”) assigns a DR 8.5 to GIMV. This rating reflects the very good overall performance of the company regarding its current corporate governance structures and functioning.

According to ICS’ comparative analysis GIMV is a leading corporate governance actor in Belgium and exceeds the average performance of the largest listed companies in Europe as regards its commitment to shareholder value.

Methodology

ICS was appointed by the board of GIMV to assess its current corporate governance structures and workings. ICS conducts its analysis from a position of independence and objectivity. The rating is based on public and non-public information provided by GIMV, as well as on “one-on-one” interviews with members of the board of directors and executive committee.

The Corporate Governance Rating is pursued with reference to ICS’ standards (hereafter, the “Standard”). The Standard is established according to a methodology based on internationally recognised corporate governance standards, developed and continuously updated with major institutional investors who act as opinion leaders in the field of corporate governance. The Standard places ICS in a unique position to assess the corporate governance practices of companies and ensures that the services conducted by ICS are closely tied to market expectations.

The Rating & Investor Report is based on current information provided to ICS until 19 April 2007. The Rating & Investor Report may be changed, suspended or withdrawn as a result of changes in or unavailability of such information.

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Executive Summary

1. Rights & Duties of Shareholders

For this category, GIMV scores 7.5 out of 10.

GIMV has issued one type of ordinary share granting equal rights to all shareholders. It adheres fully to the 'one share – one vote – one dividend' principle.

GIMV meets almost all investors' expectations as far as the resolutions proposed to the general meeting are concerned. Directors' elections are put to vote separately at the general meeting.

By requiring a 20% threshold for putting items on the agenda, the company is not in line with the present best practice recommendations of the Belgian Code on Corporate Governance. A similar threshold is required for convening an extra-ordinary general meeting. Shareholders can at all times ask written or oral (at the general meeting) questions to the board of directors.

GIMV meets most investor expectations as far as voting procedures and methods are concerned. All votes are counted at the general meeting. There are no proxy voting limitations. Voting by mail is allowed. Even though GIMV has created the possibility of using a more shareholder friendly record date, it still has not put it to practice. A one week blocking period is required in order to vote at the general meeting.

GIMV has an extensive possibility to increase the share capital whilst excluding pre-emptive rights. The share repurchase is limited to 10% of the issued share capital. Both the share repurchase and the share capital authorisation can be used during a takeover situation. After the selling of part of the stake held by VPM, these authorisations can now make a difference.

2. Commitment to Shareholder Value

For this category, GIMV scores 8.0 out of 10.

After the selling of a 13% stake by VPM, its holding has decreased from 40% to 27%. Given the attendance rates at the last general meeting this holding is considerable. VPM also has the authority to propose 5 board members out of 13.

GIMV has installed fixed remuneration and an attendance fee for its non-executive directors. The executive committee members receive a base salary, a short-term bonus and are subject to various long-term incentive schemes. The fixed salary is benchmarked and short term as well as long term incentives are based on objective measures, which are actively supervised by the remuneration committee.

3. Disclosure on Corporate Governance

For this category, GIMV scores 8.5 out of 10.

It is clearly visible from GIMV's public documents, such as annual report and corporate governance charter that strong efforts are made to commit to good corporate governance standards and to convey this to the company's stakeholders.

Both capital and shareholder structure are disclosed in the company's documents and website. GIMV makes intensive efforts to provide all relevant information to the investment community. Both the Dutch and English versions of the agenda were available

24 days in advance to the general meeting. An English version of the annual report was available at the time of the general meeting.

As for stakeholder information, the company publishes information on auditors, employees and ethical values. Information on relevant services provided to GIMV of companies linked to board members is not included.

In line with the Lippens Code, GIMV gives an individual overview of the remuneration received by each of its directors. The remuneration policy for executive committee members is disclosed on a general basis, leaving room for details as regards the exit bonus plan, the individual amounts, the performance targets of the bonus, and the timing conditions of the long term incentive plans. The remuneration of the managing director is individually disclosed in the annual report.

GIMV's disclosure on its board, executive committee and committees gives insight into their composition, classification and functioning with some more personal details available for the board of directors and executive committee members.

The company discloses a corporate governance charter and has extensive governance information in its annual report, which includes a 'comply or explain' statement.

4. Board Structure and Functioning

For this category, GIMV scores 8.5 out of 10.

All members of the board of directors are elected by the shareholders, five of whom are proposed by the main shareholder, whereas the others are to be proposed by the nomination committee. The board is furthermore made up of the managing director. The members of the board are subject to an age limit of 65 and are elected for four years, as recommended by the Lippens Code.

The board of directors reflects a sound composition of members from a diverse academic and professional background. As of 2006, the proportion of independent directors has risen to slightly over 50%.

The board of directors of GIMV has given credible examination powers to the audit committee, which is composed only of non-executive directors (NEDs) of whom half are independent and is active in pursuing its work responsibly.

ICS' analysis revealed a clear involvement of the board of directors in the strategy-making process. Close control and supervision of the executive committee, particularly through the chairman of the board, ensures alignment of company strategy to market needs and swift board involvement whenever need be.

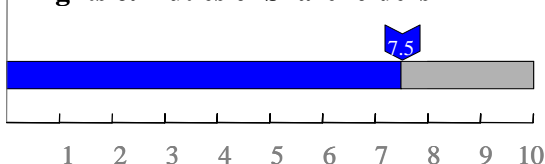
The nomination committee is composed of 5 NEDs of whom 4 are independent. It is in charge of proposing 8 out of the 13 members to the general meeting. Evaluation of board members and of the managing director takes place informally with the chairman, who also serves on the nomination committee.

According to ICS' analysis GIMV operates via a clear and transparent governance structure with the chairman playing a key role in the board's responsibilities. Conflicts of interests have been well handled and are made transparent.

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1 Rights & Duties of Shareholders

Rights & Duties of Shareholders



1.1 One Share – One Vote – One Dividend Principle

GIMV has issued one type of ordinary share granting equal rights to all shareholders. It adheres fully to the ‘one share – one vote – one dividend’ principle.

The company has installed one type of share with equal voting and dividend rights. No multiple voting rights or non-voting shares have been created or sold on the market.

There are no other systems set up that could further distort the ‘one share – one vote’ principle: no voting right ceilings, no ownership ceilings, no golden shares or priority shares granting specific rights to the holders thereof.

GIMV Share capital¹

Type	Par value (€)	Votes per share	Issued
Ordinary share	9.49	1	23,176,005

Governance features

- Full adherence to the ‘one share – one vote – one dividend’ principle
- No non-voting shares
- No multiple voting rights
- No golden or priority shares
- No voting right or ownership ceilings
- No dividend distortions among shareholders

1.2 Voting Issues

GIMV meets almost all investors’ expectations as far as the resolutions proposed to the general meeting are concerned.

GIMV follows the Belgian legal framework, which awards a wide range of prerogatives to the general meeting. All company relevant items are subject to shareholders’ approval: approval of the annual and consolidated accounts, dividend allocation, board election, yearly discharge of the board members, board fees (whenever amended), long term incentive plans, appointment of the auditors including their remuneration, yearly discharge of the auditors, capital

¹ These figures are based on data as of 19 April 2007. The last change in the share capital was executed in 2000 (increase of the share capital and transfer from BEF to EUR).

decisions such as share repurchase and authorised capital and amendments of the articles of association. Given the specific structure of the company, consisting of a board of directors and a managing director, the general meeting approves only the remuneration of the managing director. The remuneration policy of the executive committee is not approved by the general meeting. There is no remuneration report that is subject to shareholders’ approval. The 2006 general meeting approved the remuneration for the board of directors.

The information that is available to shareholders in order to make an informed vote are the following: the English and Dutch version of the agenda (with the full wordings of the proposals) and the Dutch version of the annual report are available 24 days before the meeting. An English version of the key figures of the annual accounts is available 24 days ahead of the general meeting. The full English version of the annual report is available at the general meeting. CVs are made available to shareholders at the time of election of directors. Resolutions at the AGM are put to vote in separate items.

GIMV’s shareholders have the exclusive authority to elect and dismiss members of the board of directors. VPM has the authority to propose 5 members for appointment to the board including the chairman. This authority stems from the articles of association according to which VPM has this authority provided that it holds minimum 25% of the shares. With its current level of participation in the company’s share capital this authority can be seen as slightly disproportionate. Given the specific nature of the shareholder – representative of the Flemish Government - this should, however, be treated differently (see further on page 14).

Governance features

- All directors are to be elected by the shareholders
- Board remuneration and long term incentive plans are subject to shareholders’ approval
- Auditors are elected every three years by the shareholders and are subject to a yearly discharge
- Information is available 24 days before the general meeting
- Agenda items are put to vote in separate items
- Information on directors in the event of an election is available at the time of election

1.3 Shareholder Proposal

By requiring a 20% threshold for putting items on the agenda it is not in line with the Belgian Code on Corporate Governance.

The articles of association set the threshold for requesting the insertion of an agenda item for an already convened general meeting to 20% of the votes. This threshold is not only below European average (less than 10%).² It is not in line with the Belgian Code on Corporate Governance. On the other hand the company has indicated in its 'comply or explain' statement, it would nevertheless do so without any shareholding requirement, if such proposal would be in the interest of the company. Although it is positive that the board would seriously contemplate any proposal by shareholders, the fact that it can refuse any proposal, including board contentious issues, if put forward by shareholders holding less than 20%, is from a minority point of view not reassuring. The same threshold applies if shareholders want to convene an extra-ordinary general meeting.

Due to the legal framework in Belgium, shareholders do not have the right to file counterproposals prior to the general meeting.

Shareholders can at all times ask written questions (before the general meeting) and oral questions (at the general meeting) to the board of directors.

Governance features
<ul style="list-style-type: none"> ▪ High holding requirement (20%) to call an extraordinary general meeting or to add resolutions to the agenda ▪ Shareholders have the possibility to ask questions to the board, either in writing or in oral form

1.4 Voting Procedures & Methods

GIMV meets most investor expectations as far as voting procedures and methods are concerned.

All shareholders may vote at the general meeting, either by attending or by appointing any proxy. GIMV has created the possibility in its articles of association to vote by mail. To this end the company has issued a specific form sent to all registered shareholders which they can use as a proxy or as a voting form that can be sent to the company by mail.

Holders of bearer shares have also the possibility to vote by mail and to appoint a proxy of their choice. Holders of bearer shares are able to download a proxy form from the corporate website.

Shareholders can attend without access limitations (i.e. holding requirement) and all votes cast by shareholders or proxies are counted.

Technical requirements (share blocking and submission of proxy) for voting per proxy or attending the general meeting need to be fulfilled 3 working days prior to the meeting according to the articles of association. As GIMV must provide its shareholders with a full agenda 24 days prior to the general meeting, investors have in fact about 21 calendar days to perform an analysis on the proposed resolutions and to fulfil the registration requirements. Given the evolution in timely disclosure of agendas and annual reports, this lies under the European average of 25 days. It should furthermore be noted that for the annual general meeting of 31 May 2006, bearer shareholders had to block their shares as of 24 May 2006. The possibility the company has created for using a record date instead of a blocking requirement has still not been put to practice. A Dutch version of the annual report is available around 24 calendar days before the general meeting. The English version was available at the time of the general meeting. The English version of the agenda was available together with the Dutch version, 24 days in advance.

Governance features
<ul style="list-style-type: none"> ▪ Proxy voting is possible and anyone can be appointed as proxy without restriction ▪ Voting by mail is possible ▪ The company has created a specific form for registered shareholders that can be used as proxy form or voting form to be sent by mail ▪ No application of a record date, even though the possibility was created in the articles of association ▪ Long blocking period applied for the latest annual general meeting ▪ Both agenda and annual report were available in English ▪ The time available to cast an informed vote (21 days) lies under the European average (25 days)

1.5 Equitable Treatment of Shareholders

GIMV has an extensive possibility to increase the share capital whilst excluding pre-emptive rights.

At the 2005 general meeting, GIMV shareholders authorised the board of directors to increase the company's share capital by up to 100% of the issued share capital, whereby subscription rights can be waived. This authorisation is in force for 3 years and can explicitly be used in the event of a hostile takeover, in which case it is legally limited to 10% of the issued share capital. The general authority to increase the share capital (outside tender offer situations) is valid for 5 years.

A share repurchase authorisation has been given at the same general meeting. It lasts for 18 months for up to 10% of the share capital with a repurchase price of maximum 10% above market price. In case of a serious and imminent danger, the board has a similar authorisation for 3 years.

With a holding by VPM of about 27%, the authorisation mentioned above, would resort a significant effect if used when a hostile bid would be launched.

² The European average refers to the average of all companies of the 9 largest European stock markets listed on the MSCI Pan Euro index and analysed by ICS in 2006.

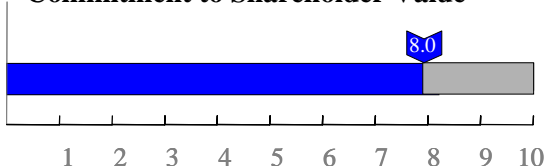
Governance features

- Extensive authorised capital (up to 100% of issued share capital) with the possibility to exclude pre-emptive rights
- Acceptable level of share repurchase (10%)
- Both authorisations can be used during a takeover which according to Belgian company law is limited to 10% of the share capital per authorisation

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2 Commitment to Shareholder Value

Commitment to Shareholder Value



2.1 Influence of Stakeholders

There is no indication that the interests of GIMV's significant stakeholders should not be in line with the long term interest of all shareholders. With the exception of VPM as the reference shareholder, there is no stakeholder that could potentially exercise a decisive influence on the company's operations.

During 2006, VPM the former majority shareholder of GIMV, has further sold a stake of around 13% of the GIMV shares. As a result, the free float of the company has risen further from 60% to 73%.

Even though the main shareholder has lowered its stake in the company, it still has a significant influence on both the decisions to be taken at the general meeting as well as on the board of directors where it can nominate a number of representatives.

Shareholders' meeting :

Even though strictly speaking, VPM has no longer a majority of the voting rights, it can be reasonably expected that VPM still controls the decisions taken at the general meeting of shareholders. At the latest general meeting, 41.5% of the shares were represented, resulting in a two third majority for the main shareholder.

However, ICS can certify in this respect that during its monitoring activities of board documents as well as interviews with various board members over the past three years, it has found no piece of evidence or indication that disproportionate influence was asserted by the main shareholder.

Board of Directors :

VPM currently has the right to nominate 5 board members, including the chairman. This means that less than half of the board members are shareholder representatives. It has to be stated, however, that another 4 board members are previous board members of VPM. However, since they hold no longer a VPM mandate and given the specific nature of VPM, ICS classifies them as independent.

Company Suppliers

No specific links with company suppliers which could lead to conflicting interests have been identified. A stringent procedure is in place that intervenes if a conflict of interest situation arises, of which evidence has been presented to

ICS at its inspection of the board minutes. In the event services have been delivered on which board members might benefit, GIMV discloses services delivered and fees paid in its annual report.

External auditor

The 3-year appointment of the company's independent auditor and the determination of his remuneration falls under the responsibility of the general meeting. The external auditor is subject to a yearly discharge to be granted by the shareholders. The company has installed a strict procedure for the approval of non-audit services through its audit committee and in line with Belgian Law. The ratio of fees received for non-audit services to those received for external audit services for Ernst & Young were lower than 100% and did therefore not materially affect the auditor's independence.

Non-audit fees versus audit fees at GIMV in EUR (2006-2007)³

	Ernst & Young
Audit Fees	223,101
Audit Related Fees	79,894
Tax Fees	22,680
Non-audit fees	19,306
TOTAL	344,981
Audit / Non-audit Ratio	9%

The company has expressed its commitment to long term shareholder value through its annual report.

Governance Features

- Free float has further increased the past year from 60% to 73%
- The number of shareholder representatives on the board of directors: 5 persons, including the chairman stays equal
- The remaining board members, are to be proposed by a nomination committee
- Conflict of interest rules are clearly outlined and applied for all board members
- Non-audit fees paid to the external auditor did not exceed the audit fees paid
- Active stance of the audit committee in choice of the external auditor as well as active involvement in approving the possible non-audit services

³ These fees have been paid over the financial year 2006/2007 (15 months).

2.2 Board & Management Remuneration

GIMV has installed a fixed component and an attendance fee for its non-executive directors. The executive committee members receive a base salary, a short-term bonus and are subject to various long-term incentive schemes. The fixed salary is benchmarked and short term as well as long term incentives are based on objective measures, which are actively supervised by the remuneration committee.

2.3.1. Remuneration of Non-executive Board members

The non-executive director's remuneration policy includes

- a fixed component,
- an attendance fee

The remuneration of the non-executive directors (NEDs), including the board fees of the chairman is adopted at the general meeting of shareholders, whereby a general amount that is to be divided amongst the directors is disclosed for approval. This aggregate amount is determined by the remuneration committee of the board. The total of the directors' fees amounted to EUR 1,106,730 for the calendar year 2006 (EUR 971,206 for the calendar year 2005)⁴.

In addition to the board fees, board members receive an attendance fee for board meetings to which they attend. The fee is set at an acceptable level of EUR 620. Total attendance fees granted for the calendar year 2006 amounted to EUR 138,260 (EUR 104,137 for the calendar year 2005).

Non-executive directors do not participate to any variable remuneration: they do not take part in the bonus system, nor in any stock option plan.

There are no holding requirements in shares for non-executive board members which is seen as a good way to link their interests to the long term interests of the shareholders – under the condition that such holding would be substantial and subject to a holding requirement.

Remuneration of the managing director

The remuneration of the managing director consists of a yearly salary, which includes board fees and a management fee. He is furthermore entitled to bonus payments and a participation in the long term incentives as an executive (see below).

Governance Features

- Non-executive directors are remunerated by a fixed salary that is approved – in aggregate – by the shareholders
- In order to link the remuneration with the time vested in the company, directors also receive an attendance fee
- Non-executive directors do not participate in any performance related payment
- There is no holding requirement in shares for directors

⁴ Pro Rata – for the financial year 2006/2007 (15 months) – a total amount of EUR 1,244,990 was paid.

2.3.2. Remuneration of top management

The remuneration of the executive members of GIMV is composed of the following elements:

- Annual base salary
- Short term incentive (discretionary bonus)
- Long term incentive (exit bonus and carried interest in investments)
- Other benefits (loans)

At GIMV, the board of directors upon proposal of the remuneration committee determines the amount of executive compensation.

Base Salary

The level of fixed fees is the object of a regular audit by the remuneration committee, which is composed of four non-executive directors of whom two are considered independent.

In line with best practice executives are not involved in fixing their own remuneration. The level of the fixed salary has been set on the basis of benchmarks with international market practice for which external advisors have been consulted.

The total remuneration (salaries and variable remuneration) of the 7 executive committee members, excluding the remuneration of the managing director amounted to EUR 3,771,040 for the calendar year 2006 (EUR 2,260,247 for the calendar year 2005)⁵.

Short Term Incentives – Bonus

The level of the bonus is dependent upon the development of the financial results of GIMV. In principle the short term bonus is dependent on the net result of GIMV.

Only executives and employees can be recipients of bonus payments. The bonus is capped at 30% of the total salary cost. The percentage is set on a discretionary basis and its change may effectively function as some sort of a controlling measure (or cap). The granting of the bonus is based on a personal evaluation. Proposals are made by the executive committee and approved by the board of directors on advice by the remuneration committee. The board of directors has the discretionary authority to decide not to grant a bonus even when the targets are met, should exceptional circumstances require them to do so. The executive committee members' bonuses, including that of the managing director are determined by the remuneration committee. A joint variable remuneration has been granted to the members of the executive committee in the calendar year 2006 for an amount of EUR 1,083,083 (EUR 555,165 for calendar year 2005)⁶.

The system of the cash bonus meets investors' expectations as it is based on an objective calculation and is directly linked to the company's results.

⁵ Pro Rata – for the financial year 2006/2007 (15 months) – a total amount of EUR 4,713,800 was paid.

⁶ Pro Rata – for the financial year 2006/2007 (15 months) – a total amount of EUR 1,353,854 was paid.

Long Term Incentive - Exit Bonus

On investments carried out by the company until 2001 the system of an exit bonus is applied for all personnel working at the company in April 2001. The bonus granted is based on an overall bonus budget that is calculated as a percentage (which varies from investment to investment depending on the different business units and decided by the remuneration committee) of the net surplus value of the investment after surpassing a minimum hurdle. Exit bonus is not capped and becomes payable at the end of the system which is currently set at 2009.

Individual bonuses are granted following mainly two pre-established criteria (from which the remuneration committee can deviate):

1. the position of the employee, and
2. the number of months he / she is working for the company.

The objectives of the plan as well as the performance targets are very clear: employees have a right to share in the 'profits' together with the company. The success of the plan is directly dependent on the surplus value of the investments made and therefore adequately links employee performance to remuneration. At the same time the bonus flowing from the plan is based on objective standards and performance criteria. Due to the overall ceiling on the plan no excessive remuneration can flow out of it.

Long Term Incentive - Carried Interest

Investments carried out by the company as of 2001 are subject to the system of carried interest, giving the possibility for employees to share in the company's profits. It is the follow-up plan to the exit bonus system.

Co-investment companies have been set up per business unit. Through these co-investment companies, GIMV personnel is allowed to invest in an interest that represents a maximum of 10% of the investments done by GIMV. This interest is structured by way of stock options, which vest over a five year period and can be exercised as of the eight anniversary of their issuance. GIMV guarantees to purchase the shares acquired following exercise of the stock options at a price that is determined following an objective calculation.

This system is based on good timing conditions (vesting and holding following market expectations) and objective measurement (price determination is set and the price of the shares is based on performance as well as a pre-determined calculation method). The granting conditions have not been determined in the plan itself.

Other Payments or benefits

The company discloses the pension obligations it has towards the members of the executive committee, which is appreciated by investors.

Other benefits, such as group insurance falls under the salary cost, as disclosed by the company.

In terms of termination payments, GIMV applies the normal

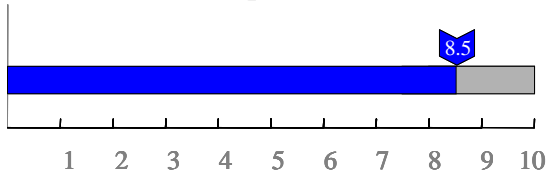
legal Belgian rules, whereas only for the Managing Director, GIMV has a severance agreement. This agreement consists of a severance payment in case of termination of maximum 2 years of salary (under the condition that the Managing Director is not older than 60 years).

Governance Features
<ul style="list-style-type: none"> ▪ Annual salary benchmarked by external consultant ▪ Executive annual bonus is based on an objective measure flowing from the net profit, whereby individual bonuses are determined by the remuneration committee on proposal of the chairman and the managing director ▪ Long term incentives are based on objective measures as well : share price and surplus values of the investments ▪ No remuneration report is submitted to the general meeting ▪ Clear and active involvement of the remuneration committee in drafting the pay policy

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3 Disclosure on Corporate Governance

Disclosure on Corporate Governance



3.1 Investor Relation Department

GIMV makes intensive efforts to provide all relevant information to the investment community. The company has made serious efforts to bring its disclosure practice in line with international market requirements.

The English version of the annual report is generally available at the general meeting. The English and Dutch versions of the agenda are available 24 days in advance. As of 2006 the company also publishes the minutes of the meeting on its website. GIMV has disclosed an English and Dutch version of its articles of association and its corporate governance charter on its website.

GIMV presents its financial accounts as of 2005 in accordance with IFRS.

The investor relations department is accessible through the company's website where direct phone number and email address is provided.

The company runs a website featuring information on the company in general, its business structure, subsidiaries with an overview of their investment activities, press articles, team members, presentations and portfolio composition. An investor relations section is also available; this section provides the investor with information on the share (price, net asset value, and general information as well as a shareholders' newsletter), financial information (key figures, calendar and portfolio composition), shareholders (structure and analyst coverage), a section on 'events and presentations', which includes a section for downloading the general meeting agenda, a section on FAQ and on corporate governance in general.

Information on the composition of the board with limited information per board members is accessible on the website as well.

Governance Features

- IFRS is applied
- Full contact details of investor relations department with own website section
- Structurally good website which is limited however on board information
- Availability of an English version of the agenda 24 days in advance of the general meeting
- Improvement: publication of the minutes of the general meeting

3.2 Corporate Governance Involvement

As required by the Belgian Code on Corporate Governance, GIMV has published a corporate governance charter, which is downloadable from its website. It has furthermore issued a 'comply or explain' statement, which is disclosed in the annual report.

For its corporate governance information, the company can generally refer to two main documents: a corporate governance charter outlining the general principles of its corporate governance structure, shareholdership, general meeting accessibility, capital structure, composition and nomination of board of directors, committees, including charters.

Whereas the corporate governance charter gives a general insight on the principles, information on the concrete application of such principles is to be found in the annual report giving an overview of areas such as relationship with the main shareholder, independent directors as well as shareholder representatives, workings of the board of directors, information flow for directors, conflicts of interest, remuneration for executives and non-executive directors, board committees, company audit and possibilities for shareholders to access the general meeting.

The annual report contains also a 'comply or explain' statement. In this section the company indicates the provisions with which it is not in line, it outlines the deviation and gives a satisfactory reasoning as to why it does not apply the best practice provisions.

Governance Features

- Clear commitment to adopt good corporate governance
- Excellent corporate governance reporting
- Corporate governance section in the annual report and aspects of good governance dispersed throughout website
- Disclosure of corporate governance rating in the annual report
- Disclosure of a corporate governance charter
- Disclosure of a 'comply or explain' statement

3.3 Capital & Shareholder Structure

Both capital and shareholder structure are disclosed in the company's documents and website.

GIMV is very clear about the important holdings and indicates all other shareholders holding more than 3% of the share capital⁷. It outlines adequately the intention and relation with VPM, the main shareholder which has recently lowered its stake from 40% to 27%.

A further breakdown information of the free float by type of investors is disclosed in the annual report. The employee shareholdings are not published.

The capital structure, as well as the authorisations to increase the share capital and to repurchase own shares are well described. The possibility to use either of the authorisations during a takeover is also explicitly disclosed in the agenda and the articles of association and as of this year in the annual report as well.

Governance Features	
▪	Full disclosure on the capital structure
▪	Full disclosure of authorisations to increase capital or repurchase own shares including their use during a takeover
▪	Relationship, intention and holding of the main shareholder adequately published
▪	Exhaustive information on the shareholder structure
▪	Information on the breakdown of the free float

3.4 Information on Stakeholders

As for stakeholder information, the company publishes information on auditors, employees and ethical values.

GIMV has a very good level of disclosure practice for its external auditor: the name of the company, the audit partners, audit fees as well as non-audit fees and term of appointment are disclosed. The initial appointment date as well as a description of the non-audit services are published in GIMV's annual reports. The company additionally outlines its procedures in decision making on non-audit services.

Disclosure on external auditors at GIMV

	Disclosure
Name of the auditors	x
Name of the company	x
Initial appointment date	x
Amount of fees from audit services	x
Amount of fees from non-audit services	x

x = available - = not available

The company has stated its commitment to social engagement and ethical values in its latest annual report as a criterion for investing in a company. There is, however, no environmental report.

In its 'Human Resources' section in the annual report, GIMV provides detailed information as regards its staff size, the staff's geographical and functional distribution as well as the general overview of their remuneration package.

Governance Features	
▪	Identity of external auditors is disclosed
▪	Audit and non-audit fees are available
▪	Commitment to social engagement disclosed
▪	No environmental commitment disclosed
▪	General overview of employees and their remuneration policy
▪	Disclosure of the initial appointment date of the external auditor
▪	Overview provided of the procedures on deciding non-audit services

3.5 Remuneration & Incentive Schemes

GIMV gives a relative good overview, including the individual details of the non-executive remuneration policy. The remuneration policy for executive committee members is disclosed on a general basis, leaving some room for details as regards all payment schemes as well as performance targets and the timing conditions. The remuneration of the managing director has been fully disclosed in the annual report.

A general amount is approved by the shareholders and is to be distributed amongst the directors. The individual details of the non-executive board members' remuneration are disclosed as recommended by the best practice provisions of the Code on Corporate Governance. The remuneration structure gives an overview of the two pay components as well as the aggregate amount for each of the components.

As for the executive remuneration it is clear that executive committee members benefit from short term components and long term incentives. The company does not provide any individual information except for the managing director. This is in line with the Belgian Code on Corporate Governance.

From the information provided in the annual report, the amounts of the salaries and the short term bonus have been disclosed in aggregate. The company has not publicly disclosed any performance conditions for the annual bonus, though.

The company gives a general explanation of the headlines of the system of a stock option plan that is connected to the co-investment companies.

The company discloses the pension obligations outstanding for executive committee members.

⁷ KBC Asset Management holds 4.10% of the share capital.

Disclosure on remuneration at GIMV

Information on remuneration	Board of Directors	Executive Committee
Aggregate remuneration	x	x
Fixed remuneration	x	x
Variable remuneration	x	-
Policy for the variable part	x	-
Other remuneration	x	(x) ¹
Chairman/managing director remuneration	x	x
Information on individual pay	x	-

x = available (x) = partially available - = not available
¹ Group insurance, loans and pension obligations disclosed

Governance Features

- Good overview of the remuneration policy of the non-executive directors
- In line with the Belgian Code on Corporate Governance, the company discloses the individual details of the remuneration received by the directors
- No further explanation published on the annual bonus of the executive committee members
- The system of 'carried interests' is generally explained in the corporate governance charter
- Pension obligations are published

Governance Features

- Clear classification of board members
- Good level of personal information on board members
- Excellent overview of the delegation of powers
- Very good reporting on the workings of the board of directors, including attendance rates
- Good reporting on conflicts of interest
- Very good level of personal information on executive committee members
- Good overview of the workings of the executive committee
- Clear disclosure on committee workings, membership, number of meetings held and workload of the past year

* * * * *

3.6 Board & Committees

GIMV's disclosure on its board, executive committee and committees gives insight into their composition, classification and functioning with some more personal details available for the board of directors and executive committee members.

3.6.1 Board disclosure

The members of the board of directors of GIMV are adequately classified into shareholder representatives (i.e. those proposed by VPM), members proposed by the board of directors and independent directors. Some of the members whom are proposed by the board of directors are former VPM board members and can now be considered as independent. Their age, initial appointment date and outside functions are disclosed as well. The individual shareholdings of the members are not disclosed. The workings of the board, consisting of an overview of the number of meetings held, attendance rates, the information flow for board meetings, the delegation of powers towards the executive committee, conflicts of interest and the specific rights of the chairman are well described.

GIMV has indicated to disclose information on services provided by companies linked to board members in so far the fees paid for such services are material.

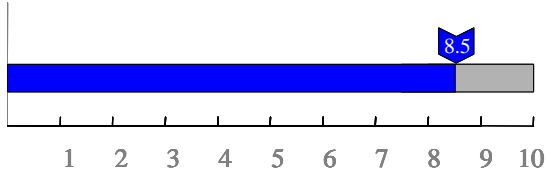
Similar information is available for executive committee members with the addition of their academic background.

3.6.2 Committee disclosure

The company has issued a charter of its committees in its corporate governance charter. In this document the company outlines in general the composition, authorities and workings of its various committees. Concrete reporting on past activities, number of meetings held, as well as attendance rates are stated in the annual report.

4 Board Structure & Functioning

Board Structure & Functioning



GIMV imposes an age limit of 65 for the members of the board of directors. The terms of mandate of the board members have been equalised for all board members and set at four years.

The board is assisted in its audit, remuneration and nomination responsibilities by committees, which have been enshrined in the articles of association. GIMV has quite a tradition in using committees whose creation dates back to the mid-90s.

4.1 Election & Composition of the Board

4.1.1 Structural adequacy of Board profile

All members of the board of directors are elected by the shareholders. The members of the board are subject to an age limit of 65. The company has decided to follow the best practice provisions of the Belgian Code on Corporate Governance and nominates its board members for a term of four years.

GIMV has chosen as of September 2003 to govern the company by a board of directors and a managing director with sole responsibility of daily management. The managing director is assisted by an executive committee. The executive committee has no decisional power but only an advisory role.

GIMV's board of directors has an acceptable size of 13 members. The executive committee consists of the managing director assisted by 7 other persons, amongst whom the CFO as well as the heads of the various business units.

VPM as main shareholder has the authority of proposing 5 candidates to the board, including the chairman. The other board members are either to be proposed by the nomination committee or by the board of directors. When candidates are proposed by the main shareholders an informal contact is established between the new board members and the chairman of the board. VPM's privileged right can only be amended by a three-fourths majority at the general meeting that will require VPM's own consent. As it holds a blocking minority VPM is able to fend off any amendment of the articles of association.

The nomination committee consisting of five board members, is composed of 80% of members without a link to the main shareholder. As the nomination committee has the sole authority of proposing independent candidates to the board of directors, a nomination committee consisting solely of independent members could lead to indirect self-evaluation without a proper counterbalance. The membership of the chairman of the board of directors to this committee can be seen as an effective safeguard.

Governance Features

- One-tier board structure consisting of a board of directors whereby the daily management has been delegated to the managing director
- The managing director is assisted by an executive committee (which does not have decisional power)
- Adequate size of the board of directors
- VPM, the main shareholder, has the authority to propose 5 board members
- All nominations to the board are to be submitted to the general meeting
- Age limit of 65 years for directors
- All board members are elected for four years, in line with the best practice provisions of the Belgian Code on Corporate Governance

4.1.2 Factual adequacy of Board profile

The board of directors reflects a sound composition of members from a diverse academic and professional background.

A majority of the directors can be considered independent.

The board of directors consists of 13 members of whom 5 (38%), including the chairman and the vice-chairman, sit on the board of the main shareholder and are identified by the company as shareholder representatives. The board is furthermore made up of one executive (managing director), and four independent members according to Belgian Law. Another three members whom have been proposed to the general meeting by the board of directors can be classified as independent as well. Even though these directors are former board members of VPM, the fact that they don't hold any mandate with the main shareholder anymore is a justification for their independence.

It should be noted that ICS also takes into account tenure when it comes down to assessing the independence of board members. In the event that Marc Stordiau would be re-elected to the board of directors in 2009, ICS would no longer classify him as independent given his board membership since 1993.⁸

⁸ ISS voting policies allow for a maximum tenure of 12 years in order to consider board members non-independent.

The role of chairman and chief executive are separated : the chairman of the board is clearly in charge of the board activities and responsibilities, whereas the managing director (member of the board) is in charge of the daily management. The managing director heads the various business units as well as the executive committee.

The chairman of the board of directors prepares the board meetings, has the tie vote at board meetings and is a member at all three committees (audit, remuneration and nomination). He is in charge of the informal evaluation process for the board of directors and the executive committee. The chairman is not counterbalanced by a senior independent director (who could function as a vice-chairman) on the board. This argument has become obsolete given the rise of board members acting independently from the main shareholder which has resulted in an equally significant rise of independence on the committees.

Board members of GIMV do not have an excessive number of outside positions. Outside positions in investee companies of GIMV taken on by non-executive board members could give rise to potential conflict of interests as directors would be sitting on both boards with a double hat. GIMV states that directors will not take up any mandate— with the exception of the chairman—upon proposal of GIMV in investee companies.

In terms of diversity, the company can be considered as having a complementary mix of board members covering different academic disciplines and professional backgrounds. There is no predominant age class (the average age is 55), and there is sufficient experience on the board of directors (average number of years that the directors are with the company amounts to 7 years).

Governance Features
<ul style="list-style-type: none"> ▪ The company has a majority of independent directors ▪ Role of chairman and CEO are separated ▪ Outside positions of board members are limited ▪ Adequate application of the conflicts of interest procedures ▪ Good diversity in terms of skills and experience ▪ No predominant age category or professional/industry group

GIMV's board of directors is assisted by a number of committees, including the audit committee. The committee is composed of 4 non-executive directors, with 2 members who can be considered independent. With the appointment of 50% of independent committee members, the company has indicated not to be fully in line with the Belgian Code on Corporate Governance. It states to strive to a properly balanced composition taking into account the interests of the main shareholder. Given the specific nature of the main shareholder, government driven vehicle rather than an industrial partner which could have conflicting interests, ICS can certify that the company has chosen for a sound composition.

The managing director and CFO usually attend in the meetings, which may at times affect uninhibited discussions among the remaining NEDs.

GIMV's audit committee, which makes non-binding proposals to the board of directors, proves to be quite active; 8 highly attended meetings were held during the last financial year. The agenda and preparatory information are distributed on time to all committee members. Recurrent items such as examination of quarterly and annual reports as well as valuation are included into the annual agenda before the start of the financial year.

Governance Features
<ul style="list-style-type: none"> ▪ Adequate size (4 members) of the audit committee ▪ 50% of independent directors in the seat of the committee ▪ Managing director and CFO usually attend in committee meetings ▪ Easy access to relevant information ▪ Early agenda setting for recurrent events

4.2 Functioning of the Board

4.2.1 Board responsibilities and tasks

4.2.1.1. *Control responsibility – Audit Committee*

The board of directors of GIMV has given credible examination powers to the audit committee. It is composed of four members amongst whom two are independent.

4.2.1.2. *Strategic responsibility – the board of directors*

ICS' analysis revealed a clear involvement of the board of directors in the strategy-making process. Close control and supervision, particularly through the chairman of the board, ensures alignment of company strategy to market needs and swift board involvement whenever need be.

Due to the specific activity of the company, there is need for a constant control over the decisions taken at all levels in order to safeguard the overall strategic objectives. A subsidiary is created for each investment segment, whereby a member of the executive committee heads a subsidiary. The strategy is being watched over by the board of directors. A pre-eminent position in this respect is taken up by the chairman of the board who is able to participate in executive committee meetings.

ICS' analysis revealed that the board of directors is quite active in the strategy making process. All board members have a strong sense of ownership for the successful search for and implementation of company strategy.

This active stance of the board of directors is structurally enhanced by the fixed agenda items for board meetings.

Each meeting starts by the managing director giving an overview of the current status of the operational affairs, and ends by the CFO giving an overview of the cash position of the company. Big investment decisions are presented by the responsible investment managers.

Governance Features

- Specific subsidiaries set up to tackle investment segments
- Each subsidiary is headed by an executive committee member
- The board of directors as a whole deals with the company strategy in an active manner
- The active stance of board members is structurally enhanced by fixed agenda items, which at each board meeting provides for overviews on current status of business activities and cash position of the company

4.2.1.3. Selection and evaluation – the nomination committee

The nomination committee is composed of 5 NEDs of whom 4 are independent. It is in charge of proposing board candidates whom are not proposed by the main shareholder. Evaluation of board members and the managing director takes place informally with the chairman, who also serves in the nomination committee.

At GIMV the nomination committee is responsible for making recommendations for the non-VPM proposed members only. With this authority it indicates not to be fully in line with the Belgian Code on Corporate Governance.

The selection procedure of the board members representing the main shareholder has not been formalised. The unpredictable selection process is not reassuring to the market and could be regarded as a risk factor. On the other hand, this is the case for a minority of board members.

However, the company has – under the active lead of its chairman – undertaken a more enhanced evaluation of board workings and composition. Through this exercise an assessment was made of the necessary board skills and experiences. Based on this assessment several profiles were made, which were used for recruiting new members.

GIMV’s nomination committee has had different compositions over the past year in order to adhere to the proper checks and balances, taking into account the holding and interests of the main shareholder and minority shareholders. This shows that the composition of the nomination committee fluctuates with the underlying interests of the company, which is another sign that the company is committed to good governance.

Governance Features

- The committee is composed of 5 members: with the exception of the chairman, all of them are independent
- GIMV has actively searched for the best balance in terms of composition of its committee
- The selection process of the 5 VPM proposed board

candidates is not formalised

- The nomination committee provides a profile for the individuals it proposes
- A more enhanced profiling and assessment of board skills takes place through the chairman and is used for recruiting new board candidates
- Individual evaluation of the board members and the managing director take place informally with the chairman

4.2.1.4. Determining remuneration - the remuneration committee

The remuneration committee consists of 4 NEDs 2 of whom are fully independent. The committee takes care of board, top management and staff remuneration.

GIMV has set up a remuneration committee consisting of 4 members of whom 2 members are fully independent. The managing director usually attends the discussions. However, no executive committee member is allowed to participate in decisions involving the discretionary bonus of an executive committee member.

The remuneration committee also takes care of board pay and the general pay policy of GIMV personnel.

The remuneration committee held 5 meetings during the year 2006. It produces minutes for each meeting and reports to the board of directors. The committee can make use of external consulting if it so wishes. No reporting to shareholders takes place.

Governance Features

- The remuneration committee size is adequate with 4 members
- Presence of 2 fully independent directors and the chairman
- May seek professional advice if need be
- The remuneration committee deals with executive and top management remuneration as well as the general pay policy for employees
- No report to shareholders in the annual report

4.2.2 Internal Board procedures

According to ICS’ analysis GIMV operates via a clear and transparent governance structure with the chairman playing a key role in the board’s responsibilities. Conflicts of interests have been well handled and made transparent.

GIMV operates through a clear business structure with transparent channels for the delegation of powers to the investment subsidiaries and the managing director. The chairman of the board of directors operates as the ultimate safeguard for control and strategy at GIMV.

In principle the board of directors holds a board meeting each month—with the exception of August. A meeting can only be held if at least half of the directors are present or represented. The average attendance rates of the board meetings amount close to 90% over the last 3 years and reflect the commitment and motivation that are propelling the board members.

Decisions on board level are to be taken by absolute majority. The chairman has the casting vote. Review of the minutes of the board meetings have made clear that the board and especially the chairman strive to reach a consensus through debates that take as long as needed. A consensus is reached in nearly all cases.

Board meetings are held in the presence of the CFO. The board may request the presence of other members of the executive committee to provide additional information on specific matters.

The information flow to members of the board is periodic and timely. They receive information every month, every quarter, every half-year, yearly and on an *ad hoc* basis whenever need be. Information is sent a couple of days before the meeting. The information flow of GIMV is regarded as excellent practice.

A specific code of conduct (“Leidraad voor bestuurders” (2001)) is valid for the board of directors. This code clarifies the principles and procedures to be followed in case of conflict of interest, confidential information treatment, limited periods for share dealing, treatment of company goods and gifts to directors. A similar code has been issued for the company employees and the members of the executive committee. The company has also issued an ethical charter for the employees.

The principles of these codes have also been taken up in the corporate governance charter which the company discloses publicly on its corporate website.

GIMV has a clear procedure it follows in case of conflict of interest. GIMV has shown that it takes this process seriously and applied it whenever such a situation emerged. In cases where such conflict occurs, the conflicted director will leave the room, will not take part to the deliberations and will not vote. A report is made up and mentioned in the annual report. The procedure GIMV follows and the way the company carries out the procedure are exemplary of how the market expects a company to act in such a situation. GIMV can be regarded as an excellent performer in this respect.

Governance Features

- GIMV operates through a clear business structure
- The average attendance rate of the board meetings amounted to 82% during 2006
- CFO is present at board meeting for informative reasons
- Investment managers are present at board meetings if so requested by the board of directors
- The information flow to members of the board is periodic and timely
- A specific code of conduct is valid for the board of directors with a similar one being issued for the company employees and the members of the executive committee
- Exemplary handling of conflicts of interest at board level

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Appendix 1

Capital Structure of GIMV

Details of the capital structure of GIMV on 19 April 2007 as disclosed by GIMV

<u>Type of share</u>	<u>No. of shares</u>	<u>Capital Per share (EUR)</u>	<u>Voting rights per share</u>	<u>Gross dividend per share (EUR)</u>	<u>% of Capital</u>	<u>% of voting rights</u>
Ordinary share	23,176,005	9.49	1.00		100.0%	100.0%
<u>Total</u>	<u>23,176,005</u>	-	-	-	<u>100.0%</u>	<u>100.0%</u>

Note:

- The total amount of the share capital is EUR 220,000,000.

Appendix 2

Voting Procedures & Methods

	<u>Ability</u>
Postal voting	Yes
Pre-filled proxy voting ⁹	Yes
Proxy voting	Yes
Internet voting	No

Postal voting

Postal voting is explicitly made possible by the company by inserting such possibility in the articles of association. The company has sent a form to all registered shareholders by which they can fill in their votes and send it to the company.

Proxy voting

Proxy voting is possible without limitation. Registered shareholders can make use of the same form for mailing their votes as a power of attorney for their representative.

Internet voting

Internet voting is currently not possible.

⁹ Proxy form completed by the shareholder for each item on the agenda and sent to the appointed proxy (Chairman of the Meeting, bank, employee representative) who follows the shareholder's instructions.

Appendix 3

Shareholder structure

Shareholder groups	# of shares	Value (€)	% of share capital
Vlaamse Participatie Maatschappij	6,270,403	88,000,009	27.06%
Free Float	16,905,602	131,999,991	72.94%
<u>Total</u>	<u>23,176,005</u>	<u>220,000,000</u>	<u>100.0%</u>

KBC Asset Management is reported to be holding 4.10% of the share capital. They are not considered to be strategic shareholders.

Appendix 4 Board Composition

Category (assessed by DR)	Title	Name	Function	Age	First Appointment Date	Term of Appointment	Committees			Comments
							AC	RC	NC	
Executive Director	Mr.	Dirk Boogmans	Managing Director	52	2003	2010				
Non-Executive Directors										
Independent Directors										
	Mr.	Frank Meysman	Non-executive director	55	1998	2010		X	X	
	Mr.	Emile Van Der Burg	Non-executive director	58	2005	2009		X	X	
	Mr.	Christine Van Broeckhoven	Non-executive director	54	2005	2009			X	
	Mr.	Zeger Collier*	Non-executive director	38	2004	2009				
	Mr.	Eric Spiessens*	Non-executive director	47	1999	2009	X			
	Mr.	Marc Stordiau*	Non-executive director	61	1993	2009			X	(2)
	Mr.	Eddy Geysen	Non-executive director	60	2005	2009	X			
Shareholder Representatives										
	Mr.	Herman Daems	Chairman	61	1999	2009	X	X	X	(1)
	Mr.	Leo Victor	Vice-Chairman	61	1980	2009	X			
	Ms.	Martine Reynaers	Non-executive director	51	1999	2009		X		
	Ms.	Greet de Leenheer	Non-executive director	60	2004	2009				
	Mr.	Jan Kerremans	Non-executive director	61	2005	2009				

AC: Audit Committee

RC: Remuneration Committee

NC: Nomination Committee

* These persons are marked as independent following the Belgian Code on Corporate Governance, but not following the Belgian Law.

(1): Mr. Daems has been a non-executive director of the company from the year 1993 until 1995. He has been elected for a second NED mandate in 1999.

(2): If re-elected in 2009, he will not be classified as independent by ISS due to tenure.

▪ Composition of the committees

	<u>Number of members</u>	<u>% of executive members</u>	<u>% of non-executive members</u>	<u>% of independent members</u>
Audit committee	4	0%	100%	50%
Remuneration committee	4	0%	100%	50%
Nomination committee	5	0%	100%	80%