

Amsterdam Commodities N.V.

Corporate Governance Statement

Amsterdam Commodities N.V. (**Acom**) adheres to the general principles of the Dutch Corporate Governance Code ('**Code**') which have been published by the Commission Corporate Governance on December 9, 2003. Acom's corporate culture, as reflected by its corporate governance, was always open and transparent, and therefore de facto based on the principles of the Code. The following statement is a formal declaration of compliance with the Code, subject to the specific interpretations and exceptions explained below. For better understanding of our compliance statement ('**Statement**'), we would like to make the following introductory remarks:

- a. Legal group structure: Acom Group (the '**Group**') consists of two independently operating trading companies, one plantation company and a financial holding company (the '**Company**'). Since the 'reverse take-over' in 1982, one share was always equal to one vote. There are no statutory voting limitations and therefore the shareholders have a direct say in the Company's affairs through the General Meeting of Shareholders. This is because Acom never adopted the large company regime ('*structuurregeling*'), and did not issue any certificates of shares or implemented other take-over protection mechanisms. Therefore, the principal objective of the Commission Corporate Governance, namely to promote a better 'checks and balances' between the various corporate organs of Dutch listed companies, and to give more control and decision power to shareholders, was already ensured in the Company long before the Code.
- b. The size of the Group allows for effective and direct control of the operations and risks, without extensive and costly administrative structures; in this view, some of the recommendations of the Code are less relevant in view of the nature of our activities and/or cannot be implemented cost effectively.
- c. Human resources: the Group's results are always the outcome of the success of our trading teams and are a confirmation of their ability to judge correctly the various crops and agricultural

developments, anticipating the effects on the markets and seizing the trading opportunities, all this while servicing the needs of suppliers and customers all over the world. Product expertise and market understanding are gained only after many years of active trading involvement. We therefore put high value to long-term relations with our employees, managers, board members and external advisors.

1. Acom corporate governance structure

Activities of the Group

Amsterdam Commodities is an international group, active in the worldwide trade and distribution of agricultural raw materials. Mainly, these are the trade and distribution of spices and ingredients for the food industry, and of natural rubber. The activities of the Group are carried out through its fully owned subsidiaries CATZ International B.V. (Rotterdam, spices and other food commodities) and SALALA Rubber Corporation (Liberia, rubber plantation), and its minority participation in RCMA Commodities Asia (Pte) Ltd. (Singapore, rubber). The Company is the financial holding company of the Group and is publicly quoted at Euronext Amsterdam.

Role of the Company

The Company is the financial investment vehicle of the Group, grouping and having legal control over the investments and participation of the Group. It is deliberately kept a small and low cost operation. Its main tasks are:

- to manage the portfolio of subsidiaries and participations;
- to set and implement the strategy of the Group, including merger-, acquisition- and divestment activities;
- to ensure the financing of the Group's strategy and its trading operations;
- to assist its subsidiaries and participation with financial, legal, accounting, tax and other advice;
- to perform all duties and (legal) responsibilities of a publicly quoted holding company. Among others, those duties are: the implementation and control of effective corporate governance, the annual and other periodic reporting, consolidation, group

- audit, PR and IR activities, relations with Euronext and other authorities, etc.;
- to provide management and supervision of the plantation.

Role of subsidiary trading companies

The subsidiaries (including the minority participation) perform the trading activities of the Group, in their own name and for their own account. They operate fully autonomously under the responsibility of their own management and financial control. Each subsidiary arranges and manages its own banking facilities based on its agreed equity. Specific trading guidelines and risk limits are in place per product and activity and each subsidiary is supervised by its own supervisory board which can include members of the Supervisory Board and/or Management Board of the Company.

2. Group strategy and financial objectives

Group strategy

The Group is a trader and distributor of agricultural raw materials. Acomo endeavours to optimize the creation of value by and within its subsidiaries and participation(s), while remaining within manageable risk levels related to the global trading activities and the financial capabilities of the Group. It seeks to grow and diversify its activities in the trade and distribution of (preferably) niche commodities for the food industry. It is also an active shareholder in the global rubber trade.

To achieve these goals, two parallel efforts are actively being pursued:

- organic growth within the trading subsidiaries, by diversifying the product assortment and by strengthening ties with suppliers and customers worldwide. We encourage people to take responsibility and to develop new initiatives, leading eventually to the creation of new departments inside the subsidiaries;
- partnerships and mergers with, and acquisitions of other profitable trading companies with a successful management track record, contributing to the earnings per share of the Company. We are looking in particular at trading companies in niche and fragmented markets where the Group's trading and financial expertise can provide added value for growth. Our selection criteria are strict because we do not want to compromise the high profitability of the existing activities and the other achievements and values of the Group.

Financial objectives

Among the financial objectives of the Company and its subsidiaries are:

- achieving, in the long-term, net annual profits in excess of 15% of shareholders' equity;
- paying to the shareholders a dividend representing about 60% of the net realized annual profit;
- safeguarding and strengthening the capacity to generate future profits by maintaining a strong balance sheet and financial ratio's.

3. Supervisory Board and Management Board

The ***Supervisory Board of the Company*** (*respectively, of its subsidiaries*) performs all tasks and duties in compliance with the Code. Its task is to supervise the general affairs of the Company and its affiliates and to supervise, monitor and assist the Management Board by providing advice. The Supervisory Board is guided by the interests of the Company, its subsidiaries and its participation. In discharging its duties, it takes into account the relevant interests of all the Group's stakeholders.

The desired ***Profile of the Supervisory Board*** is described below.

The Supervisory Board's ***Rules of Conduct*** are published on the Company's website www.acomo.net.

Profile of the Supervisory Board

The composition of the Supervisory Board of the Company is aimed at its proper functioning in the specific corporate governance structure of the Group, particularly taking into account the close relations between the Supervisory Board and the managements of the Company and its subsidiaries.

In view of this objective, experience and expertise in the areas where the Group is active are the most important criteria. Experience in international business and proven managerial skills, preferably in commodities trading, are required. Specific expertise in financial, economic and (Dutch) social matters needs to be present, as well as affinity with international trade and client focus. In the manner of its composition, the Supervisory Board seeks to unite a variety of experts who complement each other and provide a good balance of ages. A conscious attempt is made to appoint several Board members who are still fully active, particularly in the business community. The Supervisory Board shall, to the maximum possible extent, take the above guidelines into account when considering appointments to the Board.

In light of the size and the nature of the activities of the Group, there are a few contraventions with the Code:

- a. the Supervisory Board directly exercises all the responsibilities relative to audit-, remuneration- and appointment activities, therefore these tasks are not performed by separate committees;
- b. Supervisory Board members are appointed for an undefined period of time and there is no pre-established rotation scheme;
- c. not all the members of the Supervisory Board can be considered as independent in the sense of the Code. Mr. B.H. Stuijinga is a senior partner of the law firm Greenberg Traurig, the Company's fiscal advisors and Messrs. Y. Gottesmann and W. Boer are related to shareholders of the Company. The Board is, however, of the opinion that the experience of these Supervisory Board members with international commodity trading is of benefit to the Company and its shareholders and that they are, and will continue to be, fully independent in the discharging of their duties.

In the opinion of the Company, expertise and experience prevail over formal independence criteria. Therefore the Company maintains the composition of its Management Board and Supervisory Board and, in case of any vacancy, will continue to keep its options open as to the nomination to the General Meeting of any candidates who fit the desired profile, but who may not be formally independent. On the other hand, Supervisory Board members can be dismissed at any moment by decision of the Supervisory Board and/or at a simple majority decision of the shareholders.

The Management Board

The Company consists of a small management team and the Group structure is flexible, direct and horizontal. Since more than 20 years the Company's Management Board consists of one person.

The task of the Management Board is to effectuate the strategy, objectives and functions of the Company, as defined above. The managing director also acts as company secretary as defined in the Code.

The ***Rules of Conduct for the Management Board*** include most of the principles and best practices rules of the Code, insofar applicable to a one-person Management Board, and are published on the Company's website www.acomo.net.

Exceptions relate to:

- share options and management shares. Acomo does not have, today, a share option plan. The management does not own shares in the Company.

- time limits of management contracts. As stated before, the Group puts high value to long-term relations with its management, who usually grow from within the Group. The current managing director has been with the Company since 1987, successively as financial controller, financial director, and since 1999 as managing director. The executive contract with the current managing director is a continuation of previous arrangements and is not limited in time. It can be terminated at any moment by decision of the Supervisory Board and/or by simple majority decision of the shareholders with 6 months prior written notice. In case of termination without cause, a termination payment based on the *Kantonrechttersformule* has been agreed in advance.
- risk management and control systems. The Company is a holding company. The responsibility with respect to risk management and control systems lies directly with the affiliated subsidiaries' management. From time to time these systems are reviewed and agreed with their respective controlling supervisory boards. The Company monitors, through its representation on the subsidiaries' boards, the risk management and control systems in place. To this day these systems have been found adequate.

The *remunerations of the Supervisory Board and Management Board* have been disclosed in the annual report since 2002.

4. Human resources and remuneration policy

People are the main asset of a trading company. The nature of the activities requires extensive knowledge of and years of experience with products and markets. The resulting long-term relations with customers and sources of origin create value for the Group. Our trading teams and back-office personnel represent together this capital of expertise and knowledge. The Group therefore values long-term relations with its employees, management, board members and external advisors. For this reason, there are generally no time limitations – contractually or otherwise – in the relations between the Group and its employees, managers, board members and external advisors. As much as possible, senior management positions are fulfilled from within the Group, and upcoming talent is nurtured and encouraged.

The Supervisory Board of the Company has sole responsibility for appointing senior management of both the holding and its subsidiaries, and for setting their remuneration. The management has been

very loyal and the structure of the Group has rarely required the Supervisory Board to appoint new and/or additional members to senior management. In addition, the Management Board of the Company currently consists of one person. Thus, de facto, the Company has not had the need to develop a general remuneration policy.

The amount and structure of remunerations in the Group are such that qualified and expert people can be recruited and retained. The remuneration generally consists of a fixed and a variable part which is linked to the annual profit, on a per company basis. Since 1982 (the year of the reverse take-over of RCMA), traders and personnel of the trading companies share a fixed percentage of the profit before tax. The system is simple and straightforward, and has significantly contributed to the success of the Group by maintaining a strong focus on profitability, risk management and costs and by strengthening the people's commitment. The remuneration of the Management Board of the Company also consists of a fixed and a variable part based on objective criteria based on the level of the realised annual net profit.

In turn, Acomo expects 100% loyalty, honesty, dedication and a high degree of professionalism from its people. We have experienced a very low turnover of staff for more than 20 years. The Company has not granted any options or shares or any other profit related securities to members of senior management or the Supervisory Board as part of their remuneration.

5. Whistleblower rules

With effect of 15 April 2004, the Supervisory Board has adopted 'Whistleblower rules' in the meaning of the Code and has informed all its personnel of the content thereof. The whistleblower rules are published on the Company's website www.acomo.net.

6. Risk profile of Group activities

The results and the financial strength of the Company are related directly to the trading activities of its subsidiaries and participations. The activities of trading in agricultural raw materials are subject to several risks, such as they are today:

- *agricultural developments*, including weather conditions, crops, long-term planting cycles, etc., influencing the availability and quality of products;
- *price developments*, both short- and long-term, of the various commodities, based on supply and

demand factors. Price movements influence the value of the subsidiaries' position (long or short positions) in the various commodities, and can affect the reliability of counterparties with regard to the delivery of open contracts;

- *continued availability of experienced and knowledgeable traders*;
- *political and economical developments* in producing countries, mostly in tropical origins, affecting the availability of products and the reliability of supply;
- *economic cycles* in consumer countries, affecting the overall demand for our products;
- *currency fluctuations*, mainly of the US\$ in which most world commodities are traded;
- *logistics factors*, being availability and cost of transportation and warehousing capacity; and
- *continued availability of financing and the cost of credit*.

The own risks of the Company relate mainly to the performance of its subsidiaries and its participation, the translation risk related to participations denominated in foreign currencies, and the risk of successful implementation of the Group's strategy. Each of the above risks can have a significant effect on the annual net profit of the Company and its subsidiaries, but it is not possible to quantify the effect of each individual risk on the consolidated result. In order to ensure the continuity of the activities, the fulfilment of all contractual obligations and eventually the preservation of the shareholders' equity, the Group conducts business in such a way as to minimize the risks.

The subsidiaries are permanently managing these risks through a variety of instruments, such as:

- up-to-date and complete market information;
- diversification of sourcing over many countries of origins and many and reliable suppliers;
- diversification of products traded;
- diversification of industries supplied to;
- credit checks and/or insurance of customers;
- hedging instruments, like futures' contracts (when available), forward currency contracts and interest rate options;
- long-term contracts with suppliers, customers and shipping agencies;
- strong balance sheets and financial ratio's;
- human relations policies rewarding talent, accountability and success;
- trading policies per company limiting the risk exposure towards product positions (overall and per product), countries, suppliers and customers and the daily monitoring of these policies.

In the past years, the Group has been successful in managing the various risks relating to its trading activities and has been (very) profitable. Nevertheless, there can be no assurance that the past results will be continued in the future, nor can it be assured that the activities will not be affected by one or several of the risk factors as described above.

7. Rules against insider trading

On 16 October 1998, the Company adopted a *Code for the prevention of Insider Trading*. This code was last updated on 15 April 2004 by the Supervisory Board to include provisions governing the ownership of and trade in shares of Dutch listed companies, as required by the Code. The full text is available on the website of the Company www.acomo.net.

The added provision in the light of the Code is as follows:

<< A Managing Director or Supervisory Director shall, on a quarterly basis, report to the Compliance Officer in writing regarding his ownership (and changes thereto) of securities related to Dutch listed companies for whom he, at the time of a transaction regarding such securities, serves as a member of the management board or supervisory board or in which he has a conflict of interest which interest is of material significance. The report as referred to in this article shall be stated by means of the form as provided by the Compliance Officer.

This provision is mutatis mutandis applicable to the spouse of a Managing or Supervisory Director, his relatives up to the second degree and the persons having a common household with the Managing or Supervisory Director. >>

Based on the consideration that a position on the Management Board or Supervisory Board of the Company does not per se give access to insider information of other Dutch listed companies and that there are general rules of law preventing insider trading (including the obligation for listed companies to have rules preventing insider trading in their own shares), the Company deems the abovementioned provision, as implemented in its *Code for the prevention of Insider Trading*, adequate and substantially in accordance with the objectives of the Code, although less restrictive for its board members than would follow from a strict interpretation of the Code.

8. Changes to the articles of association

At the General Meeting of 16 June 2004, the Shareholders will be asked to approve several changes in the articles of association. These amendments of the articles of association will, among others, enable the shareholders, by an absolute majority of the votes cast, representing at least one third of the share capital of the Company, to pass a resolution to revoke the binding nature of a nomination for the appointment or dismissal of a Supervisory and/or Management Board member.

9. Proxy voting and Approval of the minutes

The Company shall, to the extent possible and allowed under Dutch law as it currently stands, give shareholders the opportunity to vote by proxy and to communicate with the Company. In view of the size of the Company, the suggestion in the Code to enable remote voting by the shareholders cannot be practically organized.

The Company's articles of association provide for the appointment of one shareholder to co-sign the minutes together with the Chairman of the Supervisory Board for approval. The Management Board did not receive any objections against this procedure and the Company therefore does not intend to change the articles on this point, as proposed by the Code.

The Company will, however, continue to monitor this procedure in the interest of the shareholders.

Rotterdam, 15 April 2004

The Supervisory and Management Boards