

Composition of the Board of Directors

Following the General Meeting of 15 April 2004, and subject to approval of the proposed appointments, the Board will be composed of 13 Directors. The long-term aim, however, is to reduce their number to 12, whilst maintaining the current balanced distribution of Directors' terms of office.

There are no specific rules in the articles of incorporation relating to the appointment and renewal of tenures.

The terms of office last for 3 years (6 years prior to 2001) and are renewable. The Appointments and Remuneration Committee has set an age limit of 72.

There are no internal regulations relating to the exercising of a Director's duties.

The Directors are selected by the Appointments and Remuneration Committee for their skills and qualities.

BOARD OF DIRECTORS

DIRECTORS ⁽¹⁾	First term	Last renewal	Expiry	Main task or function
Executive directors				
Gilles SAMYN, Vice Chairman.....	1988	1999	2005	Managing Director
Victor DELLOYE	1994	2000	2006	Director and General Secretary
Non-executive directors representing dominant shareholders				
Gérald FRÈRE, Chairman ⁽²⁾	1988	2004	2007	Managing Director of FRÈRE-BOURGEOIS
Jean CLAMON	1988	2000	2006	General Manager of BNP PARIBAS
Thierry DORMEUIL ⁽²⁾	1994	2004	2007	Manager of Corporate Finance Department of BNP PARIBAS
Ségolène GALLIENNE	1998	2000	2006	Director of ERBE
Thierry de RUDDER ⁽³⁾	1988	2000	2006	Managing Director of GROUPE BRUXELLES LAMBERT
Pierre VAN OMMESLAGHE	1999	-	2005	Barrister at the Court of Cassation (Belgium)
Non-executive independent directors⁽⁴⁾				
Pierre-Alain DE SMEDT.....	1997	2003	2006	Deputy Managing Director of the RENAULT Group
Jacques FOREST.....	1992	2002	2005	Chairman of the Executive Committee of P&V ASSURANCES
Philippe HUSTACHE ⁽²⁾	1995	2004	2007	Adviser to the Chairman of the DASSAULT Group
Henry MESTDAGH.....	1999	-	2005	Chairman of the Board of the MESTDAGH Group
Philippe WILMES.....	1988	2000	2006	Managing Director of SOCIÉTÉ FÉDÉRALE D'INVESTISSEMENT

(1) The Directors are categorised on the basis of the nomenclature produced by the Appointments and Remuneration Committee.

(2) Gérald FRÈRE, Philippe HUSTACHE and Thierry DORMEUIL's terms of office expire at the end of the Ordinary General Meeting of Shareholders of 15 April 2004; the meeting will have to decide whether to re-elect them.

(3) When he was appointed, Thierry DE RUDDER represented GBL, which was an indirect shareholder in NPM/CNP through its holding in Fibelpar. Although Thierry DE RUDDER is the Managing Director of GBL, a subsidiary of NPM/CNP, it was decided that he would not be listed amongst the Executive Directors in that GBL is not included in the restricted consolidation perimeter of NPM/CNP.

(4) Subject to their designation in this capacity by the Ordinary General Meeting of Shareholders on 15 April 2004 (please refer to page 24).

INDEPENDENT DIRECTORS

To qualify as an independent director, the director must at least meet the following criteria set out in article 524 §4 al 2 1° to 4° of the Belgian Companies Code⁽ⁱ⁾:

- 1 For a period of two years before his appointment, he may not have held any office or position as a director, managing director or manager with the company or a related company or a person linked to it, as mentioned in article 11 of the Belgian Companies Code.

This provision does not apply to the appointment of the first independent directors or to the renewal of an independent director's term of office.

- 2 He may not have, either within the company, within a related company or with a person related (as mentioned in article 11) to the company, any spouse, person with whom he is legally cohabiting or relative by blood or marriage of the second degree or closer, holding an office as a director, managing director or manager, or with a financial interest as set out in 3 below.
- 3 He may not hold shares that represents one tenth or more of the company's share capital; if he holds shares that represent less than 10%:
 - the addition of if shares to those held in the same company by companies controlled by the independent director, may not result in these shares totalling one tenth of the share capital;

or

- the disposals relating to these shares and the exercising of the rights relating to them may not be subject to contractual provisions or unilateral undertakings that the independent director has entered into.
- 4 He does not have any relationship with the company or with a company that might call his independence into question.

The Annual General Meeting of 15 April 2004 is invited to record, for the first time, the independence of the following directors:

- Pierre-Alain DE SMEDT, whose term of office as a director was renewed by the Annual General Meeting of 17 April 2003;
- Jacques FOREST, whose term of office as a director was renewed by the Annual General Meeting of 18 April 2002;
- Henri MESTDAGH, appointed as a director by the Annual General Meeting of 12 May 1999;
- Philippe WILMES, whose term of office as a director was renewed by the Annual General Meeting of 20 April 2000;
- Philippe HUSTACHE, subject to the renewal of his term of office as a director at this meeting.

The aforementioned Directors do not have any relationship with the company or with companies or persons related to it, that might call their independence into question, more particularly with regard to the criteria set out in article 524 §4 al 2 2° to 4° of the Belgian Companies Code.

Starting January 1, 2004, according to the Companies Code, Independent Directors will play a role in case of conflicts of interests with a group of companies.

(i) Adapted to NPM/CNP's situation.

Operation of the Board of Directors

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors organises the management and auditing of the Company. It makes strategic choices, investment, disposal and long-term financing decisions and, periodically, closes the Company's accounts.

The Managing Director is appointed from amongst the Board of Directors; he is delegated the day-to-day management of the Company and is also granted specific powers.

The Managing Director regularly reports to the Board of Directors on his management and in particular the progress of the holdings, monitoring of the subsidiaries and management of treasury funds.

The Board of Directors appoints the members of the Board Committees (Audit Committee and Appointments and Remuneration Committee), to which it delegates specific tasks.

FREQUENCY OF MEETINGS AND DECISION-MAKING

The Board of Directors meets at least 4 times a year. It can also be convened in an emergency or for major operations.

The most important subjects discussed are as follows:

- strategy, at the proposal of the Managing Director,
- selection and approval of investments and disposals, at the proposal of the Managing Director,
- monitoring of the shareholdings,
- reports from the Managing Director,
- reports from the various Committees,
- examination and approval of the accounts (annual, half-yearly and quarterly),
- budget forecasts,
- preparation for General Meetings.

The relevant documentation is made available to the Board about the various items on the agenda to be discussed, at least two working days before each meeting.

For the Board's decisions to be valid, more than half of its members must be present or represented; all decisions are taken on a simple majority.

In the situations permitted by the law and articles of incorporation, decisions can be made by written unanimous agreement of the Directors. This option was not used in 2003.

In accordance with the legal regulations, the Board acts together as a body, in the interests of the Company, and no category of Director has precedence over another.

In the event of a conflict of interests under the terms of articles 523 and 524 of the Belgian Companies Code, the legal regulations are enforced.

If a Director or dominant shareholder has a conflict of interests with the Company, the regulations set out by articles 523 and 524 of the Belgian Companies Code are applied. During 2003, article 523 came into application due to the creation of a share option scheme open to staff and the Executive Directors. The legal information given in this regard is set out on page 32.

There is no formal internal procedure specific to the Company that enables a Director to ask the Board for an independent expert opinion; it goes without saying that if a member made such a request, it would be granted. For instance, in the past, at the request of the Audit Committee, all of the members of the Board of Directors were invited to a briefing on the IFRS accounting standards.

In the event of a conflict of interests pursuant to article 524, the Committee of independent Directors calls on independent experts.

If necessary, the Committees of the Board call on outside advisers.

During 2003, the Board of Directors met 6 times, with a 67% attendance rate by the Directors.

REPRESENTATION OF THE COMPANY

In accordance with the articles of incorporation, the Company is validly bound by the signature of two Directors or the signature of the Managing Director alone in the context of his day-to-day management.

The Company has delegated this duty of representation mainly to the two Executive Directors or, if necessary, the Chairman of the Board of Directors. The Board of Directors has also delegated special, limited powers to persons chosen from outside the Board.

REMUNERATION OF DIRECTORS

The Appointments and Remuneration Committee (see page 27) handles and sets the Directors' remuneration. With regard to the pay policy for Executive Directors, readers should refer to page 31.

Non-Executive Directors each receive fixed basic annual remuneration of EUR 7,437; Directors given special duties or members of the Committees of the Board receive an additional payment identical to the basic remuneration.

The total gross remuneration and benefits in kind paid to the Members of the Board of Directors for the 2003 financial year are as follows:

(THOUSAND EUROS)		
	Executive Directors	Non-Executive Directors
Fixed remuneration	1,489 ⁽¹⁾	141 ⁽²⁾
Variable remuneration	-	-
Total remuneration	1,489 ⁽¹⁾	141 ⁽²⁾

(1) including EUR 406 (,000) through equity-accounted companies; the Executive Directors also receive minor benefits in kind, the value of which is estimated at a few thousand euros, and were allocated directors' fees of EUR 19 (,000) by non-consolidated and non-equity accounted shareholdings; the executive directors also have access to a share option scheme (see page 31)

(2) including EUR 52 (,000) for special duties (Chairman or Members of specific Committees)

Committees set up by the Board of Directors

APPOINTMENTS AND REMUNERATION COMMITTEE

Role:

The Appointments and Remuneration Committee has the task of proposing candidates for Director positions and giving its opinion on candidates presented to it. The Committee selects candidates in the Company's interests. It ensures that the Board is made up in accordance with the following rules:

- a majority of non-executive Directors,
- a sufficient number of independent Directors,
- a majority of Directors representing the dominant shareholders.

In the name of the Board of Directors, the Committee handles and sets the remuneration of the directors and of the managers of the Company.

Operation:

The Committee meets prior to each meeting of the Board of Directors at which one of these subjects will be discussed. As part of its mission, it periodically uses external consultants in order to set out all of the salaries and bring them in line with the market and other financial companies in particular.

During 2003, the Committee met once to analyse and make proposals on the composition of the Board of Directors and review the remuneration of the Company's management (in particular the stock option scheme).

Composition:

Gérald FRÈRE, Chairman
Pierre-Alain DE SMEDT
Philippe WILMES

AUDIT COMMITTEE

Role:

The Audit Committee assists the Board of Directors in matters of internal controls, periodical financial information and legally required accounts, the appointment of the Auditors and relationships with them, and, if necessary, with regard to operations involving NPM/CNP Group companies (restricted consolidation) and the Group's shareholders.

Operation:

The Committee meets prior to each meeting of the Board of Directors at which one of these subjects will be discussed. As part of its mission, it periodically meets with the Auditors.

The Committee met 5 times in 2003.

Composition:

Thierry DORMEUIL, Chairman
Henry MESTDAGH (until 29 March 2004)
Jacques FOREST

Day-to-day management and General Management

Day-to-day management and General Management are provided by Gilles Samyn, supported by a small, tightly knit group of qualified, motivated professionals.

The Managing Director is given a great deal of independence by the Board of Directors, and has been given specific powers to this end, particularly with regard to the purchase and sale of

securities.

Furthermore, the Managing Director analyses, prepares and submits to the Board of Directors the strategic decisions, investments, disposals and long-term financing of the Company and Group that fall within the sole authority of the Board of Directors.

Account auditing

The Company Auditors have a renewable 3-year term of office.

The following Company Auditors have been appointed:

KLYNVELD PEAT MARWICK GOERDELER

Reviseurs d'Entreprises S.C.C.,

Represented by Michel De Saive
(term ends in 2005)

DELOITTE & TOUCHE

Reviseurs d'Entreprises S.C. s.f.d. S.C.R.L.,

Represented by Michel Denayer
(term ends in 2004; it will be proposed at the General Meeting that it be renewed)

For many years NPM/CNP has chosen to have its accounts audited by a Board made up of two Company Auditors.

One, KPMG, is the historical Auditor of NPM/CNP; the other, DELOITTE & TOUCHE, is the Auditor for the entire set of holdings, from FRÈRE-BOURGEOIS down to GBL, as well as of most of the industrial and commercial subsidiaries.

Within NPM/CNP, the two Company Auditors share out the auditing tasks; KPMG focuses on the non consolidated financial statements and DELOITTE & TOUCHE, with its overview of the Group, handles the consolidated accounts. This situation also has the advantage that NPM/CNP can call on two highly professional organisations, each with specific skills and sensitivities.

This is now vital in the context of the introduction of a new regulatory accounting framework in Europe. The complexity of the new rules means that our Auditors will have to be more involved, making a greater contribution to establishing the format of the accounts that will be presented to you and to the prior analysis of a number of alternatives.

The Auditors are also at the disposal of the Audit Committee to carry out any additional work permitted by law that it feels necessary.

Payment of the Auditors is based on fixed fees, the amount of which is approved by the General Meeting, for the work required for them to comply with the standards of their profession.

With regard to any services outside the scope of their auditing mission, additional payments are made as applicable; you are informed of the amount of these each year under the "Legal notices" section (see page 32).

Profit appropriation policy

NPM/CNP's dividend policy consists of reasonable growth of the dividend per share, supported by recurring restricted

consolidated operating profit.

Relations with the dominant shareholders

The Board of Directors of NPM/CNP has not been made aware of any shareholders' agreement relating to NPM/CNP shares. The Board has however been informed that agreements exist between the shareholders of ERBE, thus establishing sole control of NPM/CNP by the FRÈRE-BOURGEOIS Group. All transactions between the companies in the NPM/CNP

Group and the dominant shareholders and persons linked to them that come within the authority of the Board of Directors are audited by the Company Auditors and the Audit Committee. In the event of a conflict of interests, transactions or decisions are subject to the rules set out by articles 523 and 524 of the Belgian Companies Code.

STAFF AND ORGANISATION



From left to right:

Back: Roland BORRES, Maximilien de LIMBURG STIRUM, Pascal CLAUSE, Frédéric POUCHAIN, Gilles SAMYN, Jean-Charles d'ASPREMONT LYNDEN, Victor DELLOYE, Jean-Pierre IACOPETTA, Michel LOIR.

Front: Mathieu DEMARÉ, Jacques LAMBEAUX, Jean-Marie LABRASSINE, Etienne COUGNON

GENERAL MANAGEMENT

Gilles SAMYN

GENERAL SECRETARIAT

Victor DELLOYE

SHAREHOLDINGS AND FINANCIAL INFORMATION

Roland BORRES

Mathieu DEMARÉ

Jean-Pierre IACOPETTA (until 31 March 2004)

Maximilien de LIMBURG STIRUM

Frédéric POUCHAIN

MARKETS

Michel LOIR

Étienne COUGNON

Jean-Pierre IACOPETTA (until 31 March 2004)

GENERAL AND ADMINISTRATION

Jean-Charles d'ASPREMONT LYNDEN

Pascal CLAUSE

Mathieu DEMARÉ

Jean-Marie LABRASSINE

Jacques LAMBEAUX

LUXEMBOURG

Geneviève PISCAGLIA

Valérie BARTHOL

Joseph WINANDY

THE NETHERLANDS

Ernst COOIMAN

Pieter SCHWENCKE

SWITZERLAND

Andrew ALLENDER

Fabienne RUDAZ

Gaël BALLERY

Pay policy

The Appointments and Remuneration Committee (see page 27) handles and sets the Directors' remuneration. It also decides on the pay policy for the Company as a whole. The policy implemented consists of paying the managers (Executive Directors) and main collaborators in accordance with the prevailing market conditions for equivalent offices and positions.

To this end, periodic benchmarking of the level of pay is carried out by an independent expert; the last benchmarking took place in autumn 2002. The aim is to retain quality employees and to motivate them on criteria that are fully in line with the shareholders' aims based on long-term value creation.

For 2003, the Executive Directors' pay was broken down as follows (EUR ,000):

Fixed remuneration:	1,489
Variable remuneration:	-
Total remuneration:	1,489

The amounts given above are gross amounts paid by the consolidated companies (EUR 1,083 (,000)) or equity-accounted companies (EUR 406 (,000)); they do not include a number of minor, normal benefits in kind (in the order of a few thousand euros) or the directors' fees paid by non-consolidated or non-equity accounted companies, which came to EUR 19 (,000) for 2003.

Until 2002, the remuneration of the Executive Directors included a variable part. However, given the difficulty of substantiating individual results within a team like that at NPM/CNP, as of the 2003 financial year it was thought preferable to allocate fixed remuneration alone to all staff members and management.

Long-term value creation and profit-sharing is based on a share option scheme (see below); this covers 662,100 shares, 315,000 of which have been allocated to the two Executive Directors.

The staff and the two Executive Directors are also part of a pension scheme that will guarantee them, at age 62 and after a 35-year career (28 years for the Executive Directors and some members of management), a capital providing an annuity equal to a percentage of the highest fixed annual remuneration paid before the age of 57; this percentage is on a sliding scale in bands from 75% to 41.25%.

Long-term staff profit-sharing scheme

The previous staff profit-sharing scheme, which consisted of an indirect shareholding through LOVERFIN, came to an end in December 2003, and long-term staff motivation is now provided by means of a share option scheme. The scheme was presented to staff in December 2003; at the end of the offer period (February 2004), options for 662,100 NPM/CNP shares had been accepted.

The options were purchased at a unit price of EUR 4.26 and each one entitles the holder to purchase one NPM/CNP share for EUR 100 until 3 December 2013. Apart from in specific circumstances (death, disability, retirement and, on certain conditions, redundancy), these rights will only be definitively vested in the holders on 30 June 2006 for the first quarter, 30 June 2007 for a second quarter and 30 June 2009 for the balance.

1. Application of article 134 of the Companies Code relating to special Auditors' fees.

The Board of Directors informs you that in 2003 DELOITTE & TOUCHE, Company Auditor, received fees in the amount of EUR 25,656 for specific tasks performed mainly in relation to the auditing of the net adjusted assets and the planned transition to IFRS accounting standards.

2. Application of article 523 of the Companies Code relating to conflicts of interest on the part of the Directors.

This legislation came into application when the share option scheme was opened up to staff and the executive directors in December 2003. The scheme is described on page 31 of this annual report, and appeared as a specific item on the agenda at the meeting of the Board of Directors of 21 November 2003; the relevant section of the minutes is reproduced below:

“Gérald FRÈRE, in his capacity as Chairman of the Remuneration Committee, reminded the Board that the NPM/CNP executive directors' and staff profit-sharing scheme set up in 1998 was coming to an end, and suggested to the Board that the NPM/CNP Group continue the profit-sharing policy initiated in 1990, the aims of which still apply:

- motivating staff and executive directors with a view to their active contribution to strategy, the growth of the Group and the creation of profit;
- retaining the Group's staff and executive directors;
- encouraging and directly or indirectly involving staff and the executive directors in the capital of NPM/CNP.

Before any discussion or decision by the Board of Directors on this subject, Messrs G. SAMYN and V. DELLOYE declared that they had a direct financial interest in the creation of the scheme in that they are potential beneficiaries of the said

scheme. Pursuant to article 523 of the Companies Code, G. SAMYN and V. DELLOYE left the meeting room so that they were not present for the Board of Director's discussion on the subject and did not participate in the vote.

The Board of Directors approved the principle of a new NPM/CNP executive directors' and staff profit-sharing scheme, the creation of which will be entrusted to a subsidiary company. It delegated the necessary powers to the Remuneration Committee to determine the terms and conditions and beneficiaries of the scheme, in conjunction with the subsidiary in question, it being understood that:

- the scheme will comply with the law of 26 March 1999 and will be created in the coming weeks;
- it will take the form of a “2003-2013 NPM/CNP share option scheme” for the next 10 years, and will relate to a maximum of 700,000 NPM/CNP shares;
- the main principles of the Scheme will comply with those applied to the scheme created by its subsidiary GBL in 1999.

This issue of NPM/CNP share options should have negligible consequences on NPM/CNP's shareholders' equity (in the order of 1% on the adjusted net assets per share, as at 20 November 2003, which could be diluted from EUR 152.7 to EUR 151) depending on the option exercise price chosen and whether or not NPM/CNP shares already in the NPM/CNP Group's possession are kept. This minor cost will be offset by the beneficial effect of the attachment of staff and the executive directors to the NPM/CNP Group.

Moreover, if the NPM/CNP Group was to acquire a similar number of NPM/CNP shares under conditions identical or close to the exercise price of the scheme, there would be virtually no effect on shareholders' equity.”

The section of the Board of Auditors' report relating to this specific point is reproduced on page 45 of the financial supplement.

3. Application of article 624 of the Companies Code relating to the Company's own shares purchased by the Company and by its direct and indirect subsidiaries.

As at 31 December 2002, the NPM/CNP Group held 370,825 own shares.

During the 2003 financial year, NPM/CNP itself acquired 25,030 own shares for a total of EUR 2.4 million (average unit price: EUR 97.6); indirect subsidiaries of NPM/CNP (SLP and COMPAGNIE IMMOBILIÈRE DE ROUMONT) purchased a total of 1,398,792 NPM/CNP shares for a total of EUR 135.3 million (average unit price: EUR 96.7).

As at 31 December 2003, the NPM/CNP Group therefore held 1,794,647 own shares (representing 8.97% of the Company's capital) for the sum of EUR 176.8 million. At that date, NPM/CNP itself held 40,882 own shares, with the balance held by the two indirect subsidiaries mentioned above.

With the exception of the shares that might be used to cover the share option scheme open to staff (and accepted in the amount of 662,100 NPM/CNP shares), there is no intention to sell these shares.