

EUROPEAN WORKS COUNCILS AND THE HEALTHCARE SECTOR

by

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EUROPEAN WORKS COUNCILS AND THE HEALTHCARE SECTOR	1
1 EUROPEAN WORKS COUNCILS AND EU LEGISLATION	3
2 HEALTH POLICY IN EUROPE	4
2.1 HISTORICAL BACKGROUND.....	4
2.2 HEALTHCARE AND COMPETITION POLICY.....	5
2.3 INTERNAL MARKET FOR SERVICES.....	5
3 COMPANY OVERVIEW	6
3.1 FACILITIES MANAGEMENT/ CATERING/ CLEANING.....	6
3.2 HEALTHCARE COMPANIES THAT PROVIDE HEALTHCARE DIRECTLY.....	6
3.3 EWC ELIGIBLE.....	8
3.4 EWC ELIGIBLE AFTER ACCESSION IN 2004.....	9
3.5 NON-EWC ELIGIBLE.....	9
3.6 SIGNIFICANT ACQUISITIONS AND SALES OF SUBSIDIARIES.....	10
3.7 GLOBAL REACH OF COMPANIES.....	11
3.8 COMPANY INVOLVEMENT IN PPPs.....	11
4 COMPANIES WITH EWCS OR EWC ELIGIBLE	13
4.1 COMPANY NAME ARAMARK.....	13
4.1.1 <i>Major European subsidiaries</i>	13
4.1.2 <i>Company activities and strategy</i>	13
4.2 COMPANY NAME BUPA.....	14
4.2.1 <i>Major European subsidiaries</i>	14
4.2.2 <i>Company outline and strategy</i>	14
4.3 COMPANY NAME CAPIO.....	16
4.3.1 <i>Major European subsidiaries</i>	16
4.3.2 <i>Company activities and strategy</i>	17
4.4 COMPANY NAME COMPASS.....	19
4.4.1 <i>Major European subsidiaries</i>	19
4.4.2 <i>Company activities and strategy</i>	19
4.5 COMPANY NAME FRESENIUS.....	20
4.5.1 <i>Major European subsidiaries</i>	20
4.5.2 <i>Company activities and strategy</i>	21
4.6 COMPANY NAME GAMBRO.....	23
4.6.1 <i>Major European subsidiaries</i>	23
4.6.2 <i>Company activities and strategy</i>	24
4.7 COMPANY NAME RENTOKIL INITIAL.....	25
4.7.1 <i>Major European subsidiaries</i>	25
4.7.2 <i>Company activities and strategy</i>	26
4.8 COMPANY NAME ISS.....	27
4.8.1 <i>Major European subsidiaries</i>	27
4.8.2 <i>Healthcare subsidiaries</i>	28
4.8.3 <i>Company activities and strategy</i>	29
4.8.4 <i>ISS involvement in 11 Private Finance Initiatives (PFI) in the UK</i>	29
4.9 COMPANY NAME SODEXHO.....	31
4.9.1 <i>Major European subsidiaries (highest revenues for 2002-3)</i>	31
4.9.2 <i>Company activities and strategy</i>	32
5 COMPANIES LIKELY TO BE EWC ELIGIBLE AFTER EU ACCESSION 2004	34
5.1 COMPANY NAME EUROMEDIC INTERNATIONAL.....	34
5.1.1 <i>Major European subsidiaries</i>	34
5.1.2 <i>Company activities and strategy</i>	36
5.2 COMPANY NAME MEDICOVER.....	37

5.2.1	Major European subsidiaries	37
5.2.2	Company activities and strategy.....	38
6	NON-EWC ELIGIBLE COMPANIES.....	39
6.1	COMPANY NAME ADESLAS.....	39
6.1.1	Company activities and strategy.....	39
6.2	COMPANY NAME GENERALE DE SANTE.....	41
6.2.1	Major European subsidiaries	41
6.2.2	Company activities and strategy.....	42
6.3	COMPANY NAME JOSE DE MELLO SAUDE.....	44
6.3.1	Company activities and strategy.....	44
6.4	COMPANY NAME MARSEILLE-KLINIKEN.....	45
6.4.1	Company activities and strategy.....	45
6.5	COMPANY NAME PARACELSUS KLINIKEN	46
6.5.1	Company activities and strategy.....	46
6.6	COMPANY NAME RHOEN-KLINIKUM AG.....	47
6.6.1	Company activities and strategy.....	47

This paper examines the occurrence of European Works Councils (EWCs) in the healthcare sector through a review of multinational companies involved in the healthcare sector. The paper starts with an outline of European Works Councils in EU legislation, followed by public health and healthcare policy in Europe. This is followed by an overview of issues facing multinational companies involved in the healthcare sector. A series of short company profiles follows which includes a) companies eligible for EWCs, b) companies which will become eligible after accession in 2004 and c) companies not yet eligible for EWCs.

1 European Works Councils and EU legislation

The European Works Councils (EWC) Directive, initially adopted in 1994¹, aims to improve the right of workers to information and consultation in trans-national companies. It requires transnational companies to establish information and consultation agreements covering their entire European workforce, if they have not already done so. The content of these agreements is largely left to negotiation between management and employee representatives, but minimum requirements where management refuses to negotiate include the requirement of annual reports to the EWC on the company's business prospects, and the right to be informed about exceptional circumstances affecting employees' interests, such as closure or collective redundancy.

The EWC directive applies to companies,² or groups of companies³, with

- at least 1000⁴ employees across the member states⁵, and

¹ Directive 94/45/EC was adopted by all EU member states except the UK on 22 September 1994, under Article 2(2) of the Agreement on Social Policy (the "Social Chapter") and was later extended to cover the rest of the European Economic Area (Norway, Liechtenstein and Iceland). The deadline for national implementation in these member states was 22 September 1996. The original Directive was extended to cover the UK by directive 97/74/EC in December 1997.

² Strictly speaking, the requirements apply to "undertakings", a term which may include partnerships or other forms of organisation as well as companies. <http://www.dti.gov.uk/er/consultation/ewcover2.htm>

³ A group of companies (undertakings) includes a controlling company and any companies it controls ("exerts a dominant influence over"), whether by virtue of ownership, financial participation or the governing rules of the controlled company.

⁴ Based on the average number of employees, including part-time employees, employed during the previous two years calculated according to national legislation and/or practice. http://europa.eu.int/comm/employment_social/social/labour/directive9445/9445euen.htm

⁵ "Member states" means the member states of the European Union, but for the purposes of the EWC Directive includes since 1996 the rest of the European Economic Area (Norway, Liechtenstein and Iceland). The UK opted out of the EWC directive until December 1997. From 1995 to 2003 the EU had 15 members (Austria, Belgium, Denmark,

- at least 150 employees in each of two or more distinct member states.

These employment criteria represent a lower bound – *companies meeting them are obliged to establish an EWC*, but companies which do not meet them may nonetheless choose to establish one voluntarily. In a number of instances companies have chosen to do so, whether it be for purposes of labour relations, prestige (to demonstrate Europe-wide coverage), or (in the case of UK during its opt out) in the expectation of the future introduction of a legal obligation.

2 Health policy in Europe

2.1 Historical background

Historically health competences at EU level have been developed to promote a common market. Other aspects of health policy have evolved as a result of policy developments in related fields. Health policy has traditionally been caught between the EU Treaties implemented through European legislation and the European Court of Justice (ECJ), and policy making which has been consensual between member states. Recently, the ECJ has had an influence on health policy in the fields of health care, medicines, environment, workplace health and safety and pharmaceuticals/ distribution. Health care has been most strongly influenced by the concept of subsidiarity with national governments considering national health care systems to be their own responsibility.

The Single European Act of 1986 established an extension of the Community actions in relation to health although health policy was not treated as a separate policy area. It did extend the scope of occupational health and safety, and environmental and consumer protection.⁶

The Treaty of European Union (Maastricht Treaty) of 1992 amended the Treaty of Rome with a formalisation of the powers relating to health care. Article 3(o) “*contributes to the attainments of a high level of health protection*”. Article 129 dealt with public health and the prevention of disease and provided a framework for working towards health protection. Article 3(b) established the principle of subsidiarity especially in relation to health care, which has effectively limited the Community’s role in health.

The Treaty of Amsterdam resulting from the Intergovernmental Conference of 1997 and finally ratified in 1999 has a specific Article 152 relating to public health.⁷ It states

“Community action, which shall complement national policies, shall be directed towards improving public health, preventing human illness and diseases, and obviating scourges of danger to human health”.

It also states

“Community action in the field of public health shall fully respect the responsibilities of the Member States for the organisation and delivery of health services and medical care”.

There was also a reassertion of the subsidiarity principle in relation to health care systems.

As a result of agreeing Article 152, a new Directorate was set up for Health and Consumer Affairs, which drafts proposals for legislation. The European Parliament deals with health issues through the Committee for Environment, Public Health and Consumer Protection. Health policy actually cuts across all directives and there is no coherent health policy strategy.

Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain, Sweden, UK), with 10 more countries expected to join in 2004.

⁶ Article 129 Maastricht Treaty <http://europa.eu.int/en/record/mt/title2.html>

⁷ Article 152 Amsterdam Treaty <http://europa.eu.int/scadplus/leg/en/lvb/a16000.htm#a16003>.

2.2 Healthcare and competition policy

One of the major issues facing national healthcare systems is whether healthcare institutions are subject to competition law. The key question is whether they engage in economic activity. Each activity has to be judged on its merits. However, the results of health care reforms often mean that with the introduction of market mechanisms and decentralisation, healthcare institutions are more vulnerable to being considered subject to competition law.

Subsidiarity has been an important principle for European health services but the impact of several EU Directives e.g. movement of professionals, insurance, is beginning to influence national health systems directly. Several rulings by the European Court of Justice have made national governments aware of the implications of greater consumer choice. If this is combined with the effect of increasing demand for healthcare services, often seen through increased waiting lists, then cross-border health care is likely to increase in the future. EU competition policy is also beginning to affect healthcare systems that have introduced business approaches and techniques and so can be less obviously defined as services of “general interest”.

2.3 Internal market for services

In January 2004 the European Commission presented a Directive Proposal on services in the internal market, which aims to provide a legal framework to eliminate obstacles for the establishment of service providers and barriers to the free movement of services.⁸ This has several implications for the healthcare sector. Positively, it is expected to improve access to outpatient care because of simplifying the process of reimbursement of healthcare delivered to a patient in another Member state although some measures will have to be taken to avoid disparities between healthcare systems in certain countries.

In relation to the posting of workers, Member state governments will have limited scope to influence the labour standards of workers who are employed in their country by a company from another country. The proposal is for the government of the country of origin of the company to try and influence labour standards and legislation because “*a provider must, as a general rule, only be subject to the law of the country within which it is established*”. This will limit the power of governments to take action against undocumented migrant workers if they are recruited by an agency based in another EU country. This may have implications for the recruitment of health and social care workers.

Perhaps the most complex issues for the healthcare sector relate to the registration of professionals. The aim of the Directive Proposal is to simplify the barriers to service providers being able to operate in different countries. It suggests that this will involve taking down existing barriers and develop ways of modernizing national regulatory systems. However in some exceptional circumstances, Member States may take some action in relation to a service, from a provider established in another member state, relating to exercising a health profession.

⁸ Proposal for a Directive of the European Parliament and of the Council on services in the Internal Market
<http://www.labourline.org/DocumentYY.htm&numrec=031269668944140>

3 Company overview

All the companies outlined in this paper see European and other global opportunities for expansion in different aspects of the health care sector: insurance, clinical and diagnostic services, facilities management services and older people's care. Partnerships with the public sector are seen as an essential step towards developing and delivering new services and facilities. The involvement of these companies in the delivery of services in the healthcare sector, will have implications for health workers and for the accountability of public health systems.

Companies involved in the healthcare sector in Europe can be divided into two main groups:

3.1 Facilities management/ catering/ cleaning

There are several global companies, such as Compass, ISS, Sodexo, Rentokil-Initial, and Aramark, which deliver a range of support services for several sectors, including the healthcare sector. They deliver services such as catering, cleaning, buildings management, portering, reception. In the case of ISS and Rentokil – Initial, there is evidence of these larger companies buying small companies that had previously provided services to the healthcare and other sectors. A process of consolidation has been taking place over the past decade.⁹

Aramark, Compass, ISS, Sodexo and Rentokil-Initial all have European Works Councils. These companies are active in the health and social care sectors to varying degrees. ISS and Sodexo both have extensive activities in these sectors. It is important to monitor whether any of these companies are expanding into health and social care. For example, there are indications that Aramark is beginning to expand into the social care sector in the UK.

3.2 Healthcare companies that provide healthcare directly

A relatively small group of companies deliver healthcare in more than one country in Europe. Capió is a Swedish healthcare company that is expanding in Northern Europe and France. It focuses mainly on different ways of delivering acute care. The company also runs residential homes for older people but this is not an area of expansion. BUPA is involved as both a health insurer and healthcare provider in the UK and Spain, with health insurance activities in Ireland. It has expanded in the past decade into residential care for older people and this has been a major source of growth as well as nursery care. Day nurseries are the fastest growing small business sector in the UK with for-profit providers starting to expand their share of the market.¹⁰

Gambro and Fresenius are both renal care companies that started by manufacturing products and equipment for kidney dialysis but have expanded in the last decade into managing dialysis clinics. The global renal care industry is highly competitive. Both Gambro and Fresenius are exploring possibilities for home based renal care. Fresenius is also moving into hospital management and cancer treatments.

There are several issues facing companies providing healthcare directly.

1. Companies view their relationships with government/ public healthcare sector as crucial to future company growth. Some companies are building up their experience of working with the public sectors.

⁹ Hall D, Lethbridge J., Lobina E., Thomas S., and Davies S. (2002) The UK experience – privatised sectors and globalised companies A paper presented at the Cesifo/University of Warwick conference Munich, January 2003.

¹⁰ UNISON (2003) Nursery companies, UNISON Bargaining Support June 2003

2. Many companies involved in delivery of residential care for older people or people with disabilities are finding it difficult to make profits from this type of service. This is leading to some companies withdrawing from the sector or deciding not to expand. In some Scandinavian countries, residential homes have handed back to municipal control.
3. There are several examples in Europe of governments contracting private companies to manage a public sector hospital. In some countries this also involves the private company in building the hospital e.g. Private Finance Initiative in the UK. Examples of hospitals where private healthcare companies have been contracted to run hospitals in the public sector are:
 - St.Goran's Hospital, Stockholm, Sweden – Capiro
 - Ribera Hospital, Valencia, Spain - ADESLAS
 - Omega Hospital, Piedmont, Italy – Generale de Sante
 - Hospital Amadora, Sintra, Portugal - Jose de Mello Saude
4. The introduction of a system of Diagnostic Related Groups (DRGs), a system of costing and pricing episodes of patient care by governments, is seen by private healthcare companies as a way of gaining parity with public sector providers.
5. Expansion into Central and Eastern Europe by healthcare companies has been slow. Companies have found that the market for private healthcare is relatively small with the slow growth of middle income groups. Companies involved in facilities management have expanded more rapidly into Central and Eastern European markets.
6. The national regulatory environment is an important factor influencing the decisionmaking of companies. An unstable or uncertain regulatory environment may leave companies undecided as to whether to invest, e.g. Eastern and Central Europe, Netherlands.

Companies will be considered in the following groups.

Companies eligible for EWCs	Aramark BUPA Capiro Compass Fresenius Gambro ISS Initial-Rentokil Sodexo
Eligible after accession	Euromedic, Medcover
Non eligible	Adeslas, Generale de Sante, Jose de Mello Saude, Marseille Klinikum, Paracelsus Kliniken, Rhon Kliniken

3.3 EWC eligible

Company name (company's major owner)	Major presence in Europe (countries)	Workers			EWC
		Worldwide	Europe	Other	
Aramark	UK, Czech Republic, Belgium, Spain, Hungary, Ireland	200,000	39,800 (non-US)	-	Yes
BUPA	UK, Ireland, Spain	9,120	9,120	-	No
Capio	Sweden, Finland, Norway, Denmark, UK, France, Switzerland	10,808	10,808	-	No
Compass	France, Germany, UK, Switzerland, Spain, Netherlands, Sweden	375,000			Yes
Fresenius	Austria, France, Germany, Sweden, UK, Italy, Spain, Belgium,	63,638	26,091 40%	28,637 North America 6,363 Latin America 2,545 Asia- Pacific	Yes
Gambro	Belgium, France, Germany, Hungary, Italy, Luxembourg, Netherlands, Poland, Portugal, UK	20,900	7,106 (34%)	11,495 United States (55%) 2,299 Rest of world (11%)	Yes
ISS	Denmark, UK, Sweden, Austria, Belgium, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, UK	248,500	203,528 (81.9%)	44,972 rest of world (18%)	Yes
Rentokil-Initial	Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Italy, The Netherlands, Norway, Portugal, Ireland, Spain, Sweden, Switzerland, UK	92,447			Yes. Covers countries of EU, Norway and Switzerland
Sodexo	Austria, France, UK, Belgium, Finland, France, Germany, Hungary, Italy, Luxembourg, Netherlands, Spain, Sweden, and the UK.	308,315	132,575 (43%)	117,119 United States (38%) 58,579 Rest of world (19%)	Yes

3.4 EWC eligible after accession in 2004

Company Name (company's major owner)	Major presence in Europe	WORKERS			EWC
		Worldwide	Europe	Other	
Euromedic International	Hungary, Romania, Bosnia Herzegovina, Croatia	-	1,000	-	No
Medicover	Estonia, Czech Republic, Hungary, Poland, Romania,	-	1,200	-	No

3.5 Non-EWC eligible

Company Name	Major presence in Europe	WORKERS		
		Worldwide	Europe	Other
Adeslas	Spain, France?	Latin America	Spain, France?	Argentina
Generale de Sante	France, Italy, Switzerland	Americas	France, Italy	Venezuela, Chile
Jose de Mello Saude	Portugal	-	Portugal	Brazil
Marseille Klinikum	Germany	-	Germany	-
Paracelsus Kliniken	Germany, Switzerland	-	Germany Switzerland	-
Rhoen Klinikum	Germany	-	Germany	-

3.6 Significant acquisitions and sales of subsidiaries

Company	Buying	Selling	Comment
Capio	2002 Clininvest clinics, France 2002 Clinique des Cedres, France 2002 Scandinavian Heart Centre	2003 Nova Medical Polska to Medicover 2003 Clinique Marzet 2004 Capio Previa	Capio bought Clininvest clinics as part of its strategy to become a pan-European operator. Clinique Marzet was sold to a local company which Capio felt was more suited to running the clinic. Capio sold Nova Medical Polska because of the slow middle class growth in Poland. Capio Previa (occupational health) was sold to Segulah II, a Swedish private equity fund.
Fresenius	2002 Everest Healthcare Services Corporation USA 2002 Seehospital Sahlenburg GmbH, Sahlenburg 2002 Klinikum Rhein-Seig GmbH 2002 Klinikum-Rhein-Seig Dienstleistungs GmbH, Seilburg 2001, ProServe acquired Wittgensteiner Kliniken AG Bad Berleburg –		Wittgensteiner Kliniken is one of largest private hospital operators in Germany with a subsidiary in Czech Republic
Gambro		2002 Scandinavian Heart Centre	Scandinavian Heart Centre sold to Capio
Generale de Sante	2002 Centro Cardinal Ferrari, Italy 2002 Centro Diagnostico San Niccolo, Italy	2002 Clinique de Bois d'Amour Regina 2002 Teleservice Sante 2002 Sante Boutique Clinique de Bruay	Generale de Sante has a strategy to expand into Italy.
ISS	Ranas Rehabiliterubgcebter AB and Knivsta Rehabilitering AB, Sweden (100%)	Jan-June 2002 Kindergartens, Denmark November 2002 ISS supported a management buyout of Elderly Care (ISS CarePartner AB) and retains 49% of shares	ISS has experience difficulties in making profits from residential care.

3.7 Global reach of companies

Parent company	Sales	Healthcare division	Sales	%
Aramark	\$9.4 billion	n/a		
Compass	£11,286 m	Healthcare	£1,467m	13%
Fresenius	€7,507 m	Fresenius Medical Care	€5,378 m	71%
Gambro	SEK 27,574	Healthcare	SEK 16,872m	61%
Rentokil Initial	£2,339.5m	n/a		
ISS	DKK 37,984m	ISS Healthcare	DKK 1,288 m	3.4%
Sodexo	€11,687 m	Healthcare	€2,220 m	19%

3.8 Company involvement in PPPs

Company	Country	Projects	
ISS	UK	<ul style="list-style-type: none"> • Mairmyres Stonehouse Hospital • Bromley Hospitals • Greenwich Healthcare • Rotherham General hospital • Walsgrave and St.,Cross • South Durham Healthcare(Bishop Auckland) • Worcester Royal Infirmary NHS Trust • Calderdale Healthcare NHS Trust • Redbridge Hospitals • West Berkshire NHS Trust • Barnsley District General Hospital 	Build and operate
Sodexo	UK	<ul style="list-style-type: none"> • Kings's College Hospital, London • Queen Mary's Hospital. Roehampton • South Manchester University Hospital Trust (Wythenshawe Hospital), Manchester • Romford Hospital • Barts and the London NHS Trust • Manchester Royal Infirmary • Hereford Hospital • Northampton Mental Health • Queen Alexandra Hospital, Portsmouth 	
Fresenius	UK	<ul style="list-style-type: none"> • Renal dialysis centre, Wales £1.8m/ 3.9m project at Conwy & Denbighshire NHS Trust's Ysbyty Glan Clwyd in Bodelwyddan. Fresenius Medical Renal Services will operate the centre once it has been built by Cochin Contractors Ltd 	Build and operate

Capio	Sweden	<ul style="list-style-type: none">• St. Goran's Hospital, Stockholm	Private management of hospital for Stockholm County Council. Capio bought the hospital from Stockholm County Council in 2000
Adeslas	Spain	<ul style="list-style-type: none">• Ribera Public Hospital, Valencia	Build and management of public hospital
Jose de Mello Saude	Portugal	<ul style="list-style-type: none">• Amadora Sintra Hospital, Lisbon	Build and management of public hospital
Generale de Sante	Italy	<ul style="list-style-type: none">• Omegna Hospital, North Piedmont, Italy	Management of public hospital

4 Companies with EWCS or EWC eligible

4.1 Company name ARAMARK

Owner ARAMARK

1101 Market Street
Philadelphia
Pa 19107 USA
www.aramark.com

EWC: YES

Total employees: 200,000

Regional breakdown

Activities	Sales	Employees
United States	69%	145,000
International food and support services	15%	39,800
Uniform services	16%	15,000

4.1.1 Major European subsidiaries

Company	Ownership	Country	Website
Aramark Catering	100%	UK	www.aramark.com
Aramark Cleaning	100%	Belgium	www.aramark.com
Aramark Gmbh	100%	Germany	www.aramark.com
Aramark Ireland Holdings Ltd	100%	Ireland	www.aramark.com
Aramark SA	100%	Belgium	www.aramark.com
Dynamed UK Ltd	100%	UK	www.aramark.com

4.1.2 Company activities and strategy

Aramark is a global company providing food, support and uniform services. In 2001, the company purchased ServiceMaster Management Services. Although 69% of its sales are currently in the United States, the company has recently entered Ireland. Aramark sold its childcare division (Aramark Educational Resources) to focus on food, facilities management and uniform businesses. Aramark Educational Resources was sold in 2003 to California based Knowledge Learning Corporation Inc.¹¹

The company has recently gained a contract to supply BetterCare Ltd, a residential care company with 28 private residential care homes in the UK. It has also been awarded a contract with Jewish Care, one of the largest health and social care charities in the UK, to do catering, cleaning, housekeeping, laundry, ground and building maintenance, refuse collection and reception services.¹²

¹¹ Associated Press State and Local Wire, 12 May 2003

¹² Aramark Annual Report

4.2 Company name BUPA

Owner:

BUPA

BUPA House

Bloomsbury Way

London WC1A 2BA

www.bupa.com

EWC: NO – ELIGIBLE

Total employees: 9,120 (Europe)

Regional breakdown (Europe)

Country	Number of employees
UK	6,950
Ireland	170
Spain	2,000
Total	9,120

4.2.1 Major European subsidiaries

Company	Ownership	Country	contact	Website	Employees
Sanitas – Spain	100%	Spain	c/via Augusta 13-15, 28042 Madrid Tel: + 902 10 24 00	www.sanitas.es	2,000
BUPA Ireland	100%	Ireland	12 Fitzwilliam Street, Dublin 2 Tel: (01)662 7662 Fax: (01)662 7672	www.bupa.ir	170
BUPA Hospitals Ltd	100%	UK	Bloomsbury Way, London WC1	www.bupa.com	6,950
BUPA UK Insurance	100%	UK		www.bupa.com	
BUPA Care Services Ltd	100%	UK		www.bupa.com	
BUPA Childcare Services Ltd	100%	UK		www.bupa.com	
Strand Nurses Bureau Ltd	100%	UK		www.bupa.com	

4.2.2 Company outline and strategy

BUPA is one of the two largest providers of private health insurance in the UK with 40.1% of the market. PPP (now owned by AXA UK plc) has 29.1% of the market. BUPA is also the largest provider of private healthcare in the UK. The progress of BUPA during the last decade, the UK's largest private health care provider and health insurer, reflects the slow expansion of the private sector into acute health care in the UK. BUPA also operates in Spain, Ireland, Middle East, Thailand, Hong Kong, Singapore and Malaysia.

In the last 10 years BUPA has expanded through a series of acquisitions in the UK and worldwide. Its most striking area of expansion has been into care services. BUPA Care Services consist of the three subsidiaries: BUPA Nursing Homes Ltd, BUPA Care Services Ltd and Care First Group plc. BUPA runs 223 care homes,

54 sheltered retired homes and in 1999 cared for 26,000 people in residential care or through home care services. BUPA has also expanded into nursing and other care services.

In 1999, BUPA tried to buy the Community Hospitals Group in the UK, but was stopped by a Competition Commission ruling which argued that BUPA would dominate the market too strongly if the takeover went ahead. This was one of several unsuccessful attempts by BUPA to expand into acute care the UK. BUPA has managed to expand into residential and nursery care in the UK and, internationally, into primary and secondary care in Asia.

BUPA was the first company to be invited to run a complete surgical centre on behalf of the NHS in 2002. This involved the NHS contracting with BUPA to run the Redwood Hospital, Surrey as a surgical centre for treating 5000 routine operations. However, in October 2003, BUPA was not short listed to run one of the new Treatment Centres for the NHS, which involve direct contracting out of clinical services to private sector providers.

BUPA Ireland was established in June 1996 and has offices in Fermoy and Dublin. It currently employs over 170 staff and provides over 320,000 members with private health insurance throughout the country. BUPA Ireland continues to offer cover for treatments not previously covered by health insurance in Ireland such as speech and language therapy and health screening.

Sanitas is a Spanish health insurer and healthcare provider and was incorporated into BUPA in 1989. It has 1.3 million members with access to 20,000 doctors, 520 hospitals and medical centres. Sanitas has recently made an agreement with United Healthcare, one of the largest insurers in the United States, which gives members of Sanitas Mundi (World Sanitas) access to four hospitals in the United States (MD Anderson Cancer Center-Houston, Massachusetts General Hospital (Boston), Mount Sinai Hospital – New York and John Hopkins Hospital –Baltimore).

BUPA's most recent international acquisition was buying 50% of AXA Australia, the third largest insurer in Australia with 11% of the market.

4.3 Company name CAPIO

Owner Capio AB
 Gullbergs Strandgata 9
 P.O. Box 1064
 SE-405 22 Göteborg, Sweden
 Tel: +46 31 732 40 00
 Fax: +46 31 732 40 99
www.capio.com

EWC: ELIGIBLE (negotiations have started)

Total employees: 10,808 (end 2003)

Company divisional breakdown

Company name	Number of employees
Capio Healthcare Nordic	3,401
Capio Healthcare UK	2,702
Capio Diagnostics	993
Capio Elderly care	1,688
Capio Sante (France)	317

4.3.1 Major European subsidiaries

Company	Ownership	Country	Website
Access Raduikigu AB	100%	Sweden	www.capio.se
Capio Diagnostikk AS	100%	Norway	www.capio.se
Capio Norge AS	100%	Norway	www.capio.se
Capio Diagnostik A/S	100%	Denmark	www.capio.se
Capio Sjukvard Norden AB	100%	Sweden	www.capio.se
Actica Omsorg AB	100%	Sweden	www.capio.se
Lundby Sjukhus AB	100%	Sweden	www.capio.se
LAKargruppen I Orebro AB	91%	Sweden	www.capio.se
Svenska Cityklinikerna AB	100%	Sweden	www.capio.se
Capio Diagnostik AB	100%	Sweden	www.capio.se
Smartkliniken Kronan AB	100%	Sweden	www.capio.se
Volvat Medisinske Senter AS	100%	Norway	www.capio.se
Nordiska	91%	Sweden	www.capio.se

Klinikerna AN			
St.Gorans Sjukhus AB	100%	Sweden	www.capio.se
Overseas Healthcare AN	100%	Sweden	
Anorexcenter I Varberg AB	100%	Sweden	www.capio.se
Societe Anonyme De La Metanie	100%	Switzerland	www.capio.se
Medocular AB	100%	Sweden	www.capio.se
Mediscan OY	100%	Finland	
Scandinavian Heart Center AB	100%	Sweden	www.capio.se
PGL Professional Genetis Laboratory AB	100%	Sweden	www.capio.se
Clininvest	100%	France	www.capio.fr
Clinque des Cedres	100%	France	www.capio.fr
UK Healthcare Limited Partnership Inc	100%	UK	www.capio.co.uk

4.3.2 Company activities and strategy

Capio is a Swedish healthcare company which is aiming to become a trans-European healthcare company. Since 2001, it has acquired several healthcare companies in the UK, Finland and France.

Capio's first acquisition in Finland was the Finnish radiology company, Mediscan Oy on February 1, 2002. Mediscan Oy works with magnetic resonance tomography (MR) and computer tomography (CT). It has annual revenues of FIM 10 M (approximately SEK 16 M), is based in Helsinki and has a smaller unit in Lahti. The company's personnel consist chiefly of radiologists and other medical professionals.

In July 2001, Capio bought the UK Community Hospitals Group. The following year, Capio sold its UK real estate portfolio, which was hospital buildings of the former Community Hospitals Group that Capio acquired in August 2001, to Nikko Principal Investments Limited. The transaction was structured as a disposal of a majority stake in UK Healthcare Properties Limited Partnership, a new Limited Partnership specifically formed to hold Capio's UK real estate portfolio. Capio was to retain a 20 per cent stake in the Partnership. The investment cost was £8 million. The Limited Partnership would hold 20 of Capio's hospital properties in the UK. The leaseback period is 30 years with a break option for Capio at year 21. The agreement includes an option for Capio to extend the lease or purchase the properties at the end of the lease term.

Per Båtelson, CEO of Capio commented

"Following the successful acquisition of Community Hospitals Group last year, this transaction represents an important principle of Capio's overall strategy of not unnecessarily tying up capital or human resources in properties and their management."

A year later, in June 2003, Capio acquired the outstanding 80 per cent in UK Healthcare Limited Partnership Inc from Nikko Principal Investments. The transaction means that Capio has 100-per-cent control of its UK hospital properties.

In August 2002, Capio bought the Scandinavian Heart Centre in Gothenburg from Gambro, a renal care company. Scandinavian Heart Centre focuses on cardiovascular surgery and performs about 550 operations

each year. The company has a 6% share of the Swedish market. The Scandinavian Heart Centre was established in 1985 and has been wholly owned by Gambro AB since 1994. Activities focus primarily on bypass operations, cardiac valve surgery and operations to correct congenital heart disorders. The majority of the staff (70) are nurses with specialist training.¹³

In September 2002, Capio acquired France's second largest private health care provider, the Clininvest Group. Clininvest runs 16 hospitals in several regions and had a annual turnover of €120 million.

In December 2002, Capio-owned Actica Omsorg has sold its 28.3 interest in Bokbacken Fastigheter AB to Kungsleden which thereby becomes the sole owner of Bokbacken Fastigheter AB. An agreement has also been reached whereby Actica will be able to lease space in future Kungsleden elder-care buildings. An agreement to work together to take advantage of future opportunities in elder care has also been prepared and the main aim is to jointly offer municipalities integrated solutions for retirement homes, covering both the property ownership and the operations.

In June 2003, Capio sold the Polish laboratory medicine operation Nova Medical Polska to Medicover, a company also listed on the Stockholm Stock Exchange. This was presented as a strategic decision to concentrate its diagnostics operations in the markets where the Group already has or is currently establishing healthcare operations.

In October 2003, Capio bought Clinique des Cèdres in Toulouse, the largest private hospital in France. The hospital provides orthopaedic and neurology care services. During 2002, the hospital had revenues of slightly more than €50 million with 600 beds. The acquisition means that Capio “strengthens its position as a provider of internationally recognized high-quality care at competitive prices”. It also makes Capio the dominant player in the Toulouse region.¹⁴

In December 2003, Capio sold its loss-making French unit Polyclinique Marzet to SAS Harpin, a local healthcare provider. Polyclinique Marzet has annual revenues of approximately €15 M. Operations include surgery, oncology and medical treatment, but it also has an outpatient care department and radiology facilities. The clinic has 240 full-time employees.¹⁵ Capio has experienced problems with this clinic in April 2003, when the clinic was closed by the French government because of complaints against the doctors. As doctors are not employed directly by the clinic, Capio did not have access to clinical notes relating to the cases. The company had to wait until the government regulator decided the clinic could reopen several weeks later.

In February 2004, Capio was named a preferred bidder to run several ‘spine clinics’, part of the new Treatment Centres in the UK. In October 2003, Capio was not on the shortlist of companies that the Department of Health announced it would contract to build and run the Treatment Centres, including providing clinical care. Capio has managed to persuade the Department of Health and local Primary Care Trusts since then, that it could provide the ‘Spine clinics’ at a cheaper price. The Department of Health had also changed the specification from a day care centre to a centre providing care for several days. The previously shortlisted company (Mercury Health) was unable to provide overnight care. Capio will use some of its staff from the Nordic region to deliver the clinical care.¹⁶

Also in February 2004, Capio sold its occupational health division, Capio Previa (1400 employees) to Segulah II, a Swedish private equity company.¹⁷

¹³ Capio press release 20 August 2002

¹⁴ Capio press release 10 October 2003

¹⁵ Capio press release 30 December 2003

¹⁶ Health Service Journal 27 February 2004

¹⁷ Capio Press release 16 February 2004

4.4 Company Name COMPASS

Owner

Compass Group PLC

Compass House

Guildford Street

Chertsey, Surrey KT1 9BQ

Tel +44 1932 573 000

Fax +44 1932 569 956

www.compass-group.com

EWC: YES

Total employees: 375,000

Regional breakdown

Region	Sales	%
UK	£3,060m	23%
Continental Europe	£2,482m	22%
North America	£3,562m	32%
Rest of world	£1,918m	17%
Total	£11,286	

4.4.1 Major European subsidiaries

Company	Ownership	Country
Compass Contract Services (UK) Ltd	100%	UK
Eurest France SA	100%	France
Eurest Deutschland GmbH	100%	Germany

4.4.2 Company activities and strategy

The Compass group is a global food service company. Providing food in healthcare settings represents 13% of company turnover. Morrison and Medirest, two of the Compass brands, provide food services to healthcare and residential elderly care throughout the world. Medirest was formed in 1999 following the merger of health, senior and social activities of Eurest and SHR. Crothall provides facilities management services to the healthcare sectors, works with Morrison in the United States. Compass does not run healthcare services directly.

2003 was considered a challenging year with activities in France and Germany being affected by the economic slowdown. The company is continuing to invest in infrastructure that it considers necessary to extract cost savings from its activities.

4.5 Company Name FRESENIUS

Owner: Fresenius

Head Office

Fresenius AG

Else-Kröner-Straße 1

61352 Bad Homburg v.d.H.

Germany

Postal Address:

Fresenius AG

D-61346 Bad Homburg v.d.H.

Tel: +49 6172 608 0

www.fresenius.de

EWC: YES

Total employees: 63,638

Regional breakdown

Region	Number of employees	% employees
Europe	26,091	40%
North America	28,637	45%
Latin America and other regions	6,363	10%
Asia-Pacific	2,545	4%
Total	63,638	

4.5.1 Major European subsidiaries

Company	Owner-ship	Country	Contact	Website	Employees
Fresenius Kabi Deutschland GmbH Frankfurt a M.	100%	Germany	Fresenius Kabi Deutschland GmbH Else-Kröner-Strasse 1 61352 Bad Homburg Tel: +49 (0)6172 686 0 Fax +49 (0)6172 686 2628 E-mail: communication@fresenius.kabi.com	www.fresenius-kabi.de	1,219
Wittgensteiner Klinken Group Bad Berleburg	93%	Germany	Im Herrengarten 1, 57319 Bad Berleberg, Tel:02751/920-6 Fax: 02751/920-760 E-mail info@wka.de	www.wka.de	6,704
hospitalia Care Group Bad Lauterburg	100%	Germany	info@hospitalia-care.de	www.hospitalia-care.de	522
hospitalia Kliniken group	100%	Germany			329
Fresenius Kabi France SAS Sevres, France	100%	France		www.fresenius-kabi.de	506
Fresenius Kabi,	100%	Italy	Fresenius Kabi Italia	www.fresenius-kabi.de	260

Italy S.p.A, Verona			S.P.A. Via Camagre, 41 37063 Isola della Scala – Verona Tel:+39 045 6649 311 Fax: 39 045 6649 404		
Fresenius Kabi España SA, Vilassar de Dalt, Spain	100%	Spain		www.fresenius-kabi.de	168
Fresenius Kabi Ltd, Warrington, England	100%	UK		www.fresenius.co.uk	257
Fresenius Kabi Austria GmbH, Graz, Austria	100%	Austria		www.fresenius-kabi.de	522
VAMED Group, Vienna, Austria	77%	Austria	Sterngasse 5, A-1230 Vienna Tel:43/1/60 127/0 Fax: 43/1/60 127/ 190 E-mail: office@vamed.co.at	www.vamed.com	1,658
NPBI International BV, Emmen, Netherlands	100%	Netherlands	NPBI International B.V. Runde ZZ 41 7881 HM Emmer- Compascuum Tel : +31 591 355 700 Fax +31 591 355 555 E-mail@ customer_services@npbi.nl	www.npbi.nl	768
Fresenius Kabi AB, Stockholm, Sweden	100%	Sweden	Fresenius Kabi AB Rapsgatan 7, SE-751 74 Uppsala Tel:+46 18 64 4000 Fax: +46 18 64 490 E- mail: infor- sweden@fresenius.kabi .com	www.fresenius- kabi.com	724

4.5.2 Company activities and strategy

Fresenius is a “global health care company with products and services for dialysis, the hospital and the medical care of patients at home”¹⁸. As a vertically integrated renal care company, Fresenius produces products and equipment for renal dialysis and runs dialysis clinics. Increasingly the company is becoming more involved in the production of infusion therapies for patients at home as well as for a wider range of conditions than renal care, e.g. cancer care.

In addition, the Fresenius Chairman pointed out in 2001, that there was the potential for Fresenius ProServe, the international management division, to expand because “health systems, not only in Germany but all over the world, are in a state of change which is marked by increasing privatisation of hospitals and the demand

¹⁸ www.fresenius.de

for qualified, economically-efficient care of patients".¹⁹ Krick predicts that in Germany the current 7% of hospitals operated privately will increase and there will also be an increase in integrated hospital services where primary and secondary care are brought together.

Fresenius is one of three global companies in the renal care market. It is also one of several companies operating in the global medical devices industry that are involved in the expansion of homecare services. In relation to renal care, Fresenius is keen to promote the use of peritoneal infusion as a way of treating patients with end stage renal disease. Peritoneal infusion involves introducing a solution into the abdominal cavity to absorb toxins and excess water and is a process that can be done at home. It is cheaper than renal dialysis.

In 2002, the company switched from re-use dialysers to single use dialysers in its American clinics. They are already in use in Europe and Asia. There is a lower risk of infection from using single use dialysers. In the US, this change involved increasing capacity in its US production facilities and changing staff at its clinics. The move in the US was also because of anticipated changes in reimbursement of dialysis care from payment per dialysis treatment to new types of fee-per-case reimbursement per dialysis patient. Fresenius thinks that the new system of reimbursement offers opportunities to offer products and services as a package. The move from re-usable dialysers to single use dialysers is affecting the renal care market.²⁰

As an indication of Fresenius' widening approach to its business, Fresenius is also moving into the production and treatment of cancers using immunotherapies. Clinical trials are in progress.

¹⁹ Speech by Gerd Krick, Fresenius President at AGM 2001

²⁰ Merrill Lynch (2001) Kidney Machinations The Dialysis Industry Could get Bloody

4.6 Company Name GAMBRO

Owner

Gambro AB
 Head Office
 mailing address: P.O Box 7373
 SE-103 91
 STOCKHOLM
 visiting address: Jakobsgatan 6
 103 91 STOCKHOLM
 Tel: + 46 - 8 613 65 00
 Fax: + 46 - 8 611 28 30
www.gambro.com

EWC: YES

Total employees: 20,900

Regional breakdown

Region	Number of employees	% employees
Europe	7,106	34%
United States	11,495	55%
Rest of world	2,299	11%

4.6.1 Major European subsidiaries

Company	Ownership	Country	contact	Website
Gambro Dialysatoren GmbH & Co KG	100%	Germany	Gambro Dialysatoren GmbH & Co KG mailing address: Postfach 1323 DE-72373 HECHINGEN visiting address: Ermelesstrasse 76 (Research Dept.) 72379 HECHINGEN Tel: + 49 - 7471 17 0 Fax: + 49 - 7471 17 1152	www.gambro.com
Hospal SpA	100%	Italy	Hospal S.p.A. (Sales) Via Ferrarese 219/9 IT-40128 BOLOGNA Tel: + 39 - 0 516 382 411 Fax: + 39 - 0 516 382 660	
Gambro Lundia AB	100%	Sweden	Gambro Lundia AB Box 10101 SE-220 10 LUND visiting address: Magistratsvägen 16 Tel: + 46 - 46 16 90 00 Fax: + 46 - 46 16 96 96	www.gambro.com

4.6.2 Company activities and strategy

Gambro, together with Fresenius, is one of three global renal healthcare companies. In the last decade it has expanded from manufacturing products for renal dialysis to running dialysis clinics. Gambro makes dialysis products, operates dialysis clinics and supplies blood bank technology worldwide. Its vision is to be a globally preferred partner among patients and healthcare providers by providing blood and cell based solutions and services. Gambro's overall strategy is to:

- Focus on three core businesses, renal products, renal services and blood component technologies
- Provide leading capabilities for dialysis care, blood and cell collection and processing by drawing on Gambro's tradition of innovation, strong brands, global organisation and professional and dedicated employees
- Enhance global scale and presence in selected markets
- Manage risk and return in existing businesses as well as in selected new growth opportunities

In 2002 Gambro entered the Turkish markets through the acquisition of the Bulten dialysis centre which included both product sales and clinic activities. Like Fresenius, Gambro is also investing in single use dialysers and peritoneal dialysis.

In June 2002, Gambro AB signed a 10 year loan of €150 milion with the European Investment Bank. This will support current and new investments in Lund, Sweden and Germany as well as the construction of two new plants for synthetic dialysers. Gambro also sold its open heart centre, the Scandinavian Heart Centre to Capio in 2002.

4.7 Company Name RENTOKIL INITIAL

Owner

Rentokil Initial plc
 Head Office
 Felcourt
 East Grinstead
 West Sussex
 RH19 2 JY
 Tel: +44 1342 833 022
 Fax: +44 1342 833029
www.rentokil-initial.com

EWC: YES

Total employees: 92,447

Regional sales

Region	Sales £m
United Kingdom	1,153.4
Continental Europe	771.7
North America	315.1
Asia Pacific and Africa	131.9
Total	2,372

4.7.1 Major European subsidiaries

Company	Ownership	Country	Website
Initial Contract Services Ltd	100%	UK	www.rentikil-initial.com
Initial Hospital Services Ltd	100%	UK	www.rentikil-initial.com
Initial Catering Services Ltd	75%		www.rentikil-initial.com
Rentokil Initial Services Ltd	100%	UK	www.rentikil-initial.com
Rentokil Initial UK Ltd	100%	UK	www.rentikil-initial.com
Rentokil Initial NV	100%	Belgium	www.rentikil-initial.com
Rentokil Initial A/S	100%	Denmark	www.rentikil-initial.com
Rentokil Initial Ltd	100%	Ireland	www.rentikil-initial.com

Oy Rentokil Initial AB	100%	Finland	www.rentokil-initial.com
Rentokil Initial SA	100%	France	www.rentokil-initial.com
Rentokil Initial GmbH	100%	Germany	www.rentokil-initial.com
Rentokil Initial BV	100%	Netherlands	www.rentokil-initial.com
Rentokil Initial Espana SA	100%	Spain	www.rentokil-initial.com
Rentokil Initial AB	100%	Sweden	www.rentokil-initial.com

4.7.2 Company activities and strategy

Rentokil Initial is one of the largest business services companies in the world, providing a range of support services. It operates in four major sectors: hygiene, security, facilities management and parcels delivery. It aims to continue to develop its business services in the major developed economies of the world, with a range of high growth and quality driven sectors, which generate cash and are in less cyclical markets using the strength of the Initial and Rentokil brands. The company does not deliver healthcare services but delivers cleaning and support services to hospitals.

4.8 Company Name ISS

Owner International Service Systems ISS

ISS A/S

Bredgade 30

DK-1260 Copenhagen K

Denmark

Tel: +45 38 17 00 00

Fax: +45 38 17 00 11

www.issworld.com

EWC: YES

Total employees 248,500

Country breakdown

Country	Number of employees
United Kingdom	37,272
France	36,412
The Netherlands	26,270
Central Europe	18,199
Germany	14,185
Denmark (incl Iceland and Greenland)	14,022
Sweden	12,311
Belgium and Luxembourg	11,511
Norway	8,032
Switzerland	7,145
Spain	6,660
Finland	6,538
Israel	5,302
Portugal	2,448
Ireland	1,906
Italy	617
Asia (China, Singapore, Japan, Thailand, Indonesia, Brunei, Sri Lanka, Australia)	23,980
Latin America (Brazil, Argentina)	13,061
Total	248,500

4.8.1 Major European subsidiaries

Company	Ownership	Country	Contact	Website	Employees
ISS Denmark A/S	100%	Denmark	ISS Denmark A/S, Montmestervej 31,DK-2400 Kobenhaven NV Tel:+45 38 17 1717 Arne Pedersen	www.dk.issworld.com	14,022
ISS France SAS	100%	France	ISS ABilis France, 66-67. rue Ordener F-75018 Paris, France Tel:+33 1 44 9248 48 Hubert Boisson	www.fr.issworld.com	36,412
ISS Deutschland GmbH	100%	Germany	ISS Holding GmbH, Keriastrasse 24 D-47269 Duisburg Tel:+49 203 9982 0	www.de.issworld.com	14,185

			Rob Alsema		
ISS Servisystem SA	100%	Greece	ISS Servisystem SA, Demirdessious Str. 213, GR-142 33 Nea Ionia Tel:+309 10 27056 00-9 Michelis Roussos	www.gr.issworld.com	
ISS Ireland Ltd	100%	Ireland	ISS Ireland Ltd 11-13 Malpas Street, Dublin 8 Tel:+353 1 453 7711	www.ie.issworld.com	1,906
ISS Suomi Oy	100%	Finland	ISS Suomi Oy, Laulukuja 6, FIN-00421 Helsinki Tel:+358 205 155 Matti Kyytsonen	www.fi.issworld.com	6,538
ISS Netherland BV	100%	Netherlands	ISS Netherlands, Atoomweg 484-6, NL-3542 AB Utrecht Tel:+31 30 242 43 44 Gerard Brand	www.nl.issworld.com	26,270
ISS Norge A/S	100%	Norway	ISS Norway a.s., Ulvenveien 83, Postboks 132 Okern N-0509 Oslo Tel:+ 47 2288 5000 Bjorn Nilsen	www.no.issworld.com	8,032
ISS Sverige	100%	Sweden	ISS Sverige AB Arstaangsvegen 25, Box 42071, S-126 13 Stockholm Tel:46 8 681 60 00 Thomas Kolbe	www.se.issworld.com	12,311
ISS UK Ltd	100%	UK	ISS UK Ltd. Wells House, 65 Boundary Road, Woking, Surrey GU21 5BS Tel:+44 1483 754 900	www.uk.issworld.com	37,272
ISS European Cleaning Systems SA	100%	Spain		www.es.issworld.com	6,660

4.8.2 Healthcare subsidiaries

Name	Ownership	Country	Contact	website	Employees
CarePartner AB	49%	Sweden	ISS Health Care Tel: 08-690 55 00 VD Hans John Øiestad Tel: 08-681 60 00 hans.john.oiestad@iss-sverige.se	www.iss-sverige.se	3,900
FysiologLab I Stockholm AB	100%	Sweden		www.iss-sverige.se	56
ISS Healthcare AB	100%	Sweden		www.iss-sverige.se	
ISS Rehab	100%	Sweden	ISS Rehab AB, Stenbäckens & Linnéagårdens Behandlingshem Box 154, 598 22 Vimmerby	www.iss-sverige.se	

			Tel: 0492-75 000 Fax: 0492 750 30 Besöksadress: Stenbäcksgatan 16 E -post: info@stenbacken-linneagarden.se		
M&M Medical Holdings AB	100%	Sweden		www.iss-sverige.se	360
ISS Hospital Service AG	100%	Switzerland		www.iss-sverige.se	

4.8.3 Company activities and strategy

International Service Systems ISS is a Danish company providing facilities services including cleaning, catering, and services for hospitals and older people's care homes. It works in a range of sectors and operates through the following divisions:

- Cleaning and maintenance - office cleaning for private and public sectors
- Services for the health sector - targeted at hospitals and other institutions within the health sector
- Services for the food industry

Other business areas include: Canteen/catering services; energy/industrial high tech services; property services, care services and after-damage service.

Facility services represent 87% of sales in 2002. Some of these are delivered in the hospital sector. Healthcare services, e.g. psychiatric care, contribute 3.4% of sales.

Create 2005 is a new 5 year vision launched in November 2000. It develops service concepts from multi-services to facility services which is leading to integrated facility services. Separate business areas are being managed across country borders. The development of the facilities services package is most developed in the UK. Specialisation of cleaning concepts is most developed in Germany (www.issworld.com). ISS has also lost several contracts with the public sector in Denmark due to poor standards of delivery.²¹

ISS has made a large number of acquisitions in the last few years. In the health sector, it has acquired a number of older people's facilities and medical facilities but in some cases it has also divested of recent acquisitions in the health care sector. In 2002, the CarePartner division, which delivers medical facilities and older people's care in Denmark, Sweden, Norway and Finland was reviewed. In November 2002, ISS supported a management buyout for its Elderly Care services, whilst retaining 49% of the shares. The ISS Healthcare division was set up to focus on the expansion of direct healthcare. ISS is also active in 11 Private Finance Initiatives (PFI) in the UK as both a provider of facilities management services and as an investor.

4.8.4 ISS involvement in 11 Private Finance Initiatives (PFI) in the UK

Name of hospital	Turnover	Start of services	Contract length
Mairmyres Stonehouse Hospital	£6.90m	April 2001	30 years
Bromley Hospitals	5.00m	April 2003	10.5
Greenwich Healthcare	5.70m	June 2001	5
Rotherham General hospital	2.50m	2000	15
South Durham	2.50	May 2002	30 (subject to

²¹ Global Newswire 31 October 2001, 7 December 2001

Healthcare(Bishop Auckland)			service review and market testing after 5 years
Worcester Royal Infirmary NHS Trust	7.50	April 2002	30 (subject to service review and market testing after 5 years)
Calderdale Healthcare NHS Trust	4.70	April 2001	30
Redbridge Hospitals	0.40	March 2002	5
West Berkshire NHS Trust	1.70	2003	5
Barnsley District General Hospital	1.50	January 2002	15
Walsgrave and St.,Cross	13.00	December 2002	

4.9 Company Name SODEXHO

Owner

Sodexho Group
 Parc d'Activites du Pas-du-Lac
 3 avenue Newton
 78180 Montigny-le-Bretonneux
 France
 Tel : +33 01 30 85 75 00
 Fax : +33 01 30 43 09 58
www.sodexho.com

EWC: YES

Regional employees and sales

Region	Employees	%	Sales	%
North America	117,159	38%	€5,376m	46%
Continental Europe	80,161	26%	€3,737	32%
UK/ Ireland	52,411	17%	€1,518m	13%
Africa, Asia and Pacific rim	30,831	10%	€350	5%
Latin America	27,747	9%	€584	3%
Total	308,315		€11,687	

4.9.1 Major European subsidiaries (highest revenues for 2002-3)

Company	Ownership	Country	contact	Website
Sodexho Ltd	100% Sodexho Holdings Ltd (68% Sodexho Alliance SA)	United Kingdom (54,322)	Sodexho Ltd Kenley House Kenley Lane KENLEY Surrey CR8 5ED Tel:020 8763 1212 Fax:020 8763 1044	http://www.sodexho-uk.com/
Sodexho BV	100% Sodexho Holdings Ltd (68% Sodexho Alliance SA)	Netherlands	Capelle aan den IJssel Rivium Boulevard 2 2909 LK CAPELLE AAN DEN IJSSEL Tel.: (010) 288 4288 Fax: (010) 288 4222 info@sodexho-nl.com	http://www.sodexho-nl.com/
Altys Multiservice SA	80% Sodexho Alliance	France		www.altys.fr
Sogeres SA	100% Sodexho Alliance	France	42/44 Rue de Bellevue 92105 Boulogne	www.sogeres.fr

			Billancourt France Tel : +33 1 46 99 33 33 Fax : +33 1 46 05 55 59 contact@sogeres.fr	
Sodexo Italia SPA	100% Sodexo Alliance	Italy	sede@sodexo- it.com	http://www.so dexho-it.com/
Sodexo Belgique SA	100% Sodexo Alliance	Belgium	Services Catering et Gestion de Services 11 rue des Trois Cantons L-8399 Windhof Grand Duché de Luxembourg Commercial : Marc Wolwertz Tél : +352 26.106.281 Fax : +352 26109 209 e-mail : marc.wolwertz@sod exo.lu	www.sodexo- be.com
Sodexo Catering and Services GmbH	100% Sodexo Alliance	Germany	info@sodexo.de	www.sodexo. de.com

4.9.2 Company activities and strategy

The Sodexo Group works in the following sectors: business and industry, defence, correctional services, healthcare, education, older people as well as in remote sites. It also manages vouchers and card schemes.

In the healthcare sector, Sodexo provides a range of services (often described as multi-service) to hospitals and to older people's care homes. These services may include, catering, cleaning, housekeeping, building maintenance and management of paramedical staff. Services delivered within the health care sector provide 19% of revenue (Annual report 2002-3).

Sodexo sees opportunities in global multi-site, multi-service contracts. It is developing partnerships with public and private sector organisations in order to deliver services. In the UK it is involved in several PFI project both as an operator and as an investor.

The company has six strategic objectives:

- Accelerate organic growth
- Improve human resources planning
- Improve operational management
- Improve cash flow
- Reinforce control
- Encourage transparency and communication

Sodexo PFI projects in the UK

- Kings's College Hospital, London

- Queen Mary's Hospital. Roehampton
- South Manchester University Hospital Trust (Wythenshawe Hospital), Manchester
- Romford Hospital
- Barts and the London NHS Trust
- Manchester Royal Infirmary
- Hereford Hospital
- Northampton Mental Health
- Portsmouth Queen Alexandra Hospital

5 Companies likely to be EWC eligible after EU accession 2004

5.1 Company name EUROMEDIC INTERNATIONAL

COMPANY EUROMEDIC INTERNATIONAL N.V.

Central European Headquarters

Gerbeaud House

1, Dorottya St.

1051 Budapest

Hungary

TEL.: +36 1 267 5314

FAX: +36 1 267 5312

E-mail: joseph.priel@euromedic-group.com

www.euromedic-group.com

EWC: NO

Total employees 1,000

5.1.1 Major European subsidiaries

Company	ownership	Country	Contact	Website
Euromedic Diagnostics BV	100%	Hungary	EUROMEDIC INTERNATIONAL N.V. - Central European Headquarters Gerbeaud House, 1. Dorottya St., 1051 Budapest, Hungary TEL.: +36 1 267 5314 FAX: +36 1 267 5312 E-mail: joseph.priel@euromedic-group.com	www.euromedic-group.com
International Dialysis Centre BV	100%			
Euromedic International NV		Netherlands	Holding company registered in The Netherlands	
Euromedic Bosnia Herz	100%	Bosnia Herzegovina	EUROMEDIC Bosnia & Herzegovina Address: Bana Milosavljevica 8, Street, 78000 Banja Luka Republic of Srpska Bosnia and Herzegovina Contact person: Mr. Marijan Bilic IDC General Director email: mbilic@inecco.net Mobile Phone:00-387-65-513-104 or 00-387-65-633-778 Telephone: 00-387-51-22-33-40	www.euromedic-group.com

			Fax: 00-387-51-22-33-50	
Euromedic Hungary	100%	Hungary	EUROMEDIC DIAGNOSTICS Kft Gerbeaud House, 1. Dorottya St., 1051 Budapest, Hungary Contact person: Dr. Zoltan Katona Tel: +361 327 4345 Fax: +361 318 8687 Email: katona.zoltan@euromedic-group.com	www.euromedic-group.com
Euromedic Poland	100%	Poland	EUROMEDIC International Polska Sp. z o.o. ul. Krucza 16/22, 00-526 Warszawa tel. (+48 22) 627 28 98, fax (+48 22) 627 28 99 e-mail: euromedic@euromedic.pl Contact person: Dr. Maciej Kowalski, President Euromedic Poland	www.euromedic-group.pl
Euromedic Czech Republic	100%	Czech Republic	EUROMEDIC Czech Republik, s.r.o., Malostranské nám. 5 110 00 Prague 1 tel. (+42) 257535948, fax.(+42) 257535952 e-mail: D.Karasek@seznam.cz Contact person: Mr. David Karasek, Managing Director	www.euromedic-group.com
Euromedic Croatia	100%	Croatia	EUROMEDIC International d.o.o. Croatia, Kneza Borne 2, (1st Floor, Business Gallery, Sheraton Zagreb Hotel), 100000 Zagreb, CROATIA Tel.: +385 (0)1 46-46-777; or 778 Fax: +385 (0)1 46-46-780 e-mail: euromedic@inet.hr or: bg.euromedic@mail.inet.hr web-site: www.euromedic-group.com Contact person: Branko Gracanin, General Manager	www.euromedic-group.com
Euromedic Romania	100%	Romania	EUROMEDIC Romania SRL 35, Ermil Pangratti St., 5th level, Suite 5, Sect. 1, Bucharest - Romania Tel/Fax; +40 1 230 23 13, + 40 1 231 26 45, + 40 1 231 26 49 E-mail: office@euromedic.ro Contact person: Mr. Zahal Levy, President Euromedic Romania	www.euromedic-group.com

5.1.2 Company activities and strategy

Euromedic Diagnostics BV and International Dialysis Centre BV are both 100% owned Dutch subsidiaries of Euromedic International NV, a holding company of the group (www.euromedic-group.com).

For more than a decade, Euromedic has been building and operating Imaging Diagnostic Centres and Dialysis Centres in Eastern and Central Europe. They work in a Public-Private Partnership (PPP). Euromedic invests in the centres and the public healthcare system pays for the service. The company's medical centres are fully integrated into the public healthcare system, based on contracts signed with the National Insurance institutes and supported by the Ministry of Health.

Euromedic currently operates diagnostic imaging centres in Hungary and Poland and haemodialysis centres in Poland and Bosnia. In Hungary, it has 7 private diagnostic imaging centres seeing 20,000 patients per month. 100-150 staff, mainly doctors, are employed in Hungary. In Poland, Euromedic has 3 diagnostic imaging centres and 3 haemodialysis centre seeing 2,500 patients per month. In Bosnia, it has one haemodialysis centre which sees 230 patients per month (www.ifc.org). The company aims to continue to expand in Eastern and Central Europe.

Euromedic has also received a \$13 million loan from the International Finance Corporation to fund a \$33 million expansion programme in Central and Eastern Europe. Other shareholders include GE Equity – private equity arm of GE Capital, Dresdner Kleinwort Benson private equity fund, Global Environment Fund, RPM Partners, a Dutch private investment company and private investors led by Euromedic's management. One of the non-executive Directors of Euromedic (Janusz Heath) is the head of Central and Eastern European Private Equity Dresdner Kleinwert Benson. The company is also BRE Bank (Poland) and by CIB and OTP Banks (Hungary). The current website lists three major shareholders: GE Capital; Dresdner Kleinwort Wasserstein (part of the Allianz Group); Global Environmental Fund.

Euromedic International N.V. is today the largest investor in healthcare in Central and Eastern Europe. In 2003, the Company owns and operates 35 Diagnostic and Dialysis Centres in Poland, Hungary, Romania, Bosnia and Croatia. The company uses brand names for different lines of activities: International Medical Centres (IMC), International Dialysis Centres (IDC) and Euromedic Trading. The Headquarters of Euromedic are located in Budapest, Hungary. Euromedic employs about 1000 people.

5.2 Company name MEDICOVER

Owner

Medicover Holding SA
20 rue Phillippe II,
L-234- Luxembourg
Tel: +352 26203110
Fax: +352 2620 3234

Medicover c/o Beiro Medical SA,
Waterloo Office Park
Building O, Dreve Richelle 161
B-1410 Waterloo, Belgium
Tel: +32 3 357 55 77
Fax: : +32 3 357 55 05
E-mail: info@medicover.com

EWC: NO

Total employees: 1,260

Regional breakdown

Company name	Number of employees (2001)
Medicover Poland	678
Medicover Romania	330
Medicover Hungary	96
Medicover Estonia	68
Medicover Czech Republic	70
Medicover Laboratories	18?
Total	1,260

5.2.1 Major European subsidiaries

Company	Ownership	Country	Contact	Website	Employees
Medicover (Czech Republic)	100	Czech Republic	Medicover Czech Tylovo nam, Praha 2, Czech republic Tel:+420 24251319 Fax: +420 2425 5730 E-mail info@medicover.cz	www.medicover.cz	70
Medicover Aesti AS	81%	Estonia	Medicover Estonia, Gonsiori 33, 10147, Tallinn, Estonia Te:+372 605 1555 Fax: +372 605 1515 E-mail: info@medicover.ee	www.medicover.es	68
Medicover Klinika Rt.	100%	Hungary	Medicover Hungary, 1138 Budapest Vaci ut 22-24, Hungary Tel:+36 1 465 3150 Fax: :+36 1 465 3160 E-mail	www.medicover.hu	96

			info@medicover.hu		
Medicover Rombel SRL	100%	Romania	Medicover Romania Union International, Business Center II, 26-28 Stirbei Voda St.7 th floor, Sector 1, Bucharest, Romania. Tel:+4021 314 0702 Fax: +4021 314 0775 E-mail Romania@medicover.com	www.medicover.ru	330
Medicover Sp.zo.o.	100%	Poland	Medicover Poland, 10, Sapiezynska Street, PL-00-215 Warsaw, Poland Tel: +48 22 455 44 00 Fax: +48 22 531 41 11 E-mail: info@medicover.pl	www.medicover.pl	678

5.2.2 Company activities and strategy

Medicover's aim is to become the leading private healthcare company in "Emerging Europe". Medicover has 281 facilities with 48 fully owned and controlled and 233 partnership clinics in 5 countries.

Medicover was established in 1995 by Oresa Ventures, a Swedish venture capital company. The company offers both medical insurance and a health care delivery system, to its clients. Medicover employs most of its physicians directly and provides health care through its own facilities. In 2002, it has 77,600 pre-paid members in Poland, 14,000 in Romania, 1,700 in Hungary and 24,000 in Estonia. It provides health insurance for corporations and individuals, health care services through 20 Health Centres staffed by its own doctors and nurses, and on-site workplace facilities for large employers.

Although originally a project supported by venture capital company Oresa Ventures, Medicover has become so successful that Oresa Ventures ceased to invest in new initiatives. ORESA Ventures' other holdings are being divested. As a result of the new focus, ORESA Ventures' name changed to Medicover and it become an operating healthcare company (www.oresaventures.com). It has received a loan of \$7 million from the International Finance Corporation out of a capital investment budget of \$22million (www.ifc.org).

6 Non-EWC eligible companies

6.1 Company name ADESLAS

Compania de Seguros Adeslas SA
Principe de Vergara, 110
10 – 28002 Madrid
Spain
Tel: 91 566 50 00
Fax: 91 563 43 20
www.adeslas.es

Owners

Aguas de Barcelona 75%
Mederic 25%

EWC: NO

Number of employees:

6.1.1 Company activities and strategy

Adeslas is a Spanish health care company operating both health insurance and health care services. Its insurance division specialises in the production, management and distribution of health insurance policies. It has about 1.5 million members and about 25% of the Spanish health insurance market.

The healthcare management division directly manages 11 clinics and hospitals with over 1000 beds. Adeslas took over the management of the Ribera Public Hospital in Valencia in 1998. This was an initial attempt by the regional government to privatise public hospitals. There have been reductions in staff and in the quality of service since Adeslas started to manage the hospital.

The Valencia Government was one of the first regional governments to use private management methods in the public health sector. On 1 January 1999, Adeslas, a Spanish health insurance and health services company took over the management of Alzira Hospital, previously the publicly owned Hospital de la Ribera, Valencia. Adeslas (51%) together with two banks - Bancaixa and the Caja de Ahorros del Mediterráneo (45%) - and two construction companies - Dragados (construction and services) and Lubasa (2% each) – formed the Union Temporal de Empresas (UTE), which was given the concession to build and manage the public hospital for 10 years. The group was paid a set amount per head of population each year, initially 34,000 pesetas per head.²²

Before the hospital opened, trade unions were challenging the lack of transparency about the arrangements for terms and conditions of employment at the new hospital. The new system of pay and conditions that was finally introduced was one of the main innovations of private management. Each specialty had its own salary scale and its own set of objectives. The rest of the 700 workers would receive a fixed pay rate.²³ All staff would be contracted.

In November 1999, trade unionists from the General Union of Workers (UGT) demonstrated against the dismissal of a doctor who headed the list of candidates in the union elections in the hospital. A member of

²² El Pais 21 January 1999

²³ El Pais 12 December 1998.

the committee of the UGT Federation of Public Services called for “the end of anti-trade union practices in the Health Committee of the company UTE – Adeslas” which was in charge of managing Alzira Hospital.²⁴

A year later in December 2000, the health worker section of the national trade union Confederación Sindical de Comisiones Obreras (Federación Estatal de Sanidad of CC OO) challenged the legality of the concession for the management of the Alzira hospital arguing that the arrangement had led to the privatisation of the hospital and was outside the terms of the law 13/1995 of the Contracts of Public Administration. The union argued that the removal of the medical personnel from the public hospital had led to “an illegal transfer of labour” to Adeslas (the company managing the hospital) “as means of production and profit”. The Constitutional Tribunal did not uphold the trade union challenge. It argued that, “the character of the public system would not be influenced by the form of management or private responsibility”.²⁵ Although the challenge was unsuccessful, this was an example of trade union challenging the legality of one aspect of the liberalisation of the public health system.

In November 2002 the Valencia government announced that it would compensate the group of companies who had taken over the concession with €43.9 million, the value of the remaining 6 years of the contract. From 1999 – 2002 the group of companies (UTE) operated the hospital at a loss. The Valencia government actually paid the group €69 million in 2002, which was €25 million more than it had originally announced it would pay as compensation. The government explained that this was payment for “lost profit” (lucro cesante).²⁶ In December 2003, the Sindicatura de Cuentas of the Valencia government reported that it considered the annulment of this contract to be outside the remit of public administration contract law.²⁷

Yet, the Valencia government has not abandoned the use of private companies to manage public facilities. Adeslas has recently been awarded the contract to manage primary care centres in Valencia as well as a new contract to manage the Ribera Hospital.

Adeslas is owned by Aguas de Barcelona, the water and waste management company. In July 2003, Aguas de Barcelona sold 25% of its holdings in Adeslas to Mederic, a French insurance company. It is not yet clear what the implications of this change in ownership will be on the distribution of employees in the company. Mederic is a French insurance company.

²⁴ El Pais 18 November 1999.

²⁵ El Pais 22 December 2000

²⁶ El Pais 18 December 2003 Valencia edition ‘El hospital de Alzira obtuove 25 millones por lucro cesante pese a sus elevadas perdidas’

²⁷ Cinco Dias 24 December 2003 ‘Un informe censura el pago de €25 millions a Adeslas’

6.2 Company name GENERALE DE SANTE

Owner

Generale de Sante
96, avenue d'Iéna
75783 Paris Cedex 16
Tel: +33 (0) 1 53 14 99
www.generale-de-sante.com

EWC: ELIGIBLE

Total employees: 17,730 employees with 4,000 independent medical practitioners (2003).

Regional revenues (€ million)

Country	2003
France	€1,033m
Italy	€36.5m
Canada	€15.3m

6.2.1 Major European subsidiaries

Company	ownership	Country	Contact	Website
Compagnie Generale de Sante	100%	France	96, avenue d'Iéna 75783 Paris Cedex 16 Tel: +33 (0) 1 53 14 99	www.generale-de-sante.fr
Services & Sante	51%	France		www.generale-de-sante.fr
Casa Santa Rita	93.59%	Italy	Via Manin 29 51016 MONTECATINI – TERME Tel: 00 39 0572 91 16 88 Fax: 00 39 0572 92 82 83	www.generale-de-sante.fr
Casa Di Cura Rugani	99.50%	Italy	Piazza Matteotti 33 53100 SIENNE Tel:00 39 0577 26 16 11 Fax: 00 39 0577 27 13 43	www.generale-de-sante.fr
Centro Cardinal Ferrari	80%	Italy	Via IV Novembre, n°21 43012 FONTANELLATO Tel: 00 39 (0)521 82 02 11 Fax: 00 39 (0)521 82 02 52	www.generale-de-sante.fr
Centro Diagnostico San Nicolo (Como)	51%	Italy	Via Recchi, 7 22100 COMO Tel:00 39 031 33 81 170 Fax: 00 39 031 33 81 122	www.generale-de-sante.fr

6.2.2 Company activities and strategy

Generale de Sante is a leading private healthcare company in France with 10% of the market. The company's aim is to be "a key player in the private hospital sector in France".

Generale de Sante provides mental health services, oncology and radiation therapy, sub-acute care (e.g., alcohol abuse and obesity treatments) and rehabilitation (cardiac rehabilitation, orthopaedic and neurological rehabilitation) services as well as diagnostics (medical imaging and analysis) and home healthcare for elderly or disabled people.

Generale de Sante works in partnership with the public hospital sector. This involves the creation of cooperative structures, Public Health Cooperation Associations, dividing their activities between a hospital and a clinic located on the same premises, notably in Gassin (Var), Dunkirk (Nord), and Avicenne (Ile-de-France).

In 2002, it made a strategic decision to withdraw from the nursing home sector because the company felt the sector was too crowded, too expensive to develop and achieve a critical mass, and there was a lack of synergy between nursing homes and the rest of Generale de Sante work. The company's main focus will now be on healthcare.

The company considers that there are increasing transfers of work from the public sector to the private sector that Generale de Sante can benefit from. The private sector is also gaining in market share from the public sector. The company views the increasing social security deficit of the public sector as something that together with the introduction of diagnostic related group payment system will enhance the public-private transparency from which Generale de Sante will benefit.

In 2003, Generale de Sante main aims were to have 20% of the market share within 5 years, to pursue developments in Italy and to increase profitability. At the end of 2003, the company had sold its Canadian residential care homes. This also involved the removal from the scope of consolidation of two hospital investments in Venezuela and Chile.

Generale de Sante was founded by the French water company Generale des Eaux. In 1997, Cinven bought the health care interests of Companie Generale des Eaux which were two separate businesses: General Health Care and Generale de Sante. Cinven merged General Health Care with Amicus in December 1997, and then sold the merged company to BC Partners. It continued to develop the Generale de Sante business until 2001 when it was floated on the French stock exchange. The cost of buying General Health Care, Amicus and Generale de Sante was €1.77 billion. The combined value of the sales of these three companies was €3.2 billion which was almost double the value of the original investment.

Until June 2003, Cinven has held 44% of the shares of Sante Luxembourg (Vivendi Universal 20% and ABN AMRO and Capital France), which held 38% of General de Sante shares. There was an agreement after flotation in 2000, that Sante Luxembourg would hold shares for three years. In June 2003, Sante Luxembourg shares were sold to Sante Holdings, an Italian holding company owned by Antonino Legresti. Sante Holdings is backed by Efibanca, an Italian regional bank. Sante expects to sell 8% of its share capital to Efibanca. The balance of Sante Luxembourg's shares (6.5%) will be placed with French and UK investors with no one investor acquiring more than 1.75% shares.

Sante Holdings is chaired by Antonino Legresti, a cardiologist and healthcare entrepreneur who was acquitted in 1997 for a fire in a "iperbarica" (high compression) chamber of a clinic in Milan which caused the deaths of 11 people. However a recent Supreme Court ruling annulled his acquittal (17.12.2003).

In December 2003, the Generale de Sante Board of Directors decided to recommend to shareholders that the company should adopt a new system of corporate governance which will require changing the articles of incorporation. The new system of corporate governance will involve setting up a Supervisory Board,

responsible for management supervision, and a Management Board, responsible for corporate, managerial and executive functions. This change has been precipitated by the change of ownership. The director of Sante Holdings, Antonino Ligresti, will stand for election to the Supervisory Board at the shareholders meetings, “with a view to becoming Chairman”.

In 2003, the company introduced a stronger regional structure with greater regional accountability. It is aiming to reduce staff at head quarters by a third which it estimates will generate savings of €4 million.

6.3 Company name JOSE DE MELLO SAUDE

Owner Grupo Jose de Mello

José de Mello - SGPS, SA

Avenida 24 de Julho, 24

1200-480 Lisboa

Tel: 21 391 60 00

Fax: 21 391 61 70

E-mail: info@josedemello.pt

www.josedemello.pt

EWC: No

Total employees: 2,100

6.3.1 Company activities and strategy

Jose de Mello Saude is part of the De Mello group, a large Portuguese holding company. The healthcare company has 976 beds distributed between three hospitals – Amadora Sintra, CUF Infante Santo and CUF Descobertas.

The hospital at Amadora Sintra is a public hospital managed by Jose de Mello Saude. There have been extensive criticisms of the management of hospital by CGTP and regional authorities since the company took over the management in 1996. There has been a lack of transparency between the hospital and the Ministry of Health. Critics of the company point out that the hospital expenditure was far greater than for other publicly managed hospitals. The Inspector General of Finances has investigated some of the complaints against the hospital by the trade unions and regional health administration. These included the Jose de Mello Saude company using the facilities of the public hospital in Sintra for private patients. Doctors had set up their own surgical company and rented space from the hospital. In other cases, doctors have seen private patients during public clinics.²⁸ (www.sic.pt). There have been demands for a Parliamentary inquiry. The current health minister is a former employee of Jose de Mello Saude.

In 2000, the company set up, together with ICATU (a private group in Brazil that operates in the financial, property, insurance, entertainment and healthcare sectors) and the International Finance Corporation, a company called ICATU health services which works in homecare, hospital management and health insurance.

Jose de Mello Saude aims to look for growth opportunities in selected international markets. It is currently in discussion with Associacao Nacional de Farmacias (Portugal), Generale de Sante (France), ICATU (Brazil) and IFC about strategic projects.²⁹

²⁸ <http://sic.sapo.pt/article23965visual4.html>

²⁹ www.josedemello.saude.pt

6.4 Company name MARSEILLE-KLINIKEN

Owner

Marseille Kliniken
Sportallee 1
D-22335 Hamburg, Germany
Phone: 49 40 5 14 59 0
Fax: 49 40 5 14 59 709
www.marseille-kliniken.de

EWC: No

Total employees: 4,122

6.4.1 Company activities and strategy

Marseille -Kliniken-AG, founded in 1984 by Theo and Ulrich Marseille, runs retirement homes, rehabilitation homes and special geriatric hospitals mainly in Germany with expansion since 1992 into eastern Germany. It expanded into the rehabilitation sector in 1996 by buying KASANAG and its subsidiary companies and is now the largest provider of private nursing care and the third largest clinic operator in Germany. The company also operates the AMARITA franchise system set up in 2000 to provide nursing care. The company builds nursing homes and then sells the buildings. The company plans to fund future growth through the sale of its own properties and sale of AMARITA nursing homes. It aims to move from 70% property owned, 30% rented to 30% owned and 70% rented. This is another example of a healthcare company selling properties to release capital (e.g. Capio).

The strategy of the company is to reduce the stock of company owned beds and release resources through the sale of existing property and new buildings, e.g. AMATITA nursing homes. In nursing, it plans to acquire facilities from public providers, build new facilities and create a national presence. In Rehabilitation the company aims to work cooperatively with acute care facilities, to extend the range of services but not to extent capacity.

In the period 1999-2003 there have been changes in the composition of the workforce which is made up of 2,105 employees in Nursing, 790 employees in rehabilitation and 1,227 employees in services. In both nursing and rehabilitation, there has been a slight decrease in housekeeping staff.

75% of shares are owned by the Marseille family and of the remaining shares, 50% are individually owned and 50% institutionally owned.

6.5 Company name PARACELBUS KLINIKEN

Owner

Paracelsus Kliniken
Paracelsus hospitals - Germany GmbH
Klinsorstr. 5
81927 Munich
Germany
www.paracelsus-kliniken.de

EWC: No

Total employees: 4,500

6.5.1 Company activities and strategy

Paracelsus- Kliniken Deutschland GmbH runs 16 acute hospitals and 12 rehabilitation centres in Germany and one hospital in Switzerland. The hospital group was founded by Prof.Dr.Kruckemayer and opened in 1970. It introduced a model of integrated primary and secondary care. Doctors run their own practices from hospital premises. Equipment is shared by different departments. These principles still inform the company.

Paracelsus-Kliniken expanded in the 1980s. In 1996 the company acquired Champion Healthcare Corporation, an American healthcare company. The following year, following the death of its founder, Paracelsus- Kliniken Deutschland GmbH was formed and appears to have remained separate from the Paracelsus Healthcare company in the US. Paracelsus (US) filed for bankruptcy in 2000 and was also accused of Medicare fraud. In 2001 it re-emerged as the Clarent Hospital Corporation.

6.6 Company name RHOEN-KLINIKUM AG

Owner

Rhoen-Klinikum

Salzburger Leite 1

97616 Bad Neustadt/Saale,

Germany

Tel: +49 9771-65-0

Fax: +49 9771-97467

www.rhoen-klinikum-ag.com

EWC: No

Total employees: 13,436

6.6.1 Company activities and strategy

The Rhoen Klinikum Group operates acute hospitals (96% revenue), rehabilitation clinics and outpatient clinics. All the acute hospitals are either included in state planning or have service contracts with health insurance funds. In 2002 it acquired 6 hospitals, of which 3 were district general hospitals. In the first 9 months of 2003, it bought 3 hospitals, all in Germany. In 2003, an investment in South Africa had to be abandoned because of the resources that would have been required. The company also registered an interest in buying some of the Generale de Sante shares in early 2003 although it did not make a bid. These two actions may be seen as an indication that the company is interested in expanding although is also cautious about future international commitments.

The workforce has expanded from 12,852 employees in 2002 to 13,436 in 2003, mainly as a result of buying the Cuxhaven hospital. Over 66% of employees are nursing staff. Rhoen Klinikum runs its own school of nursing.

Until recently the major investor was the von Guttenberg family which has been a shareholder since 1970. 24% of shares are now held by the Munch family and 27% by HVB.