

11 Remuneration of Board of Director Members and Executive Committee members

The remuneration of the members of the Board of Directors and the Executive Committee members has been determined in accordance with the remuneration policy, which was approved by the General Shareholders Meeting of Fortis N.V. on 14 October 2004 and which is set forth in the Fortis Governance Charter as amended from time to time (see www.fortis.com/governance/index.asp). The implementation of the remuneration policy in 2009 is further explained below.

This chapter describes the remuneration policy as applied in 2009. It contains detailed information on the remuneration of individual members of the Board of Directors and of Executive Committee members who were in function during 2009. The remuneration of the newly appointed Executive Committee members complies with the remuneration policy approved by the General Shareholders Meeting of Fortis N.V. on 14 October 2004 and has been determined based on the more stringent principles of the remuneration policy that will be proposed to the General Shareholders Meetings of 2010.

The remuneration policy is currently under review and will be aligned with prevailing market practices and regulations and upcoming legislation. The revised remuneration policy will be proposed to the General Meetings of Shareholders on 28 and 29 April 2010 and will be put in place in the course of 2010.

Paragraph 11.1 describes the remuneration of the non-executive members of the Board of Directors. The remuneration of the executive Board member (the CEO) and the other members of the Executive Committee is clarified in paragraph 11.2 Remuneration of Fortis Executive Committee members.

11.1 Remuneration of the Board of Directors

Changes in the Board of Directors in 2009 – Remuneration 2009

After important changes to its composition at the beginning of 2009, the Board is now composed of eight members: Jozef De Mey (Chairman, non-executive), Bart De Smet (CEO), Guy de Selliers de Moranville (vice-chairman, non-executive), Frank Arts, Lionel Perl, Roel Nieuwdorp, Shaoliang Jin and Jan Zegeering Hadders (non-executives).

Total remuneration of non-executive Board members amounted to EUR 0.46 million in the financial year 2009 (2008: EUR 1.8 million). This includes the basic remuneration for Board membership and the attendance fees for Board committee meetings both at the level of Fortis and at its subsidiaries.

The changes in the composition of the Board of Directors in 2009 are described below.

- *Mr Karel De Boeck* was appointed executive Board member by the General Shareholders' Meetings of 1 and 2 December 2008. He was appointed as CEO on that date.
- *Mr Louis Cheung* resigned from the Board of Directors on 1 February 2009.
- Pending the appointment of a new chairman, *Mr Jan-Michiel Hessels* was acting chairman until 13 February 2009.
- Mrs Clara Furse and Mssrs Jan-Michiel Hessels, Philippe Bodson, Richard Delbridge, Reiner Hagemann, Jacques Manardo, Alois Michielsen, Ronald Sandler, Rana Talwar and Klaas Westdijk stepped down from the Board of Directors on 13 February 2009.
- *Mssrs Jozef De Mey, Georges Ugeux and Jan Zegering Hadders* were appointed non-executive Board member by the General Shareholder Meetings of 11 and 13 February 2009, until the General Shareholder Meetings of 2011. The Board elected Mr Jozef De Mey as chairman on 13 February. Mr Georges Ugeux decided to step down as Board member on that same day.
- Mssrs Guy de Selliers de Moranville, Frank Arts, Lionel Perl, Roel Nieuwdorp, Shaoliang Jin were appointed non-executive Board member by the General Shareholder Meetings of 28 and 29 April 2009, until the General Shareholder Meetings of 2011. The Board elected Mr Guy de Selliers de Moranville on 8 May 2009 as vice chairman.
- On 1 July 2009 Karel De Boeck stepped down as CEO and executive member of the Board of Directors and was succeeded by Bart De Smet.

Remuneration policy implementation

The remuneration of the Fortis Board members is determined by the Board of Directors in compliance with the prerogatives of the General Meetings of Shareholders.

As a matter of principle detailed proposals for remuneration of non-executive Board members are formulated by the Remuneration Committee, supported by advice from external experts.

For the non-executive Board members, the levels and structure of remuneration are determined in view of their general and specific responsibilities, in accordance with international market practice.

With effect from 1 October 2008, the Board of Directors has adjusted the remuneration for the non-executive Board members. The fixed remuneration for the vice-chairman and the other non-executive Board members, which previously amounted to EUR 170,000 and EUR 115,000 respectively on an annual basis was reduced to EUR 1,000 per month and the Board committee meetings were abolished. The members of the Special Board Committee, which was created on 26 September 2008, up until 12 February 2009, to support the Executive Management, received EUR 3,000 (Jan-Michiel Hessels) and EUR 2,500 (Philippe Bodson and Klaas Westdijk) per month.

With effect from 13 February 2009, the Chairman receives fixed membership remuneration on an annual basis of EUR 40,000. The other non-executive Board members are paid EUR 35,000 on an annual basis. The attendance fee for the Board of Directors and Board committees amounts to EUR 1,000 per meeting.

Non-executive Board members do not receive annual incentives or stock options and are not entitled to pension rights. Non-executive Board members are not entitled to any termination indemnity.

The remuneration of the Executive Board member (the CEO) is related exclusively to his position as CEO and is therefore determined in line with the remuneration policy for Executive Committee Members (see paragraph 11.2).

In the framework of good corporate governance, to avoid cascading of the decision process and to increase knowledge and awareness of the issues in the most important operating companies, the Board of Directors decided to delegate most of its non-executive members to the Board of Directors of some of the Fortis subsidiaries.

On the one hand, in the course of 2009, Messrs Jozef De Mey (Chairman), Guy de Selliers de Moranville (Vice-Chairman), Frank Arts, Lionel Perl, Roel Nieuwdorp, Shaoliang Jin and Jan Zegeering Hadders were appointed member of the Board of Directors of non-operating companies: Fortis Brussels, Fortis Utrecht, Fortis Insurance and Fortis Insurance International. These functions are unpaid.

On the other hand, Messrs Guy de Selliers de Moranville (Chairman), Roel Nieuwdorp and Jan Zegeering Hadders were appointed member of the Board of Directors of Fortis UK Ltd. Messrs Jozef De Mey (Chairman), Frank Arts and Lionel Perl were appointed member of the Board of Directors of AG Insurance. Jozef De Mey is also member of the Board of Directors of Taiping Life (China), Muang Thai Fortis Holding Co Ltd. (Thailand) and FICA (Hong Kong). With the exception of Taiping Life and Muang Thai Fortis Holding Co Ltd., these functions are paid.

Remuneration of the board of directors

The remuneration received by the members of the Board of Directors, including the remuneration received in subsidiaries is mentioned in the table below.

	Function	From	Till	A.	B.	Total remuneration ⁵⁾ in 2009 (in EUR)	Fortis shares held at 31 December 2009 by current Board Members
				Remuneration in 2009 (in EUR) ¹⁾ as Board member of Fortis	Total Remuneration in 2009 (in EUR) as member of the Board of directors of Fortis subsidiaries		
Jozef De Mey	Chairman	13 February 2009		69,000	39,401	108,401	94,276
Guy de Selliers de Moranville	Vice-chairman	29 April 2009		48,598	⁴⁾	48,598	
Jan Zegeering Hadders	Non-executive Board member	13 February 2009		71,771	⁴⁾	71,771	
Frank Arts	Non-executive Board member	29 April 2009		43,333	10,750	54,083	
Lionel Perl	Non-executive Board member	29 April 2009		58,333	10,750	69,083	70,000
Roel Nieuwdorp	Non-executive Board member	29 April 2009		56,333 ³⁾	⁴⁾	56,333 ³⁾	2,600
Shaoliang Jin	Non-executive Board member	29 April 2009		29,333		29,333	
Bart De Smet	CEO	1 July 2009		See infra ²⁾	See infra ²⁾	See infra ²⁾	23,466
Karel De Boeck	CEO		1 July 2009	See infra ²⁾	See infra ²⁾	See infra ²⁾	
Jan-Michiel Hessels	Acting-chairman	13 February 2009		3,850		3,850	
Baron Philippe Bodson	Non-executive Board member	13 February 2009		3,750		3,750	
Louis Cheung	Non-executive Board member	1 February 2009					
Richard Delbridge	Non-executive Board member	13 February 2009		1,500		1,500	
Clara Furse	Non-executive Board member	13 February 2009		1,500		1,500	
Reiner Hagemann	Non-executive Board member	13 February 2009		1,500		1,500	
Jacques Manardo	Non-executive Board member	13 February 2009		1,500		1,500	
Aloïs Michiels	Non-executive Board member	13 February 2009		1,500 ³⁾		1,500 ³⁾	
Ronald Sandler	Non-executive Board member	13 February 2009		1,500		1,500	
Rana Talwar	Non-executive Board member	13 February 2009		1,500		1,500	
Klaas Westdijk	Non-executive Board member	13 February 2009		3,000		3,000	
Total				379,800	60,901	458,701	190,342

1) Board members also receive an attendance fee for committee meetings at which they attended as invitee.

2) Karel De Boeck and Bart De Smet were not remunerated as Board members but as CEO (see note 11.2 for details of their remuneration).

3) Total remuneration is paid to a non-Fortis company, where the Board member holds a position.

4) The remuneration as board member of Fortis UK for the financial year 2009 will be paid in the course of 2010.

5) Excluding reimbursement of expenses.

11.2 Remuneration of Fortis Executive Committee Members

Since 1 September 2009, the Executive Committee of Fortis is composed of: Bart De Smet (CEO), Bruno Colmant (Deputy CEO) and Kurt De Schepper (CRO). The CEO is the only executive member of the Board of Directors.

In the course of 2009 the members of the Executive Committee jointly received a base salary of EUR 1,664,791, pension costs of EUR 1,010,292 and a termination compensation of EUR 3,230,000 (in total EUR 5,905,083). The details of the remuneration of each member of the Executive Committee is further detailed below.

Remuneration Policy

The remuneration of the current members of the Executive Managers is determined by the Board of Directors, upon proposals by the Remuneration Committee in compliance with the prerogatives of the General Meeting of Shareholders.

Both the levels and structure of remuneration for Fortis Executive Committee Members are analysed on an annual basis. At the initiative of the Remuneration Committee, Fortis' competitive position is regularly reviewed by and discussed with an internationally recognised firm specialising in compensation and benefits, and compared with that of other major Europe-based international insurance firms and other organisations operating on an international basis.

The remuneration package for the current members of the Executive Committee reflects a concept of integrated total direct compensation, combining the following four major components of pay:

- base salary
- annual incentive
- long-term incentive
- pension rights.

In calibrating the various remuneration components, the objective is to position the overall remuneration levels in line with compensation practices of other international insurance companies. The reference market is a combination of the insurance industry on the one hand and of all sectors taken together on the other hand, both at European level and at the level of Belgium. The variable, performance-related remuneration components are the dominant portion of the total remuneration package of members of the Executive Committee.

The above remuneration package is part of a contract providing the main characteristics of the status: the description of the components of the package, the expiry date (between 60 and 65 years), the termination clauses and various other clauses such as confidentiality and exclusivity. With effect from 1 December 2008 the contracts provide for a termination indemnity in accordance with the regulations drawn up by the Belgian government or the Dutch Corporate Governance (Tabaksblatt) Code.

Remuneration of the ExCo members in 2009

CEO

The remuneration of the CEO, who is also a member of the Board of Directors, relates solely to his position as CEO.

Upon recommendation of the Nomination and Remuneration Committee the remuneration of Karel De Boeck has been set in accordance with the remuneration policy and the prevailing directives and legislation.

The remuneration of Bart De Smet has been determined after consultation with an external firm specialised in executive compensation and benefits, upon recommendation of the Remuneration Committee and also in accordance with the remuneration policy.

Next to the usual perquisites, the remuneration package of the two persons that were CEO for a certain period of time in the course of 2009, consisted of the following elements.

	<i>Period</i>	<i>CEO from 1st January till 1 July Karel De Boeck</i>	<i>CEO as from 1 July till 31 December Bart De Smet</i>
Base salary ¹⁾		282,292	250,000
Annual incentive ²⁾			None *
Long term incentive ³⁾			None *
Vested shares restricted shares plan 2006 ⁴⁾		20,259	9,735
Pension costs ⁵⁾		358,141	62,500
Termination compensation ⁶⁾		1,200,000	

* Will be determined in 2011.

Mr Karel De Boeck

Mr De Boeck has been an executive member of the Board of Directors since 2 December 2008. He was appointed CEO with effect from that date. On 1 July 2009 he stepped down as CEO and executive member of the Board of Directors.

Mr De Boeck's remuneration in 2009 comprised:

1. base salary of EUR 282,292 in the period between 1 January 2009 until 1 July 2009
4. the vesting of 20,259 shares in implementation of the restricted-shares plan 2006
5. an amount of EUR 358,141 representing the value of the pension costs
6. termination compensation of EUR 1,200,000, this amount is equivalent to 18 months base salary and takes into account the seniority of more than 30 years within the Group.

Mr Bart De Smet

On 1 July 2009, Bart De Smet was appointed acting CEO and co-opted by the Board of Directors of Fortis SA/NV. On 18 September 2009, Shareholders of Fortis N.V. approved the appointment of Bart De Smet as executive member of the Board of Directors of Fortis N.V. as from 1 July 2009, until the end of the annual General Meeting of Shareholders of 2013. A proposal to appoint Bart De Smet as an executive member of the Board of Directors of Fortis SA/NV, for a period of three years will be submitted to the General Meeting of Shareholders of Fortis SA/NV on 28 April 2010.

Mr De Smet's remuneration in 2009 (for the period since his appointment on 1 July 2009) comprised:

1. a base salary of EUR 250,000
2. the annual incentive for financial year 2009 has not been determined; this will be included in the annual incentive over the financial year 2010 and be calculated over an 18 month period
3. long term incentive over the financial year 2009 has not been determined; this will be included in the annual incentive over the financial year 2010 and be calculated over an 18 month period
4. the vesting of 9,735 shares in implementation of the restricted-shares plan 2006
5. an amount of EUR 62,500 representing the value of the pension costs.

Executive Committee

The composition of the Executive Committee underwent a number of changes in 2009.

Mr Bart De Smet succeeded Karel De Boeck as CEO of Fortis on 1 July 2009. Details of his remuneration in 2009 are set out above.

The contract of Mr Deschênes came to an end on 31 March 2009. Details of his remuneration, including the termination compensation, in 2009 are set out below.

Peer van Harten was member of the ExCo until 1 July 2009. On the same date Peer van Harten handed over his responsibilities. His contract with Fortis was terminated on 31 December 2009. Details of his remuneration in 2009, including the termination compensation, are set out below.

On 1 September 2009, Bruno Colmant was appointed Deputy CEO, responsible for Finance, Legal and Legacy Issues. On the same date Kurt De Schepper was appointed CRO, responsible for Risk, Compliance and Support Functions (Human Resources, IT and Facility).

Next to the usual perquisites, the remuneration package of the members of the Executive Committee in 2009 consists of the following elements.

Period	Alain Deschênes		Bruno Colmant	Kurt De Schepper	Peer van Harten
	January-March 2009	September-December 2009	September-December 2009	September-December 2009	January-December 2009
Base salary ¹⁾	157,500		141,666	133,333	700,000
Annual incentive ²⁾			None *	None *	
Long term incentive ³⁾			None *	None *	
Grant shares restricted shares plan 2006				7,167	20,259
Pension costs ⁵⁾	32,497		35,416	33,333	488,405
Termination compensation ⁶⁾		630,000			1,400,000

* Will be determined in 2011.

The remuneration, including the termination compensation, of Mr Deschênes in 2009 comprised (for the period until 31 March 2009):

1. a base salary of EUR 157,500
5. an amount of EUR 32,497 representing the value of the pension costs
6. a termination compensation of EUR 630,000, this amount is equivalent to 12 months base salary, which is substantially lower than the 3 years foreseen in the contract.

The remuneration of Mr Colmant in 2009 comprised (for the period since his appointment on 1 September 2009):

1. a base salary of EUR 141,666
2. the annual incentive over the financial year 2009 has not been determined; this will be included in the annual incentive over the financial year 2010 and be calculated over an 16 month period
3. the Long Term Incentive over the financial year 2009 has not been determined; this will be included in the annual incentive over the financial year 2010 and be calculated over an 16 month period
5. a sum of EUR 35,416 representing the value of the pension costs.

The remuneration of Mr De Schepper in 2009 comprised (for the period since his appointment on 1 September 2009):

1. a base salary of EUR 133,333
2. the annual incentive over the financial year 2009 has not been determined; this will be included in the annual incentive over the financial year 2010 and be calculated over a 16 month period
3. the Long Term Incentive over the financial year 2009 has not been determined; this will be included in the annual incentive over the financial year 2010 and be calculated over a 16 month period
4. the vesting of 7,167 shares in implementation of the restricted-shares plan 2006
5. an amount of EUR 33,333 representing the value of the pension costs.

The remuneration of Mr van Harten, including the termination compensation, in 2009 comprised:

1. a base salary of EUR 700,000
4. the vesting of 20,259 shares in implementation of the restricted-shares plan 2006. No commitment to grant Fortis shares
5. an amount of EUR 488,405 representing the value of the pension costs
6. upon termination of his contract with Fortis as of 31 December, Mr van Harten received a termination compensation of EUR 1.4 million, which is equivalent to two year base salary as was stipulated in his employment contract.

Long Term Incentive

Details of the share options (granted) and the commitment to grant restricted shares (in accordance with the rules of the plan to the CEO and members of the Executive Committee in 2009 and previous years) are shown in the table below.

	Year	Number of options granted	Exercise price	Expiry date	Exercised before 2009	Options exercised in 2009	Outstanding at 31 December 2009	Restricted shares
B. De Smet	1999	5,913	26.58	31-12-2012			5,913	
	1999	5,973	24.96	3-10-2009				
	2000	2,986	29.05	1-10-2010			2,986	
	2003	11,539	12.44	27-04-2009				8,380
	2004	5,901	15.31	12-04-2010			5,901	3,864
	2005	17,476	18.65	10-04-2011			17,476	12,907
	2006	14,227	24.68	2-04-2012			14,227	9,735
	2007	12,339	28.62	1-04-2013			12,339	10,380
	2008	2,530	16.46	2-04-2014			2,530	2,770
2009	none							
K. De Boeck	1999	9,138	26.58	31-12-2012			9,138	
	1999	8,959	24.96	3-10-2009				
	2000	14,334	32.15	14-04-2009				
	2003	18,545	12.44	27-04-2009				13,460
	2004	9,485	15.31	12-04-2010			9,485	6,206
	2005	37,867	18.65	10-04-2011			37,867	27,964
	2006	29,577	24.68	2-04-2012			29,577	20,259
	2007	29,660	28.62	1-04-2013			29,660	24,954
	2008	6,715	16.46	1-04-2014			6,715	7,350
2009	none							
B. Colmant	2009	none						
K. De Schepper	1999	5,913	26.58	31-12-2012			5,913	
	1999	5,973	24.96	3-10-2009				
	2000	2,986	29.05	1-10-2010			2,986	
	2002	8,959	21.08	28-04-2009				
	2003	8,959	12.17	27-04-2013			8,959	
	2004	8,959	14.78	13-04-2014			8,959	
	2005	8,959	18.41	11-04-2015			8,959	
	2006	10,452	24.68	2-04-2012			10,452	7,167
	2007	9,771	28.62	1-04-2013			9,771	8,218
	2008	2,040	16.46	2-04-2014			2,040	2,240
	2009	none						
P. van Harten	2002	8,959	21.08	28-04-2009				
	2003	6,630	12.44	27-04-2009				4,815
	2004	5,071	15.31	12-04-2010			5,071	3,315
	2005	21,036	18.65	10-04-2011			21,036	15,535
	2006	29,577	24.68	2-04-2012			29,577	20,259
	2007	29,660	28.62	1-04-2013			29,660	24,954
	2008	6,715	16.46	1-04-2014			6,715	7,350
	2009	none						
A. Deschênes	2008	6,715	16.46	1-04-2014			6,715	7,350
	2009	none						

* The options and restricted shares granted to Messrs De Smet and De Schepper relate to the options and restricted shares granted related to the function previously held with the group before accepting the function of respectively CEO and CRO.

The restricted shares are only vested 3 years after granting.

Based upon the rules of the Stock Option and Restricted-Shares Plans the Board is permitted to make or vary regulations for the administration and operation of the Plan.

In accordance with the rules of the Restricted Shares Plan 2006, restricted shares were vested to the Executive Committee Members on 25 September 2009. Following acceptance, the Executive Committee Members were allowed to sell up to 50% of the shares as of that date and during a limited period of 10 days. All Executive Committee Members accepted the restricted shares. Details of the restricted shares granted in 2009 are shown below. The fair value of the restricted shares granted was EUR 3.16 per share (2008: EUR 9.16 per share).

	<i>Total number of restricted shares committed to grant in 2006</i>	<i>Number of restricted shares sold or transferred in 2009</i>	<i>Number of restricted shares not sold or transferred in 2009</i>	<i>Number of restricted shares not sold or transferred from previous grants</i>
B. De Smet	9,735	4,865	4,870	14,508
B. Colmant				
K. De Schepper	7,167		7,167	
K. De Boeck	20,259	10,125	10,134	29,208
P. van Harten	20,259		20,259	21,257

In 2009, a global assessment of the remuneration policy, including its compliance with the updated international regulators and market practice as well as clear guidance on the methodology and scenario analysis, was performed. More specifically, the criteria of the annual incentive and the current long-term incentive plans and the severance pay have been assessed in order to present appropriate schemes following best market practices. The revised remuneration policy will be proposed to the General Meetings of Shareholders on 28 and 29 April 2010 and will be put in place in the course of 2010.