
COMMITTEES

The Supervisory Board has two committees. Each committee reports to the Supervisory Board and informs same of the content of their meetings at the next Supervisory Board meeting.

Audit committee

The Supervisory Board as a whole serves as the audit committee. Mr Zegering Hadders chairs the audit committee. In 2008, the audit committee met four times. The external auditor attended the meetings where the interim and full-year results were discussed.

The following matters, among others, were discussed in the audit committee meetings:

- the annual figures for 2007 and the quarterly and half-yearly figures for 2008;
- budget 2009 and quarterly comparison of actual figures against budgets;
- the auditor's management letter and Board report;
- treasury and working-capital management;
- financing position, including repayment schedules and loan covenants;
- the structure and performance of the Group's internal risk-management and control systems;
- the role and performance of the external auditor;
- the role and appointment of our new internal auditor.

Minutes have been taken of all of the meetings.

Appointment and remuneration committee

The appointment and remuneration committee, consisting of Mr Meysman and Mr Eisma, met twice during 2008. Main points at these meetings were the individual performance of Executive Board members and their remuneration in 2008. The achievement of targets in 2007 and related short-term bonus for Executive Board members payable in 2008 was reviewed. The committee approved the profile and appointment of a new company secretary and reviewed the Group's corporate head-office organisation. The committee also discussed the design and implementation of a new Employee Share Purchase plan.

The appointment and remuneration committee reported on the above matters to the Supervisory Board through the minutes of its meetings. In addition, the committee prepared the remuneration report for 2008 for approval by the Supervisory Board.

REMUNERATION REPORT

This report was prepared by the appointment and remuneration committee and approved by the Supervisory Board on 11 March 2009. The report describes current policy, as adopted by the Extraordinary General Meetings of Shareholders in May 2005, August 2006 and May 2007. The actual remuneration in 2008 is included in the annual accounts, page 116. Since May 2007, the remuneration policy has remained unchanged. During 2008 the policy was reviewed leading to only one addition, that is described below.

Remuneration policy

General

The aim of our remuneration policy is to attract, motivate and retain qualified board members who will contribute to the long-term success of Grontmij as a leading international consulting and engineering firm active primarily in North-West Europe. The policy is designed to reward members of the Executive Board for their contribution to the Group's performance and shareholder value.

Supervisory Board remuneration

The appointment and remuneration committee periodically assesses the remuneration for the members of the Supervisory Board. The Annual General Meeting of Shareholders (AGM) decides on the actual remuneration.

The members of the Supervisory Board receive a fixed compensation not related to the results of the Group.

In 2007, the AGM approved a proposal to fix the remuneration of the members of the Supervisory Board at € 28,000 per annum and at € 40,000 per annum for its chairman. In addition, a proposal was approved to pay an amount of € 1,000 per meeting to those members of the Supervisory Board who are required to attend such meetings outside the country in which they are domiciled. The approved remuneration of the members of the Supervisory Board constitutes a realistic payment for the duties performed and responsibilities held by the members of a Supervisory Board of an international, listed company. Details of the remuneration of the members of the Supervisory Board in 2008 are provided on page 116.

Executive Board remuneration

■ **Contract terms:** Mrs Nørgaard was appointed for a period of four years in August 2006. The other members of the Executive Board were appointed for an indefinite term. If members of the Executive Board are asked to leave the company, they will receive an amount equal to one year's salary. No specific agreement has been entered into between any member of the Executive Board and Grontmij N.V. providing for compensation in the event of termination of employment or dismissal as member of the Executive Board following a public bid for the company.

■ **Benchmarking and peer group:** The remuneration of the members of the Executive Board is based on a comparison with the remuneration of members of Executive Boards of other listed and non-listed European companies active in the same sector, taking into account the relevant complexity, scope and risk profile. In addition, the remuneration for each member is determined by taking into account the specific responsibilities of the members of the Executive Board. The companies in the peer group are: ARCADIS, Fugro, DHV, Ballast Nedam, WS Atkins plc, WSP, Sweco and the Pöyry Group. The following elements of the total remuneration were included in the comparison: total cash per year (fixed and variable salary) plus long-term incentives such as share and/or option schemes. The benchmarking exercise is performed by the appointment and remuneration committee with the advice of an external compensation and benefits consultant, and was carried out most recently in 2006.

■ **Fixed remuneration:** The fixed annual salary bandwidths were set in 2006. The Supervisory Board sets the fixed annual salaries for the members of the Executive Board within these bandwidths. In principle, these bandwidths are indexed annually. In 2007, neither the bandwidth nor the fixed salaries were adjusted. In 2008, indexation (4%) led to the following new bandwidths:

Chairman of the Executive Board:	€ 364,000	–	€ 437,000
Other members of the Executive Board:	€ 260,000	–	€ 333,000
Mrs B.W. Nørgaard:	€ 364,000	–	€ 437,000

Within these bandwidths, the fixed remuneration of the members of the Executive Board was increased in 2008 according to their performance. Further details are provided on page 116. In view of current economic market conditions, the Executive Board proposed to the Supervisory Board not to make a proposal to the Shareholders meeting to amend the bandwidth of the individual salaries for the year 2009 nor to increase the salaries in 2009 which proposal was adopted by the Supervisory Board.

■ **Variable remuneration:** In designing this remuneration policy, the Supervisory Board analysed the possible outcome of the variable remuneration components and the effect thereof on remuneration. The variable remuneration consists of two elements: a result-dependent bonus and a value-dependent bonus. The variable remuneration is linked to predetermined, assessable and influenceable targets as described below.

These targets underpin the strategy of the company as they relate to the strategic and financial targets set for the years 2007-2010. The maximum variable remuneration for the chairman of the Executive Board amounts to 90% of the fixed annual salary. The maximum variable remuneration for the other members of the Executive Board amounts to 65% of the fixed annual salary.

■ *Performance-dependent bonus*

For the chairman of the Executive Board, the performance dependent bonus represents a maximum of 60% of the fixed annual salary, two-thirds of which (40%) is based on operational objectives and one-third (20%) on individual objectives.

For all other members of the Executive Board, this part represents a maximum of 45% of the fixed annual salary, two-thirds of which (30%) is based on operational objectives and one-third (15%) on individual objectives. For commercial and strategic reasons, the operational targets are only disclosed ex post whilst individual targets are not disclosed ex post or ex ante.

In 2008, the criteria for operational targets were as follow:

a *Net earnings per share after tax* (weighting: 30% in the case of the chairman and 20% for the other members). The target was to achieve net earnings per share after tax of 13.5-15% above 2007 level (100% pay out when 15% or more is realised). In 2008, the net earnings per share after tax amounted to € 2.16, thus fully achieving the set target.

b *Return on Equity (RoE):* return on average equity (weighting: 10% for all members). The target is an RoE of 15-20% (100% pay out when 20% is realised). RoE amounted to 23.3% in 2008, thereby fully achieving the set target.

Individual performance criteria are based on the individual responsibilities of the members of the Executive Board. There are four to six targets, some quantitative and others qualitative. Two targets are of a financial nature (solvency ratio and interest coverage ratio) while at least two targets are of an operational, Group-wide nature (such as growth in home markets and cross selling synergies). In 2008, the members of the Executive Board achieved 16-12% of the maximum of 20% and 15%, respectively (2007: 12.5-13.6%).

■ *Value-dependent bonus*

For the chairman of the Executive Board, this part represents a maximum of 30% of the fixed annual salary; for all other members of the Executive Board this represents a maximum of 20% of the fixed annual salary. The value dependent bonus is related to the annual average performance of Grontmij's share price. Grontmij's annual average share price performance is compared with the average annual share price performance over a three-year period of all companies included in the AEX, AMX and AScX of Euronext Amsterdam. No payments are made if Grontmij's performance is the same or less than that of the Euronext group of companies. If there is a positive difference of 10% or more (Grontmij's share-price performance is above the Euronext group of companies' share-price performance), the maximum value-dependent bonus is paid. A proportionate amount is paid for a positive difference between more than 0% and 10%. The bonus is paid once every three years in the financial year following the approval of the financial statements of the last year of the three-year period. The current three-year period runs from 2006 through 2008. Grontmij's share-price performance in comparison with the Euronext group of companies over each of the years 2006 through 2008 is >10% positive. As a consequence, the maximums of 30% and 20% over the years 2006-2008 respectively will be paid in 2009.

A breakdown of the variable remuneration paid to the members of the Executive Board in 2008 is provided on page 116.

Pensions

In 2006, the pension scheme for all members of the Executive Board was changed to a combination of a final-pay and a defined-contribution scheme. No pension premiums are paid over fixed income above a maximum of € 300,000. In addition, the company's maximum annual pension contributions will not exceed € 75,000 per member of the Executive Board.

In 2008, the following scheme applied to the Dutch members of the Executive Board:

- up to € 64,230 of a member's fixed salary – a final-pay plan (via Stichting Pensioenfonds Grontmij);
- from € 64,230 to € 108,449 – a defined-contribution plan (via Stichting Pensioenfonds Grontmij);
- from € 108,449 to € 300,000 – an additional defined-contribution plan based on which up to 25% of the fixed income from € 108,449 to € 300,000 of the relevant member is paid into an individual pension plan.

Other benefits

Since 1999, the members of the Executive Board have the opportunity to invest in the company through Stichting Medewerkers-participatie Grontmij without incurring transaction or custody fees. The new Employee Share Purchase Scheme introduced in 2008 is not open to members of the Executive Board nor is there an option scheme available for the members of the Executive Board.

Supervisory Board fairness review

The Supervisory Board retains the option of a so-called fairness review only on the variable remuneration related to individual targets. All other parts of the remuneration are fixed or related to predetermined and assessable targets and based on Dutch labour law and the applicable labour contracts not subject to a discretionary review.

Remuneration in 2008

Full details of remuneration in 2008 can be found on page 116 of this annual report.

Remuneration policy for 2009 and beyond

The appointment and remuneration committee has reviewed the current policy and decided to add the following.

The members of the Supervisory Board consider it important to align the interest of management with the interest of Grontmij's shareholders. In recent years, some of our shareholders have also indicated that they would appreciate an alignment through share ownership. At the same time, however, the Supervisory Board is well aware of the social debate concerning (free) share purchase and/or option schemes. In light of the above, the Supervisory Board has decided not to introduce a share bonus or option scheme, but instead discussed the introduction of voluntary share ownership guidelines with the members of the Executive Board. The Supervisory Board is pleased to announce that the members of the Executive Board have indicated that they are willing to voluntarily invest part of their value dependent cash bonus in (depository receipts for) Grontmij shares. Such investment could, over time and on a voluntary basis, rise to approximately one-year's fixed annual salary. Investing in (depository receipts for) Grontmij shares will take place within the rules and regulations for insider trading, as approved by the Supervisory Board.

Other than the above, no additions or changes to the policy are deemed necessary.

Composition of the Supervisory Board

During 2008, no changes occurred in the composition of the Supervisory Board. All members of the Supervisory Board are independent, as required in best-practice Clause III.2 of the Dutch Corporate Governance Code.