



Works Council HK/Westerlaan

To: Wim Bloks, Annette Huiberts

C.c.:

From: Works Council HK/Westerlaan

Betreft: Advice - Remuneration Policy 2023 Supervisory and Executive Board

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Dear Mr, Bloks, Mrs. Huiberts, Dear Wim, Annette,

With reference to your request for Advice of February 10, 2023, regarding the proposed changes to the remuneration policies of the members of the Supervisory and Executive Board, we inform you as follows. In general, the Works Council supports the proposed changes in the two policies. The considerations of the Works Council are set out below.

Executive Board Remuneration Policy

In 2022, our new Executive Board has presented an updated strategy, Shaping the Future, guiding Vopak towards the future during a period of evolution of -a part of- our traditional business.

The focus points of this strategy are reflected in the Short Term Incentive Plan, primarily related to cash return and cash generation in order to continually provide financial means for Vopak's role in the energy transition and decarbonization.

The changed STIP KPIs are applied throughout the entire company for all employees for which the STIP is applicable, both contributing to the implementation of the strategy but also ensuring equal incentive opportunities for the Executive Board and employees.

The Work Council supports the changed target KPIs, as a reference for rewarding accomplished results in the execution of this strategy.

The Works Council understands the increased financial reward on safety performance in case of exceeding targets, a higher reward however, in case of exceeding the target, should not be considered a way to increase safety performance but as a recognition in case of exceeding the safety performance. Safety accomplishments are (to be) a result of intrinsic motivation. The Works Council has brought this to the attention of management and has received a confirmation that this view is shared.



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The Long Term Incentive Program also has an increased focus on cash generation as well as the realization of accomplishments (including investments) of the sustainability program, focussing on energy transition and decarbonization.

The Works Council recognizes the need to participate and invest in "New Energies", ensuring Vopak remains relevant for our customers and society and to maintain -and preferably expanding- Vopak's role in energy storage and related business areas. A point of attention are the actual business concepts in "New Energies". Multiple energy carriers may/will be part of our future energy needs and many potential technologies are currently still not proven. In addition these new technologies are capital intensive. This combination makes investments in "New Energies" a higher risk than investments in our traditional (known) business. The LTIP focusing on investments in "New Energies" should therefore be applied and monitored closely to ensure financial results will be accomplished at the same time entering new markets/businesses. "New Energies" investments may require different criteria for decision making, different thresholds and acknowledgment of the entrepreneurial character and financial risks.

This different character of "New Energies" investments has been recognized in the LTIP policy: the way the targets and accomplishments for these types of investments have been defined and will be measured. Nevertheless, given the magnitude and importance of the anticipated investments in "New Energies", the Works Council is of the opinion that investments in traditional tank storage business should also be ensured allowing traditional liquid terminals to continue generating cash returns in a safe manner.

The Works Council supports the adjustments of the relative weights of the KPIs and the correlated measuring scales so that the current minimum and maximum payout/vesting levels are not increased.

The Works Council understood that questions were asked by investors and proxy advisors on the treatment of the unvested long-term incentive bonuses of the former CEO and CFO after the termination of their Board membership. It is of the opinion that the proposed change going forward whereby these will be prorated on the basis of actual time served, is a better reflection of the general Vopak fairness principle that applies to all staff.

The Works Council appreciates the clarification of the non-compete clauses, change-in-control and (temporary) derogation which were added to the policy.

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Supervisory Board Remuneration Policy

The Works Council recognizes that no changes have been applied to the Supervisory Board fee levels since 2017. In addition, the median levels of the applied peer group have increased. Although the increased fees, as a percentage, can be considered considerable, given the timespan (2017-2023) the Works Council considers the increase fair and realistic, especially given the increased business complexity and challenging times Vopak is facing.



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The Works Council highly rates the contribution and need for a high performing Supervisory Board, this cannot go without a balanced financial compensation. In this respect, the Works Council recommends reviewing the applied fees more frequently, in order to remain in line with market trends, to ensure members with the required skills remain and/or can be attracted to join the Supervisory Board, and lastly to prevent (perceived) large fee increases.

We thank you for the opportunity to share our views on this matter, if you have any questions and/or remarks, feel free to contact us.

We trust to have informed you sufficiently,

With kind regards,

Geert-Jan Bruinsma
Chairman

Natasja van Weeren
Secretary