

Remuneration policy Executive Board 2018

The prime objective of the Executive Board remuneration policy at Koninklijke Vopak N.V. (Vopak) is to attract and retain Executive Board members with the right experience and competencies to achieve the company's strategic objectives. In addition, Vopak would like to reward its Executive Board for their performance if specific objectives have been achieved.

Total remuneration package

In view of the objective of the remuneration policy, the Supervisory Board has defined a total remuneration package that comprises the following main elements:

1. An annual fixed base salary;
2. Variable remuneration;
 - a. A short-term variable remuneration; an annual cash-based incentive opportunity related to the achievement on financial and non-financial targets for the respective year;
 - b. A long-term variable remuneration; a share-based incentive opportunity related to the achievement of financial targets for a three-year period;
3. A pension plan.

1. Annual Base salary

The base salary will be set annually by the Supervisory Board based on the salary developments of comparable positions (job level based) in the Dutch general market of AEX and AMX listed companies as well as the developments and objectives of the company.

2. Variable Remuneration

The package balances fixed as well as short-term and long-term variable remuneration, with a relative emphasis on long-term variable remuneration. This emphasis is aligned with the company's long-term strategy, which requires multi-year decisions on and realization of terminal investments and often long-term customer contracts.

The actual variable remuneration depends on the achievement of ambitious and measurable performance targets, set by the Supervisory Board. For commercial and competitive reasons, the specific targets are not disclosed. However, the respective target realizations are shown in the Remuneration Report of the company's 2017 Annual Report.

The short and long-term incentive plans in terms of type of incentive, performance criteria and incentive opportunities are summarized in the table below.

Variable Component	Payout	Performance Criteria	Incentive as % of Annual Base Salary			
			Executive Board	Threshold ¹	Target	Maximum
Short Term Variable Remuneration	Cash	70%: Financial Target EBIT: 30% Cost: 40% +/- 10% discretionary range on the financial incentive result (use of CFROGA as indicator for value creation) 50%: Non Financial Targets Safety (personal 7,5% and process safety 7,5%) - 15% Customer Satisfaction - 15% EB effectiveness - 20%	Chairman	9%	72%	90%
			Member	7.5%	60%	75%
Long Term Variable Remuneration	Shares	Financial target (EPS) +/- 10% discretionary range on the financial incentive result	Chairman	50%	100%	150% ²
			Member	40%	80%	120% ²

1. Threshold only applies to EBIT. No variable remuneration is paid below target level for other targets

2. Annualized values of an award as a percentage of the salary as per 1 April of the first year of each three year plan

2.a. Short-term variable remuneration

The Short-Term Incentive Plan (STIP) rewards the Executive Board if ambitious financial and non-financial targets, as defined by the Supervisory Board at the beginning of the year, are met. In view of the strategic developments of the company and aligned with a stronger pay-for-performance philosophy, the Supervisory Board has set up a new Short Term Incentive Plan in 2018 for the Executive Board as shown below.

KPI	weighting of measures		
	Threshold	Target	Max
<u>Profitability</u>			
EBIT	15%	30%	60%
<u>Efficiency</u>			
Cost		40%	40%
<u>Front Line Execution</u>			
Safety (PSER)		7,5%	7,5%
Safety (TIR)		7,5%	7,5%
Customer Service (NPS)		15%	15%
EB Effectiveness		20%	20%
	15%	120%	150%

In addition, the Supervisory Board has the discretion to add or subtract 10% to or from the financial incentive result (EBIT and Cost) to reflect the quality of the company's financial result.

2.b. Long-term variable remuneration

The Long-Term Share Plan (LTSP) rewards the Executive Board for the long-term profitable growth of the company during a three-year period. Every year, a new three year long-term share plan with specific targets for the respective next three year period will conditionally be granted. The actual level of pay-out at vesting depends on:

1. The development of the earnings per share (EPS) during the performance periods respectively 2016-2018, 2017-19, 2018-20;
2. The development of the Vopak share price during the plan period.

The Supervisory Board has the discretion to add or subtract 10% to or from the financial incentive result to reflect the quality of the company's financial results.

After the end of the performance period, the actual incentive will be awarded 100% in performance shares. Executive Board members may sell the awarded shares, according to the company's insider trading rules and on the condition of maintaining a portfolio of shares with a value of at least one annual base salary for the CFO and COO and two annual base salaries for the CEO.

The company will not provide any personal loan, advance or guarantee to the Executive Board members.

From a risk management perspective, a 'change in control' provision is incorporated in the long-term incentive plan.

Note 6.2 to the Consolidated Financial Statements provides further details on the long-term incentive plan valuation according to the IFRS accounting principles, as well as the cost related to the plan.

Pension

Vopak's Executive Board members participate in the Vopak pension plan. The Vopak pension plan as of 2018 is a defined contribution plan. The pension plan includes three contribution levels:

- a gross defined contribution for the salary up to EUR 55,850 (2018),
- a gross defined contribution for the salary from EUR 55,850 up to EUR 105,075 and
- a gross cash compensation to finance a voluntary net defined contribution plan for the salary above EUR 105,075.

With regard to death and disability risk insurances apply.

The retirement age under the Vopak pension plan has been set at 68 and includes various early retirement options on a cost neutral basis. The gross defined contribution (excluding risk premiums and costs) for the Executive Board members range from 20% to 27%, depending on their age.

The Vopak pension plan is being implemented during 2018. The implementation process includes the legal set-up of the pension rules, the set-up of a new financial agreement between Vopak and the pension fund and the communication to participants. A number of steps in the implementation process require approval of parties involved (including the Dutch tax authorities).

The costs related to the pension arrangement for the Executive Board members are disclosed in the annual accounts

External consistency

In defining the remuneration packages, the Remuneration Committee compares the packages of the Executive Board members of Vopak with those of similar positions in terms of job levels of Dutch listed large and medium size companies (AEX and AMX).

Internal consistency

The Supervisory Board also considers internal consistency as important as the external consistency with the reference market, recognizing that the internal consistency is formally the responsibility of the Executive Board. The total remuneration packages for the Executive Board members and senior management are for the larger part aligned in terms of the remuneration elements and the design and targets of the short-term and long-term variable remuneration plans.

Governance

For decisions on the remuneration of the Executive Board, the Supervisory Board takes the recommendations of the Dutch Corporate Governance Code carefully into account.

The Supervisory Board ensures transparency of the total remuneration package by giving a clear explanation of the remuneration policy in the company's annual report. In addition, the actual variable income, to the extent it relates to financial and safety performance, is based on data audited by the external auditor and published in the company's annual report.

All performance-based incentives are subject to a 'claw-back provision' that applies if the company is obliged to make a financial restatement. The claw-back provision applies to a three-year period following the date of the actual reward.

The Supervisory Board also has a discretionary power to decide in exceptional situations and based on fairness and reasonableness, to adjust individual variable remuneration upwards or downwards. Examples of exceptional situations are those where the result of the performance is influenced by effects of accounting changes, major acquisitions, share split or share issues. Exceptional situations also include those situations in which a result is, in retrospect, based on incorrect data, and/or is not or not sufficiently in line with the performance of the company as assessed by the Supervisory Board.

To safeguard shareholders' interests, the Supervisory Board regularly undertakes risk assessments based on scenarios related to several parameters of the remuneration policy.

Decisions on the remuneration of the Executive Board are made by the Supervisory Board based on proposals of the Remuneration Committee which is supported by internal and external independent specialists. Decisions are made in absence of the Executive Board.

Moreover, the Executive Board employment contracts are governed by Dutch employment law and aligned with the current Dutch Corporate Governance Code. Executive Board members are appointed for a term of four years. The contract ends when either party gives notice (six months for the employee and twelve months for the employer) or automatically upon retirement. The employment contract provides for a compensation for the loss of income resulting from a non-voluntary termination of employment, limited to one year's base salary, unless this termination is due to misconduct.

For further information on governance please refer to section Corporate Governance of the 2017 Annual Report.