

Remuneration report

This section of the Annual Report provides an overview of the implementation of Vopak's remuneration policy for the members of the Executive Board and the Supervisory Board during 2018.

The remuneration policy for the Executive Board is designed in a manner that reflects the Vopak Values and ensures a focus on value creation for the company and its stakeholders both in the short- and longer-term. The Remuneration Committee advises the Supervisory Board on this policy, the individual remuneration packages and any changes therein.

Executive Board Remuneration in 2018

The 2018 Executive Board remuneration policy has been applied as follows. For a full account of the 2018 Executive Board remuneration policy, reference is made to the [company's website](#).

Executive Board Remuneration - components

The remuneration packages of individual Executive Board members are designed in a manner that ensures external competitiveness and internal consistency. The remuneration packages comprise the following main elements:

- Annual base salary
- Variable compensation
 - Short-term variable compensation; an annual cash-based incentive opportunity related to the achievement of financial and non-financial targets for the financial (performance) year
 - Long-term variable compensation; a share-based incentive opportunity related to the achievement of financial targets during a three-year performance period
- Pension arrangements.

2018 Actual total remuneration

The table on the next page shows the actual remuneration to which each member of the Executive Board was entitled in 2018, as well as the related costs for the company.

Gerard Paulides joined the Executive Board as CFO on 1 February 2018. For clarity and transparency purposes, the remuneration he received during the whole of 2018 is shown in the table on the next page. Jack de Kreij stepped down from the Board as CFO on 31 January 2018. The amounts of his 2018 remuneration shown in the table on the next page reflect the month of January 2018 only.

The total costs for the company related to the remuneration of the Executive Board and as recognized in the 2018 Consolidated Statement of Income are stated in the table on the next page, divided into the various remuneration components. Overall costs increased from EUR 2.09 million in 2017 to EUR 4.33 million in 2018. For further details on the costs of the Long-Term Share Plans, reference is made to [note 7.2](#) to the Consolidated Financial Statements.

2018 CEO pay ratio

The CEO Pay Ratio was 20.8 in 2018 (2017: 17.3).

This ratio reflects the value of the CEO's total remuneration package related to the financial year 2018 as a percentage of the value of the average 2018 total remuneration package for Vopak employees globally. The CEO's total remuneration package includes the short-term incentive related to 2018, the value of the long-term incentive awards which were awarded, outstanding and vested in 2018 (based on the historical 3-year average IFRS costs), and the 2018 company costs for the employer contributions to the pension arrangements in which the CEO participates. The average 2018 total remuneration package for Vopak employees globally is calculated as the total remuneration-related costs for all Vopak employees globally spent in the financial year (minus the CEO's remuneration package) divided by the average number of employees (on a full-time-equivalent basis) during the financial year (minus the CEO).

2018 annual base salary

In 2018, the annual base salaries of Eelco Hoekstra and Frits Eulderink were increased by 1.5% compared to 2017. This increase was based on internal consistency and on the results of external benchmarking of their total compensation against similar positions in AEX and AMX listed companies in the Netherlands.

The annual base salary of the CFO was not increased: Gerard Paulides had just joined the company on 1 December 2017; Jack de Kreij retired early as of 1 February 2018.

2018 Executive Board remuneration entitlements¹ and IFRS costs (audited) for the company

In EUR thousands	Annual base salary		Short-term incentive plan		Long-term incentive		Pension contributions ²		Total ³	
	2018	2017	2018 ⁴	2017 ⁵	2018	2017	2018	2017	2018	2017
E.M. Hoekstra										
entitlement					296 ⁶	220 ⁹			1,618	1,145
costs (IFRS)	634	625	542	156	504 ⁷	-237 ¹⁰	146	144	1,826	689
F. Eulderink										
entitlement					184 ⁶	143 ⁹			1,219	910
costs (IFRS)	508	500	362	104	316 ⁷	-148 ¹⁰	165	163	1,351	619
G.B. Paulides										
entitlement					NA	NA			868	46
costs (IFRS)	460	38	328	NA	70 ⁷		80	8	938	
J.P. de Kreij										
entitlement					182 ^{6,8}	149 ⁹			241	966
costs (IFRS)	43	520	NA	108	160 ^{7,8}	-78 ¹⁰	16	189	219	740
Total entitlements					662⁶	512⁹			3,946	3,067
Total costs (IFRS)	1,645	1,683	1,232	368	1,050⁷	-463¹⁰	407	504	4,334	2,094

1 Entitlements are defined as payments (cash) and vestings (shares) which relate to the financial year in question. In this table, these are the fixed remuneration elements received in 2018 (annual base salary and pension contributions), the short-term variable incentive related to the performance year 2018 which will be paid out in 2019, and the long-term variable incentive of which the performance period ended on 31 December, 2018 (2016 – 2018 LTSP), and which is scheduled to vest (if applicable) in 2019.

2 For Executive Board members who were in service prior to 1 January 2015 (in 2018: Eelco Hoekstra, Frits Eulderink, and Jack de Kreij), the difference between the Vopak contributions to the current pension plan and the Vopak contributions to the pension arrangement in place prior to 1 January 2015, is compensated for by a separate pension contribution allowance paid out to the individual, subject to statutory tax withholdings. The gross value of these allowances is included in the pension contributions as stated in this table. Also, in the disclosures regarding the FY 2017, 2016 and 2015, the value of these allowances were included in the total amounts of company pension contributions and related costs.

3 In addition to these amounts of total remuneration, also certain perquisites, such as a life-cycle allowance and the payout of unused leave days, were provided for to individual Executive Board members in 2018. For Eelco Hoekstra, the total cash value of these perquisites amounted to EUR 12,666 gross (2017: EUR 12,252); for Frits Eulderink EUR 4,500 gross (2017: EUR 3,750); for Gerard Paulides EUR 12,820 gross (2017: EUR 2,370); and for Jack de Kreij EUR 1,225 (2017: EUR 4,500). The IFRS costs to the company of these perquisites are equal to these amounts.

4 This is the actual payout of the STIP related to the 2018 performance year which will be paid out in 2019. The 2018 short-term incentive amounts include a year-to-date, at-target result for Customer Satisfaction, since the final actual 2018 NPS result will only be available in April 2019. The final total 2018 STIP amounts will be presented at the Annual General Meeting on 17 April 2019.

5 This is the actual payout of the STIP related to the 2017 performance year which was paid out in 2018.

6 This is the year-end value of the 2016 – 2018 LTIP performance shares based on the performance realized and the closing share price at 31 December 2018 of EUR 39.68. These shares are scheduled to vest in April 2019.

7 This amount reflects the recognized IFRS costs accrued by the company during the financial year 2018 for the unvested conditional awards of performance shares made to individual Executive Board members under Long-Term Share Plans 2016 – 2018, 2017 – 2019 and 2018 – 2020.

8 Because the termination of Jack de Kreij's Board membership was due to early retirement, he remained eligible for full vesting of the 2015 – 2017 LTIP.

9 This is the EUR value of the 2015 – 2017 LTSP which vested in 2018, as established at the time of vesting.

10 This amount reflects the recognized IFRS costs accrued by the company during the financial year 2017 for the unvested conditional awards of performance shares made to individual Executive Board members under Long-Term Share Plans 2015 – 2017, 2016 – 2018, and 2017 – 2019.

2018 Short-term variable compensation

The achievements on the pre-set short-term incentive (STIP) targets for 2018 were evaluated at the beginning of 2019. The table below shows the results for each Board member on the various performance criteria, both in target and actual percentage of their annual base salary.

The Supervisory Board decided not to apply any discretionary adjustment to the results on the financial KPIs.

The payout of the 2018 STIP will take place in April 2019, after approval of the 2018 financial results at the Annual General Meeting.

Financial KPIs

With regard to the realization of EBIT in 2018 – excluding exceptional items – a performance of EUR 463.3 million EUR was realized. This is an outcome exceeding the maximum of the target range, resulting in a payout at maximum on this KPI.

For further details on the EBIT development during 2018, reference is made to the section Financial performance in the [Executive Board report](#) chapter.

The target level of the Cost KPI was met, resulting in the realization of the maximum payout opportunity related to this KPI.

Non-financial KPIs

Target realization on the non-financial KPIs Safety (injury and process safety ratios), Customer Satisfaction and Executive Board effectiveness, are as follows:

2018 STIP for the Executive Board

	2018 payout opportunity			2018 realized performance as a % of payout ¹										Total 2018 STIP ¹	
	2017 Target	2018 Target ²	Max	EBIT		Cost ²		Safety		Customer Satisfaction		EB Effectiveness		Actual payout	
	% of base salary			Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	% ³	In EUR
E.M. Hoekstra	60%	72%	90%	18%	36%	24%	24%	9%	4.5%	9%	9%	12%	12%	85.5%	542
F. Eulderink	50%	60%	75%	15%	30%	20%	20%	7.5%	3.75%	7.5%	7.5%	10%	10%	71.25%	362
G.B. Paulides	50%	60%	75%	15%	30%	20%	20%	7.5%	3.75%	7.5%	7.5%	10%	10%	71.25%	328

¹ The realized 2018 STIP results as shown in this table include an assumed at-target result on customer satisfaction. The actual STIP realization will be reported at the Annual General Meeting of Shareholders on 17 April 2019.

² The 2018 at-target payout opportunity percentage for which the individual Executive Board members are eligible, includes a payout at maximum for the Cost KPI, which is applicable if the 2018 Cost target is met.

³ Expressed as a percentage of their 2018 annual base salary.

Safety

Vopak's 'License to Operate' and its 'License to Grow' are conditional upon its ability to operate safely and responsibly. The long-term aim is zero incidents and no harm to anybody working at a Vopak facility. Process safety and the occupational health and safety of employees and contractors are the company's top priorities. During 2018 the Assure program was completed and the Trust and Verify program was initiated.

The 2018 target on the personal safety KPI, measured by the Total Injury Ratio (TIR) for Vopak as a whole was met, yet the pay-out on this KPI for Executive Board members was reduced to zero due to two fatal incidents during the performance year.

The 2018 target with regard to the company's overall process safety performance was met and significant improvements were made in this area compared to previous years.

For further details on our results on Safety, reference is made to the [Sustainability](#) chapter in this Annual Report.

Customer Satisfaction

Vopak focuses on driving service performance to the next level in order to achieve its 'best-in-port' ambition. The realization of our Customer Satisfaction goals are directed by ambitious Net Promoter Scores set at various levels in the organization, as well as for Vopak as a whole.

As part of our customer-oriented efforts in 2018, our service dialogues with our customers and with other service providers of our customers have been intensified and response times have been shortened, ensuring improved interactions between all parties operating in the same supply chain. We have also undertaken improvement actions to accelerate the performance of our lowest performing terminals to reduce the gap between them and our top performers. On a year-to-date basis, this resulted in meeting the 2018 NPS target for Vopak as a whole.

Since the customer satisfaction survey measuring the 2018 Net Promoter Score will run until the beginning of March, 2019, actual NPS data for the entire performance year 2018 were not available yet at the time of publication of this 2018 Annual Report. Therefore, any 2018 STIP amount or percentage stated in this Remuneration Report is based on the year-to-date at-target performance for Customer Satisfaction. The final STIP realization will be reported at the Annual General Meeting of Shareholders in April 2019.

Executive Board effectiveness

Based on individual evaluation meetings with the Executive Board, in which the implementation and realization of the agenda of the Executive Board for 2018 as set at the beginning of the year was discussed, the Supervisory Board assessed the performance of the Executive Board as effective.

2018 Long-term variable compensation

After the Annual General Meeting of shareholders on 18 April 2018, the 2015 – 2017 Long-Term Share Plan vested above threshold and was settled in cash (50%) and shares (50%) in accordance with the Plan rules. The value of these vestings to each Executive Board member is shown in the table '2018 Executive Board remuneration entitlements and IFRS costs for the company' in this Remuneration Report.

The performance period of the conditional awards made under the Long-Term Share Plans 2016 – 2018, ended on 31 December 2018. As a result of the company's EPS performance compared to the target during the performance period, the minimum (threshold) was met. The Supervisory Board decided not to apply any discretionary adjustment.

At the beginning of the year, a conditional award of performance shares under the 2018 – 2020 LTSP plan was made to each Executive Board member. These conditional awards are scheduled to vest in 2021, subject to performance realization. During the whole of 2018, the conditional awards of performance shares made under the Long-Term Share Plans 2017 – 2019 were outstanding. These conditional awards are scheduled to vest in 2020, subject to performance realization and the average base salary earned by each Executive Board member during the entire performance period.

Reference is made to [note 7.2](#) of the Consolidated Financial Statements for more details on these outstanding awards.

Pension arrangements

Executive Board members participate in the same company pension plan as other staff employed by Vopak in the Netherlands. The company contributions made in respect of each Executive Board member are shown in the table '2018 Executive Board remuneration

entitlements and IFRS costs for the company' in this Remuneration Report. These equal the costs for the company as stated in the same table. For more details, reference is also made to [note 9.4](#) to the Consolidated Financial Statements.

Share ownership

The Vopak share portfolios of each of the Executive Board members at year-end 2018 and 2017 are shown in the table below. This table sets out the details of shares acquired by the individual Executive Board members as a result of performance shares vesting under the company's long-term share plans, and any additional ordinary shares bought at their own expense (personal investments). The CEO is required to keep a portfolio of Vopak shares to the value of two years annual base salary. For the CFO and COO, this requirement is set at the value of one year annual base salary.

Vopak shares owned by individual Executive Board members

Number of shares	# of vested performance shares on December 31, 2018 ¹	Privately invested shares on December 31, 2018	Total # of shares owned on December 31, 2018 ²	Total # of shares owned on December 31, 2017 ³
E.M. Hoekstra	37,730	9,582	47,312	44,280
F. Eulderink	19,064	1,750	20,814	18,850
G.B. Paulides	NA	5,200	5,200	NA
J.P. de Kreij (former member)	NA	NA	NA	363,652

- These numbers consist of any performance shares that have vested under the company's LTSP plans to individual Executive Board members, and have not been sold by them yet, including the vesting of any performance shares under the 2015 – 2017 LTSP in April, 2018, for which the CEO and COO were eligible.
- The share price at the end of 2018 was EUR 39.68.
- The share price at the end of 2017 was EUR 36.57.

Other

Vopak has not provided any personal loans, advances or guarantees to Executive Board members during 2018.

Jack de Kreij retired early on 1 February 2018, and was not eligible for any severance payment.

Remuneration of the Supervisory Board

The remuneration policy and levels for the Supervisory Board for 2017 and 2018 were approved by the shareholders at the Annual General Meeting in 2017.

The table below shows the gross amounts each member received in 2018, resulting in a total cost to the company of EUR 0.45 million, as compared to EUR 0.51 million in 2017. The decrease in costs was due to changes in the composition of the Board.

In addition to the remuneration as stated in the table below, the company reimbursed Supervisory Board members living outside the Netherlands for actual travel expenses made. Supervisory Board members did not receive any other fixed allowances or performance-related incentives (neither in cash nor in shares), nor any other remuneration, such in accordance with the policy.

2018 Supervisory Board remuneration

In EUR thousands	Supervisory Board	Audit Committee	Selection and Appointment Committee	Remuneration Committee	Total 2018	Total 2017
B.J. Noteboom (Chairman)	97.5	–	7.0	7.0	111.5	100.1
M.F. Groot (Vice-Chairman)	65.0	8.5	5.0	–	78.5	78.5
L.J.I. Foufopoulos – De Ridder (member as of 18 April 2018)	45.6	6.0	–	4.9	56.5	NA
B. van der Veer (member as of 18 April 2018)	65.0	13.0	–	–	78.0	18.4
R.G.M. Zwitterloot (member)	65.0	–	–	10.0	75.0	75.0
F.J.G.M. Cremers (member until 18 April 2018)	19.4	4.5	–	–	23.9	80.0
C.J. van den Driest (member until 18 April 2018)	19.4	–	1.5	–	20.9	70.0
H.B.B. Sørensen (member until 16 February 2018)	8.4	1.1	–	–	9.5	51.1
A. van Rossum (Chairman until 19 April 2017)	NA	NA	NA	NA	NA	33.6
Total	385.3	33.1	13.5	21.9	453.8	506.7

Note: N. Giadrossi nominated for appointment as of 17 April 2019, received remuneration of EUR 21,666 in 2018.

Vopak did not provide any personal loans, advances or guarantees to Supervisory Board members.

No Supervisory Board members held any Vopak shares at year-end 2018, except for Ben Noteboom, who held 3,500 shares at year-end 2018 (2017: 3,500).

For further details, reference is made to [note 7.3](#) of the [Consolidated Financial Statements](#).