

Royal Boskalis Westminster N.V.

Rosmolenweg 20
PO Box 43
3350 AA Papendrecht
The Netherlands

royal@boskalis.com
T +31 78 6969000
F +31 78 6969555

www.boskalis.com





Boskalis

Dredging & Marine Experts

REMUNERATION REPORT 2015

REMUNERATION
REPORT 2015



TABLE OF CONTENTS





5 INTRODUCTION

**7 REMUNERATION POLICY
FOR THE BOARD OF
MANAGEMENT**

**9 APPLICATION OF
REMUNERATION POLICY
IN 2015**

**11 SUPERVISORY BOARD
REMUNERATION POLICY**

INTRODUCTION



Dredging work by trailing suction hopper dredgers Freeway and Strandway off the Dutch coast near Bergen-Egmond.

MEMBERS OF THE REMUNERATION COMMITTEE

The Remuneration Committee consists of two members, with Mr. Van Woudenberg acting as chairman. Mr. Kramer acted as a member of the Remuneration Committee until 12 May 2015, with the Supervisory Board having appointed Mr. Niggebrugge as his successor with effect from that same date.

The Remuneration Committee regularly avails itself of the services of an independent remuneration adviser and has ascertained that this remuneration adviser does not provide advice to the members of the Board of Management.

DUTIES AND RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The Remuneration Committee performs the following duties:

- Putting forward a proposal to the Supervisory Board with regard to the remuneration policy to be pursued for the Board of Management. The policy is submitted for approval to the General Meeting of Shareholders.
- Investigating whether the adopted remuneration policy is still up-to-date and proposing policy adjustments where necessary.
- Putting forward proposals to the Supervisory Board with regard to the remuneration of individual members of the Board of Management (this in accordance with the remuneration policy adopted by the General Meeting of Shareholders).
- Compiling the remuneration report on the remuneration policy pursued, subject to adoption by the Supervisory Board.

ACTIVITIES DURING 2015

The Remuneration Committee met three times during 2015, with both members having attended each of the meetings. The Committee also held regular consultations outside these meetings.

Reports and findings of the meetings of the Remuneration Committee were presented to the entire Supervisory Board.

During the year under review the activities of the Remuneration Committee included:

- commissioning a remuneration survey to inform itself of developments surrounding remuneration policy for senior management in the Dutch market (including level, performance measures, composition of remuneration package);
- staying abreast of the latest corporate governance developments in the Netherlands and internationally;
- performing scenario analyses.

LABOR MARKET PEER GROUP

As is customary on a periodical basis the Remuneration Committee instructed an external remuneration adviser to conduct a remuneration survey to establish whether the levels of remuneration for the members of the Board of Management are sufficiently competitive compared to the representative labor market. In light of this the labor market peer group was revised on account of a number of changes in the status of the companies included in the group. The new composition is a mix of 14 Dutch companies (listed on the AEX and AMX indices) that are comparable to Boskalis in terms of size and business activities. Following the review the

peer group now consists of BAM, DSM, Fugro, USG People, SBM Offshore, RELX Group, Post NL, Wolters Kluwer, Arcadis, Vopak, Aalberts Industries, OCI, KPN and TKH Group.

REMUNERATION SURVEY RESULTS

The remuneration survey considered the current remuneration for the members of the Board of Management compared to the remuneration of the members of the labor market peer group and concluded that the members of the Board of Management receive an appropriate basic salary.

However, the survey concluded that the overall direct remuneration package of the members of the Board of Management is below the median for the labor market reference group. This is due to a lower short-term variable element and in particular a lower long-term variable element.

Despite the differences in both variable remuneration elements revealed by the remuneration survey the Remuneration Committee proposed not to change the current remuneration policy at this time in light of the rapidly changing market dynamic. In 2017 the prevailing policy will be re-evaluated in the light of the developments and circumstances at that time.

AGENDA FOR 2016

In 2016 the Remuneration Committee will once again seek to stay abreast of the developments in the national and international remuneration market.



REMUNERATION POLICY FOR THE BOARD OF MANAGEMENT

The remuneration policy for the Board of Management was adopted by the Extraordinary General Meeting of Shareholders on 21 January 2011. The remuneration policy is consistent with the strategy and core values of Boskalis, which are centered on long-term orientation and continuity and take into account the interests of Boskalis' shareholders, clients, employees as well as the 'wider environment.'

The Remuneration Committee ascertained that in defining and executing the remuneration policy the remuneration ratios within the company were adhered to and that potential outcomes of the variable remuneration elements (short and long term) for the remuneration of individual board members were analyzed and in part determined by performing scenario analyses. Other factors taken into account in determining the amount and structure of the remuneration included the development of results, the Boskalis' share price performance and non-financial indicators with due consideration of the risks to the company.

The full text of the remuneration policy can be found on the Boskalis website (www.boskalis.com).

ELEMENTS OF REMUNERATION

The table below provides an overview of the remuneration package for members of the Board of Management (including pay-out levels and – where applicable – performance measures).

AD A – BASIC SALARY

The amount of the basic salary is determined based on the labor market peer group in accordance with the remuneration policy and checked periodically using data obtained by an external advisor.

AD B – PENSION PLAN

The members of the Board of Management participate in the Boskalis pension scheme, which is administered by Pensioenfonds Grafische Bedrijven. Pension accrual is based on an unconditionally indexed non-contributory average earnings scheme with a fiscal cap of EUR 100,000. The retirement age is 67.

AD C – SHORT-TERM VARIABLE ELEMENT

The Supervisory Board sets targets for full-year net result and individual performance, with payment of the short-term variable element subject to these being met.

Individual targets are assessed in terms of quality and/or quantity (depending on the specific target), while the full-year net result is determined solely in terms of quantity. The external auditor is involved in the final determination of the short-term variable element and is responsible for ensuring that the relevant procedures are followed correctly. Individual performance objectives are directly derived from Boskalis' strategic agenda and are in line with the corporate objectives as defined for 2015. Examples include the successful implementation of the new divisional structure, the expansion of the Towage division and specific commercial achievements (varying according to the position held on the Board of Management).

AD D – LONG-TERM VARIABLE ELEMENT

The members of the Board of Management participate in a long-term (three-year) remuneration scheme. The amount of the long-term variable element depends on the Boskalis share price performance and the extent to which certain long-term

REMUNERATION PACKAGE FOR MEMBERS OF THE BOARD OF MANAGEMENT

Type of remuneration	Element of remuneration	Performance period & measures	
Fixed	A. Basic salary (x EUR 1,000)	Period: 2015	CEO: EUR 770 BoM member: EUR 557
	B. Pension plan	–	See table on page 10
Variable	C. Short-term element	Period: 1 year Performance measure: - 50% full-year net result - 50% individual targets	At target CEO: 50% of basic salary Maximum CEO: 75% of basic salary At target BoM member: 45% of basic salary Maximum BoM member: 67,5% of basic salary
	D. Long-term element	Period: 3 years Performance measured: - Share price performance - Realizing corporate policy	At target CEO: 50% of indexed basic salary Maximum CEO: 75% of indexed basic salary At target BoM member: 45% of indexed basic salary Maximum BoM member: 67,5% of indexed basic salary

corporate objectives are achieved, such as growth and result of the company as well as CSR aspects such as safety and staff development. The Supervisory Board sets targets in these areas, with payment of the long-term variable element subject to these being met.

The part of the long-term variable element that is linked to the creation of shareholder value is based on share price performance. Share price performance is measured by the ratio between the average share price over the three months prior to the start and prior to the end of the three-year performance period.

At the start of the performance period a basic bonus amount is established equal to the 'at target' percentages (50% of fixed annual income for the chairman of the Board of Management and 45% for the other executives).

The level (of the long-term variable element) is ultimately determined by the degree to which the stated targets were met over the past three-year period. Examples of this include post-merger and integration activities, CSR objectives such as the company-wide implementation of the *NINA* (No Injuries - No Accidents) safety program and succession planning for the senior management.

Performance with regard to the creation of shareholder value is assessed in terms of quantity, while the corporate objectives are largely assessed in terms of quality. The external auditor is involved in the final determination of the long-term variable element and is responsible for ensuring that the relevant procedures are followed correctly.

This means that the variable income of members of the Board of Management is partly dependent on the Boskalis share price and is therefore linked to the value development of the company. The corporate objectives are directly derived from Boskalis' strategic agenda.

The Supervisory Board ascertains that both the short-term variable and the long-term variable element are structured in such a way as not to encourage the taking of risks that are inconsistent with sound business practice. The Supervisory Board has the authority to adjust the payout if exceptional circumstances have arisen during the performance periods. The Supervisory Board also has the authority to demand repayment of both the short-term variable and the long-term variable bonus in the event these were awarded on the basis of incorrect financial or other information ('clawback clause'). Where necessary the contracts for 2014 were further tightened up to reflect the Dutch Clawback Act.

OTHER TERMS AND CONDITIONS

The table below provides an overview of the length of the employment contracts and other contracts, terms of office and severance pay of the members of the Board of Management.

The employment (and other) contracts of members of the Board of Management who joined the company subsequent to the introduction of the Dutch Corporate Governance Code (i.e. after 2004) comply with the requirements set with regard to maximum severance pay.

LENGTH OF EMPLOYMENT (AND OTHER) CONTRACTS, TERMS OF OFFICE AND SEVERANCE PAY OF THE MEMBERS OF THE BOARD OF MANAGEMENT

Members of the Board of Management	Contract length	Term of office	Severance pay
Dr. P.A.M. Berdowski Chief Executive Officer	indefinite	indefinite	1.5 years
J.H. Kamps Chief Financial Officer	4 years	4 years	2 years
T.L. Baartmans	4 years	4 years	1 year
F.A. Verhoeven	4 years	4 years	1 year

- The package of secondary employment conditions offered by the company is in line with the market (including phone, car, expenses).
- No loans, advances or guarantees will be extended to executives.
- Positions outside the company may only be accepted with the explicit prior approval of the chairman of the Supervisory Board.

APPLICATION OF REMUNERATION POLICY IN 2015



In 2015 the remuneration policy was applied in accordance with the remuneration policy as last adopted by the Extraordinary General Meeting of Shareholders on 21 January 2011.

The table below provides an overview with regard to the remuneration of the executives. In accordance with the remuneration policy as adopted by the General Meeting of Shareholders a minor adjustment was made to the basic salaries of the members of the Board of Management in 2014.

During 2014 the targets set for the short-term variable element were exceeded. This resulted in a payout in excess of the 'at target' level of the short-term variable element in 2015.

The long-term variable element over the period 2012-2014 was also deemed to be in excess of the 'at target' level and was paid out accordingly.

In the opinion of the Supervisory Board the remuneration granted is appropriate to the performances achieved in 2015, 2014 and 2013, respectively. As such the performances achieved contributed towards the successful execution of Boskalis' strategic agenda.



The sheerleg crane Taklift 4 lifts a section of the wreck of the Baltic Ace from the bed of the North Sea.

OVERVIEW OF THE TOTAL REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT

(x EUR 1,000) (payments made by the company in the year concerned)

	Year	Fixed remuneration	Variable remuneration		Pension*	Other allowances	Total
		Basic salary	Short-term remuneration	Long-term remuneration			
Dr. P.A.M. Berdowski Chief Executive Officer	2015	770	546	770	195	29	2,310
	2014	743	520	498	188	28	1,977
	2013	708	490	454	177	28	1,857
J.H. Kamps Chief Financial Officer	2015	557	355	501	140	30	1,583
	2014	538	338	324	135	28	1,363
	2013	512	319	296	128	25	1,280
T.L. Baartmans	2015	557	355	501	127	30	1,570
	2014	538	310	324	135	27	1,334
	2013	512	305	296	128	27	1,268
F.A. Verhoeven	2015	557	355	501	163	22	1,598
	2014	538	331	-	137	21	1,027
	2013	512	319	-	135	21	987

* In 2015 this included around EUR 21,000 for each member of the Board of Management for pension contribution paid as well as the supplement for any pension accrual above EUR 100,000.

SUPERVISORY BOARD REMUNERATION POLICY

The remuneration policy for the Supervisory Board was adopted by the General Meeting of Shareholders on 10 May 2012. In 2015 the remuneration policy was applied in accordance with the policy as adopted.

OVERVIEW OF THE ANNUAL AND COMMITTEE ALLOWANCES FOR THE SUPERVISORY BOARD

(x EUR 1,000)

Chairman of the Supervisory Board	60
Member of the Supervisory Board	45
Chairman of the Audit Committee	10
Member of the Audit Committee	7
Chairman of the Remuneration Committee	7
Member of the Remuneration Committee	5
Chairman of the Selection and Appointment Committee	6
Member of the Selection and Appointment Committee	4

In addition members of the Supervisory Board receive an annual expenses allowance of EUR 2,368. Supervisory Board members are not remunerated in shares, nor are any loans, advances or guarantees extended to members of the Supervisory Board.



Transportation by the Target of the Hakuryu 12 jack-up platform from Chaguaramas, Trinidad to Sharjah, UAE.