

REMUNERATION REPORT 2019



TABLE OF CONTENTS





3 INTRODUCTION

5 REMUNERATION POLICY FOR THE BOARD OF MANAGEMENT

8 APPLICATION OF THE REMUNERATION POLICY FOR THE BOARD OF MANAGEMENT IN 2019

11 SUPERVISORY BOARD REMUNERATION POLICY

12 APPLICATION OF THE REMUNERATION POLICY FOR THE SUPERVISORY BOARD IN 2019

INTRODUCTION



This remuneration report for the financial year 2019 is drawn up in accordance with the Act Implementation EU Shareholders Directive and the Corporate Governance Code 2016 (the "Code"). The remuneration report shall be scheduled for the agenda of the Annual General Meeting of Shareholders on 13 May 2020 for an advisory vote. This is the first time an advisory vote is being scheduled. This entails that this remuneration report does not yet contain an explanation of the manner wherein the outcome of the last vote of the Annual General Meeting has been taken into account.

MEMBERS OF THE REMUNERATION COMMITTEE

At the beginning of 2019 the Remuneration Committee consisted of three members, with Mr. Van Woudenberg as chairman and Ms. Haaijer and Mr. Van der Veer as members. Mr. Van Woudenberg stepped down as Chairman on 8 May 2019. He was succeeded by Mr. Hazewinkel as

per that date. Also on 8 May 2019, Ms. Haaijer stepped down as member of the Remuneration Committee. Ms. Tammenoms replaced her as from that same date. More than half of the members of the Remuneration Committee are independent in accordance with the Code.

DUTIES AND RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

It is the role of the Remuneration Committee to advise the Supervisory Board on:

- the submission of a clear and understandable proposal concerning the remuneration policy to be pursued for members of the Board of Management with focus on long-term value creation for the company and the business connected with it and which shall take into account the internal pay ratios within the company. The Remuneration Committee shall consider and include all matters required by law, more in particular the Act Implementation EU

Shareholders Directive, and the Code. The Supervisory Board shall present the policy to the General Meeting of Shareholders for adoption.

- the submission of a proposal concerning the remuneration of individual members of the Board of Management. The proposal shall be drawn up in accordance with the remuneration policy that has been established and will, in any event, cover the remuneration structure, the amount of the fixed and variable remuneration components, the performance criteria used, the scenario analyses that are carried out and the pay ratios within the company and its affiliated enterprise. When formulating the proposal for remuneration of the Board of Management, the Remuneration Committee shall take note of the views of the individual members of the Board of Management with regard to the amount and structure of their remuneration.
- the preparation of the report on the remuneration policy implemented in the past financial year. The Remuneration Committee shall consider and include all matters required by law and the Code. The Supervisory Board's remuneration report shall be placed on the company's website.

ACTIVITIES DURING 2019

The Remuneration Committee met three times during 2019. The attendance rate for the meetings of the Remuneration Committee was 100% for all members of the Remuneration Committee, apart from Ms. Haaijer, who missed one meeting in March 2019. 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:

- informing itself of developments surrounding the remuneration policy for senior management in the Dutch and international markets.
- staying abreast of the latest corporate governance developments in the Netherlands and internationally.
- performing scenario analyses.
- submitting a proposal concerning the remuneration of individual members of the Board of Management in accordance with the law and the Code, wherein among others note has been taken of the views of the individual members of the Board of Management with regard to the amount and structure of their own remuneration in the framework of the remuneration policy.
- discussing with the Board of Management the remuneration of the members of the Group Management, who are not members of the Board of Management.
- informing itself on the Act Implementation EU Shareholders Directive.
- evaluating the current remuneration policy.
- reviewing the market reference group and conducting a remuneration survey.
- formulating a proposal to adjust the current remuneration policy.

- bringing the current remuneration policy in line with the requirements of the Act Implementation EU Shareholders Directive.
- holding a consultation round with large institutional shareholders in 2020 to collect feedback on the remuneration policy.

REVISION OF THE MARKET REFERENCE GROUP AND THE REMUNERATION SURVEY

In the year under review, the Remuneration Committee commissioned an external independent remuneration advisor to assist in the execution of its activities. The Remuneration Committee ascertained that this remuneration advisor does not provide advice to the members of the Board of Management.

The Remuneration Committee applies for the execution of its remuneration activities a market reference group, that is composed of fourteen Dutch (AEX and AMX-listed) companies that are comparable in terms of size and business activities. The market reference group was revised in 2019 based on relevant size criteria, which resulted in replacing RELX with VolkerWessels. At present the market reference group consists of BAM, DSM, Fugro, SBM Offshore, Sligro, VolkerWessels, PostNL, Wolters Kluwer, Arcadis, Vopak, Aalberts Industries, OCI, KPN and TKH Group.

In 2017, the Remuneration Committee evaluated the remuneration policy for the members of the Board of Management. The survey was carried out again in 2019. The outcome of these remuneration surveys showed that the members of the Board of Management receive an appropriate basic salary, but that the overall direct compensation package for all members of the Board of Management are in comparison with the market reference group below or around the lowest quartile (P25). This as a result of a relatively low long-term variable component. In addition, more and more (AEX and AMX-listed) companies have a share-based long-term incentive scheme. The remuneration surveys also calibrated the level of remuneration of members of the Supervisory Board. The results showed that the remuneration of the Supervisory Board is below or around the lowest quartile (P25) of the market reference group.

Based on the above, the Supervisory Board has decided to schedule a proposal for the agenda of the Annual General Meeting of Shareholders on 13 May 2020 to adjust the current remuneration policy. In this proposal the remuneration for the Board of Management and the Supervisory Board will be brought more in line with the market. As part of that, a share-based long-term incentive scheme will be introduced for the Board of Management. In addition the proposal will incorporate the amendments necessary to bring the policy in accordance with the requirements of the Act Implementation EU Shareholders Directive.

REMUNERATION POLICY FOR THE BOARD OF MANAGEMENT

The current remuneration policy for the Board of Management was adopted by the General Meeting of Shareholders on 21 January 2011. The remuneration policy is consistent with the strategy and core values of Boskalis. These are centered on a long-term value orientation, a balanced risk reward approach for contracting projects, and the continuity of the business 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 taken into consideration and that potential outcomes of the variable remuneration components (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 with reference to market circumstances, 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).

REMUNERATION COMPONENTS

The remuneration for the Board of Management contains the following components: basic salary, pension plan, short-term

variable component, long-term variable component and other allowances.

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).

A – BASIC SALARY

The amount of the basic salary is based on the market reference group in accordance with the remuneration policy, checked periodically using data obtained by an independent external advisor, taking into consideration the company's specific context. The basic salary is increased annually by the same percentage as the determined budget for Dutch staff employees.

B – PENSION PLAN

The members of the Board of Management participate in the Boskalis pension scheme, which is administered by the PGB pension fund. Pension accrual is based on a conditionally indexed non-contributory average earnings scheme. As the pension accrual has been capped as of 1 January 2015, a pension supplement is paid out for the part of the salary that exceeds the determined fiscal cap of EUR 107,593 (2019). The amount of the pension supplement depends on the age

REMUNERATION PACKAGE FOR MEMBERS OF THE BOARD OF MANAGEMENT

Type of remuneration	Remuneration component	Performance period & measures	Payout
Fixed	A. Basic salary (x EUR 1,000)	Period: 2019	CEO: EUR 870 BoM member: EUR 630 or EUR 487
	B. Pension plan	—	See table on page 9
Variable	C. Short-term component	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 component	Period: 3 years The performance is measured in a combination of: - Share price performance - Realizing corporate policy 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

of the member of the Board of Management. The retirement target age is 68. The retirement target age is used to calculate the pension premium.

C – SHORT-TERM VARIABLE COMPONENT

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

Individual targets may be quantitative or qualitative. (depending on the specific target), while the full-year net result element is determined solely in quantitative terms. The external auditor is involved in the final determination of the short-term variable component and assessing the underlying processes. The Supervisory Board reviews the outcomes and determines the appropriateness of any payouts.

Individual performance objectives refer to organizational, commercial and operational objectives, which are directly derived from Boskalis' strategic agenda and are in line with the corporate objectives as defined for the applicable financial year.

The payment of the short-term variable component over a financial year will take place in the following year.

D – LONG-TERM VARIABLE COMPONENT

The members of the Board of Management participate in a long-term (three-year) remuneration scheme. The amount of the long-term variable component depends on the combination of (1) the Boskalis share price performance and (2) the extent to which certain long-term objectives derived of the Corporate Business Plan are achieved. The Supervisory Board sets measurable/assessable targets in these areas, with payment of the long-term variable component subject to these being met.

The long-term variable component is linked to the creation of shareholder value 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 members). Establishing the ultimate score (of the long-term variable component) is determined by the degree to which the stated targets were met over the past three-year period. The creation of shareholder value is established quantitatively while the corporate objectives are largely assessed qualitatively. The external auditor is involved in the final determination of the long-term variable component and assessing the underlying processes. The Supervisory Board reviews the outcomes and determined the appropriateness of any payouts.

This means that the long-term variable income of members of the Board of Management is partly dependent on the Boskalis share price and is therefore linked to the long-term value creation of the company. The objectives are directly derived from Boskalis' strategic agenda, more specifically from the applicable Corporate Business Plan.

The Supervisory Board ascertains that both the short-term variable and the long-term variable components are structured in such a way as not to encourage the members of the Board of Management to act in their own interest nor to take risks that are not in line with the strategy formulated and the risk appetite that has been established. 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 in 2014 the contracts were further tightened up to reflect the Dutch Clawback Act.

The payment of the long-term variable component over a three year consecutive period will take place in the year following that three year period.

E – OTHER ALLOWANCES

The members of the Board of Management are entitled to certain company benefits as per Boskalis' staff policies (including health insurance, expenses, car and (mobile) phone). No loans, advances or guarantees are extended to the members of the Board of Management.

OTHER TERMS AND CONDITIONS

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

All contracts of the members of the Board of Management comply with the Code.

LENGTH OF 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	4 years	4 years	1 year
C. van Noort Chief Financial Officer	4 years	4 years	1 year
T.L. Baartmans Member of the Board	4 years	4 years	1 year
B.H. Heijermans Member of the Board	4 years	4 years	1 year

* Annual basic salary

- The notice period is for a member of the Board of Management three months.
- The contract of a member of the Board of Management ends automatically upon the termination date of such contract. The contract may be terminated on behalf of the Company in the event that a member of the Board of Management repeatedly or in a severe manner breaches the law, the articles of association of the Company, the contract between the member of the Board of Management and the Company or the General Code of Business Conduct and/or other policies of the Company.
- Severance pay will not be rewarded if the contract is terminated early at the initiative of a member of the Board of Management or in the event of seriously culpable or negligent behavior on the part of such member.
- Positions outside the company may only be accepted with the explicit prior approval of the chairman of the Supervisory Board.

APPLICATION OF THE REMUNERATION POLICY FOR THE BOARD OF MANAGEMENT IN 2019



In 2019 the remuneration policy and the remuneration payout were applied in accordance with the remuneration policy as last adopted by the General Meeting of Shareholders on 21 January 2011, without any deviations.

The table on page 9 provides an overview with regard to the remuneration of the members of the Board of Management.

The targets set for the short-term variable component are to support the execution of the strategic agenda of Boskalis in the applicable financial year. The targets set for the long-term variable component are to support the strategy for the long-term value creation of the company.

Individual targets may be quantitative or qualitative (depending on the specific target), while the full-year net result is determined solely in quantitative terms. The external auditor is involved in the final determination of the short-term variable component and assessing the underlying processes. The Supervisory Board reviews the outcomes and determines

the appropriateness of any payouts. The Supervisory Board assesses the achievement of the qualitative targets in a thorough and detailed manner.

During 2018 the quantitative target set for the short-term variable component was not met. The qualitative targets for the short-term variable component, and which refer to organizational, commercial and operational objectives, which are directly derived from the Boskalis' strategic agenda were exceeded. This resulted in 2019 in a payout below the 'at target' level of the short-term variable component.

For 2019 the quantitative target set for the short-term variable component was met. The qualitative targets for the short-term variable component, and which refer to organizational, commercial and operational objectives, which are directly derived from the Boskalis' strategic agenda were exceeded.

Individual qualitative objectives are directly derived from Boskalis' Corporate Business Plan and the strategic pillars: Focus, Optimize and Expand.

Achieved corporate objectives in 2019 to 'focus' the company were amongst others the divestments of the interest in the harbor towage joint ventures. Other achievements to 'optimize' and 'expand' the company were respectively the objectives to strengthen the commercial and organizational activities and specific M & A accomplishments.

The long-term variable component over the period 2016-2018 was deemed to be in excess of the 'at target' level and was paid out accordingly.

The long-term variable component over the period 2017-2019 is also achieved in excess of the 'at target' level.

The scores of the short-term variable component and the long-term variable component for the Board of Management in 2018 and 2019 were as follows:

Short-term and long-term variable components	2018	2019
Short-term variable component quantitative	10.0% (of 37.5%)	29.1% (of 37.5%)
Short-term variable component qualitative	31.2%-34.4% (of 37.5%)	34.4% (of 37.5%)
Long-term variable component qualitative	71.9% (of 75%) 2016-2018	71.9% (of 75%) 2017-2019
Long-term variable component quantitative (share price performance factor)	0.60 2016-2018	0.67 2017-2019

The percentages between brackets refer to the payout percentages in the table on page 5

In the opinion of the Supervisory Board the remuneration granted is appropriate to the performance achieved in 2019, 2018, 2017 and 2016. As such the performance achieved contributed towards the successful execution of Boskalis' Corporate Business Plan and the strategic pillars Focus, Optimize and Expand with objectives such as growth and result of the company as well as sustainability aspects such as safety, environmental and corporate social responsibility, organizational readiness and leadership development.

The Remuneration Committee ascertained that in executing the remuneration policy in 2019 the remuneration ratios within the company were taken into consideration and that potential outcomes of the variable remuneration components (short and long term) for the remuneration of individual board members were analyzed and in part determined by performing scenario analyses.

No remuneration of the Board of Management was charged to subsidiaries of the company or other companies. The remuneration policy does not contain a share-based long-term incentive scheme. Therefore, no shares or share options have been granted and/or offered to directors.

During the financial year the Supervisory Board did not have to use its authority to demand repayment of any bonus of any member of the Board of Management. Furthermore, no deviations of the decision-making process for applying the remuneration policy in 2019 have occurred.

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

(Payments made by the company in the year concerned x EUR 1,000)	Year	Fixed remuneration	Variable remuneration				Pension cost	Other allowances	Total
		Basic salary	%*	Short-term remuneration	Long-term remuneration	%*			
Dr. P.A.M. Berdowski	2019	870	55%	357	337	44%	301	28	1,893
Chief Executive Officer	2018	805	48%	483	376	51%	243	28	1,935
	2017	793	48%	352	463	50%	205	28	1,841
J.H. Kamps**	2019	225	24%	222	474	75%	67	10	998
Chief Financial Officer	2018	582	51%	291	245	47%	150	28	1,296
	2017	574	50%	235	301	47%	148	28	1,286
T.L. Baartmans	2019	630	57%	230	219	41%	188	30	1,297
Member of the Board	2018	582	51%	291	245	47%	150	31	1,299
	2017	574	50%	235	301	47%	148	31	1,289
B.H. Heijermans**	2019	487	88%	57	-	10%	133	8	685
Member of the Board	2018	147	98%	-	-	0%	35	3	185
C. van Noort**	2019	313	95%	-	-	0%	68	17	398
Chief Financial Officer									

* % of total direct compensation cost (including other allowances and excluding pension cost)

** The contract between Mr. Kamps and the company was terminated with effect from 8 May 2019. As per that date Mr. Van Noort was appointed. Mr. Heijermans was appointed as per 1 September 2018

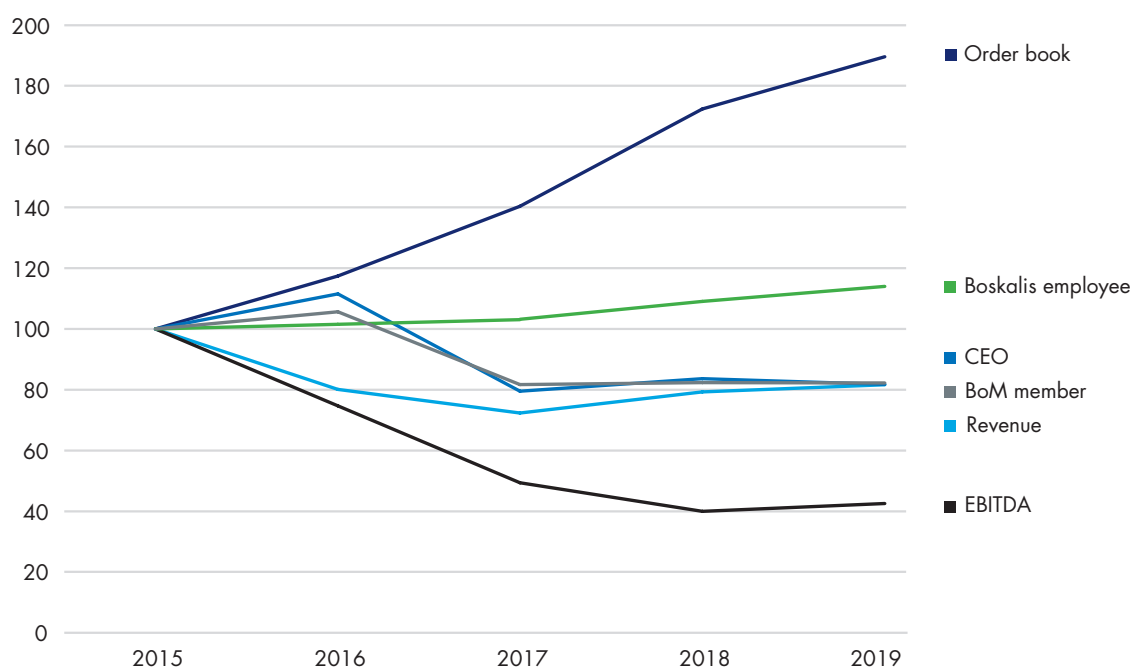
INTERNAL PAY RATIO

In connection to the application of the remuneration policy, the Remuneration Committee has in the year under review considered the internal pay ratio within the company.

In the approach of the internal pay ratio the following calculation method has been applied: the total direct compensation costs of the CEO (including other allowances and excluding pension cost) divided by the average of the total direct compensation costs (including benefits and excluding pension cost) per FTE of the Dutch employees of Baggermaatschappij Boskalis B.V. This leads to an internal pay ratio of 21.76 (2018: 23.35).

FIVE YEAR OVERVIEW REMUNERATION

The graph below provides a five-year overview of the annual change in the remuneration for the CEO and a member of the Board of Management, the development of the company performance as well as the average remuneration (on a full time basis) of the employees of the company (not being director during this period).



SUPERVISORY BOARD REMUNERATION POLICY

The remuneration policy for the Supervisory Board was adopted by the General Meeting of 2012.

The remuneration for the Supervisory Board contains the following components: annual allowances, committee allowances and the expenses allowance.

The amount of the remuneration package is determined based on the Dutch market and in accordance with data from companies which are comparable to the Company in terms of size and business activities. The policy is to benchmark the allowances periodically to comparable businesses. The necessary data will be collected with the assistance of an external independent advisor.

Furthermore, the remuneration of the Supervisory Board members is based on the time spent and the responsibilities of their role. The remuneration shall not be awarded in the form of shares and/or rights to shares. No loans, advances or guarantees will be extended to members of the Supervisory Board.

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.

The Supervisory Board remuneration has not changed since 2012.

In accordance with the Act Implementation EU Shareholders Directive the remuneration policy for the Supervisory Board shall be scheduled for adoption for the Annual General Meeting of Shareholders in 2020.

TERMS OF OFFICE

The terms of office for the Supervisory Board are in accordance with the Code for a period of maximum four years. A member of the Supervisory Board may be reappointed once for another four-year period. The Supervisory Board member may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years. In the event of a reappointment after an eight-year period, reasons should be given in the report of the Supervisory Board. In any appointment or reappointment, the profile of the Supervisory Board must be observed.

APPLICATION OF THE REMUNERATION POLICY FOR THE SUPERVISORY BOARD IN 2019

In 2019 the remuneration of the Supervisory Board was applied in accordance with the remuneration policy as adopted.



Royal Boskalis Westminster N.V.

Rosmolenweg 20
PO Box 43
3350 AA Papendrecht
The Netherlands

royal@boskalis.com
T +31 78 6969000

www.boskalis.com

