REPORT OF THE SUPERVISORY BOARD

SUPERVISORY BOARD

Name **Harrie L.J. Noy** (1951)
Function Chairman
Committee Chairman nomination committee
Nationality Dutch
First appointed 2012
Current term Until AGM 2020

Previous positions
Worked at ARCADIS as of 1975, from 1989 until 2000 in several senior management positions. From 2000 until May 2012 Chairman Executive Board and CEO of ARCADIS N.V.

Other functions
Chairman Supervisory Board Royal BAM Group N.V., Extraordinary Board member Dutch Safety Board, Chairman Board Foundation Trust Office TKH Group

Name **Maarten Schönfeld** (1949)
Function Vice-chairman
Committee Chairman audit committee
Nationality Dutch
First appointed 2013
Current term Until AGM 2021

Previous positions
1977-2001 Several positions with Royal Dutch Shell Plc. From 2001 until 2008, CFO and vice-chairman of the Board of Management of Stork B.V.

Other functions
Member Supervisory Board and chairman audit committee ARCADIS N.V. and SiF Group N.V., member Board Foundation Continuity ICT

Name **Antonio J. Campo** (1957)
Committee Member remuneration committee; member nomination committee
Nationality Colombian
First appointed 2014
Current term Until AGM 2018

Previous positions
Multitude of senior management positions at Schlumberger and CEO of Integra Group

Other functions
Vice-chairman Board Basin Holdings, Executive director of National Energy Services Reunited Corporation

SUPERVISORY BOARD (CONTINUED)

Name **Petri H.M. Hofsté** (1961)
Committee Member audit committee
Nationality Dutch
First appointed 2015
Current term Until AGM 2019

Previous positions
Senior financial management positions at various organisations; partner at KPMG, group controller and deputy chief financial officer of ABN AMRO Bank, division director of the Dutch Central Bank and chief financial and risk officer of APG Group

Other functions
Member Supervisory Board Rabobank, Kas Bank (Chair audit committee), Achmea B.V. and Achmea Investment management, member of the Board and Chair of the audit committee of Nyenrode Foundation

Name **Anja H. Montijn** (1962)
Committee Chair remuneration committee; Member nomination committee
Nationality Dutch
First appointed 2015
Current term Until AGM 2019

Previous positions
Various national and international leadership positions at Accenture, ao managing director Resources practice in France and Benelux, Country Managing Director Accenture the Netherlands, Global Managing Director Management Consulting Resources

Other functions
Non-executive director at OCI N.V.

Name **Douglas J. Wall** (1953)
Committee Member audit committee
Nationality American/Canadian
First appointed 2014
Current term Until AGM 2018

Previous positions
President and CEO of Patterson-UTI Energy, Group President of completions and production at Baker Hughes, variety of executive positions with other oilfield services companies in Canada

Other functions
Director of Select Energy Services, LLC

Company secretary **Wouter G.M. Mulders** (1955)

SUPERVISORY BOARD REPORT

The year 2017 was again a difficult year for Fugro with disappointing results. For the fourth consecutive year, the company had to deal with the downturn in the oil and gas market. After revenues already declined by 25% in 2016, in 2017 revenues went down by another 16%, showing how strongly Fugro has been hit by this unprecedented downturn. In the infrastructure, buildings and renewables markets, Fugro was able to expand its business, but not sufficiently to compensate for the decline in the oil and gas business. At the end of 2017, we began to see signs of stabilisation of the oil and gas market. When this market starts improving, Fugro can reap the benefits of the cost reduction and performance improvement measures that it has taken in the recent past. But for the time being, we remain cautious.

In view of the continued pressure on revenues, the most important subject in our discussions with management was how to weather the storm and how to prepare the company for a future that anyhow will be different from what the company has been used to, also when the oil and gas market recovers. We believe that management has taken the right actions by building a more client centric organisation and continuously reducing costs, lowering working capital, curtailing investments and divesting non-core assets. Despite all of these measures, for the first time since the downturn began, Fugro had to report a negative EBIT before exceptional items, mainly caused by strong price pressure in the oil and gas market. We also noted that cost reductions become increasingly difficult as Fugro wants to retain good people and continue to deliver high quality services globally. We support management's initiatives to enhance Fugro's commercial capabilities by focusing on value propositions for clients. That will strengthen the company's competitiveness and have a positive impact on its market position.

We regularly discussed with the Board of Management the financial condition of the company and the near-term outlook. As the downturn lasted longer than expected, we agreed with management's proposal to issue – as a matter of financial prudency – another subordinated convertible bond which was placed successfully in November 2017, for an amount of EUR 100 million. This resulted in additional headroom under the financial covenants. At year-end 2017, the net debt to EBITDA ratio under these covenants came out at 1.9, well below the maximum level of 3. We fully agree with management that restoring profitability, steering on cash flow and reducing net debt are key priorities for 2018.

In February 2017, we noted Boskalis' announcement that it had sold its remaining stake in Fugro, after it had already reduced its shareholding to 9.36% by the end of 2016. This closed a chapter in which both the Board of Management and the Supervisory Board had to spend a lot of time and effort defending the importance of Fugro's ability to provide its services independently, which is fundamental to the success of the company and a key pillar of its strategy.

2017 Financial statements and dividend

This annual report includes the 2017 financial statements, which are accompanied by an unqualified independent auditor's report of Ernst & Young Accountants LLP (see the independent auditor's report starting on page 183). These financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and section 9 of Book 2 of the Dutch Civil Code.

On 20 February 2018, the audit committee discussed the draft financial statements with the CFO and the auditors. The audit committee also discussed the management letter and the long form auditor's report, the quality of internal risk management and control systems and had a discussion with the auditor without Fugro's management being present.

On 21 February 2018, we discussed the annual report, including the 2017 financial statements, with the Board of Management in the presence of the auditor. Furthermore, we took note of the reporting from the audit committee and reviewed the independent auditor's report and the quality of internal risk management and control systems.
We concluded that we agree with the 2017 financial statements.

We recommend that the annual general meeting (AGM), to be held on 26 April 2018, adopts the 2017 financial statements. In addition, we request that the AGM grants discharge to the members of the Board of Management in office in the 2017 financial year for their management of the company and its affairs during 2017, and to the members of the Supervisory Board in office for their supervision over said management. We concur with the decision of the Board of Management that due to the negative net result no proposal will be submitted to pay a dividend for 2017.

Underwater survey by remotely operated vehicle for meteorological mast, Ninepin Island, Hong kong.

Health and safety

We consider health and safety of critical importance for Fugro and its people. We start each regular meeting with the Board of Management with a discussion on safety. In 2016 we had seen a decline in safety performance compared to the previous year and we had noted that many in the industry are experiencing a levelling off in the rate of improvement of safety indicators. In 2017 we regularly discussed the various measures taken by management to improve safety performance. Despite these measures, safety performance did not improve, but remained more or less at the same level compared to 2016. Unfortunately, Fugro suffered one fatality during maintenance work which we extensively discussed with management. This was a tragic accident and we supported the care and the actions taken. This incident illustrates that safety awareness need to be top of mind. We support management's drive to continuously increase safety awareness,

In our view, the levelling off of safety performance, not only in Fugro but in the industry in general, cannot be isolated from the current market circumstances. The strong price pressure leads inevitably to pressure on projects and people and results therefore in additional risks regarding safety. Of course, this should not be the case, as safety comes first, but in reality, these additional risks are unavoidable as people have to perform their job within restricted budgets causing pressure on time and resources. We therefore support management in their efforts to address this issue with clients as safety is a common responsibility of clients and service providers. Rewarding safety performance within tendering processes would certainly help in reducing safety risks in projects.

Strategy

Fugro's strategy Building on Strength, introduced in 2014, was developed to deal with the deteriorating market circumstances in the oil and gas market. It means that the company focuses on its core activities where it has global market leading positions as an independent service provider and historically a track record of solid operational and financial performance.

Already for several years, part of the subsea activities was earmarked as non-core but divesting turned out to be difficult under the present market circumstances. We were pleased that in November 2017 Fugro was able to close an agreement regarding the divestment of the trenching and cable laying business. Although this was not a cash deal, we approved it as it valued the business at a reasonable price and gave Fugro an equity stake in a more diversified cable installation and maintenance company and a role as preferred services provider. With this transaction and the subsequent early termination of the long-term charter agreements for the two remaining installation and construction vessels, the divestment of the heavier construction and installation support part of Fugro's subsea activities has been completed. The remaining part of these activities has been integrated in the Marine division.

We regularly discussed Seabed Geosolutions, which had a difficult year. The investments in new technology that we had approved after lengthy discussions with management, should bring the company again at the forefront in its market. We support management's intention to eventually reduce Fugro's exposure in Seabed Geosolutions. Further consolidation would be the logical answer to the need for investments and the cyclical nature of this market.

We agree with the Board of Management that given the still increasing demand for oil and gas and the depletion of existing resources, at a certain point in time the oil and gas market will recover. However, in the longer run, that market will decline because of the shift to renewable energy. That shift is strongly promoted by many governments and others because of climate change and the need to reduce CO_2 emissions. We had several discussions with management on the potential consequences for Fugro's strategy and agreed that growing the business outside oil and gas is an important priority for the future. This will be high on our agenda in the coming years. We also discussed Fugro's long-term value creation model, which is explained in the report of the Board of Management.

Organisation

As of 2017, Fugro's geotechnical, survey and subsea activities have been regrouped in a Land and in a Marine division with two business lines per division: Site Characterisation and Asset Integrity. The goal is to create better conditions for internal synergies and to improve Fugro's ability to deliver integrated service packages to clients. Management kept us appraised of progress with the implementation and informed us that the new structure is meeting expectations and has been received well, both internally by staff and externally with clients.

Corporate governance

In December 2016 a revised version of the Dutch corporate governance code ("Code") was published. We were informed on the Code and we discussed the various changes. The overall conclusion was that Fugro's governance was already broadly in line with the new Code. During the year, the relevant governance documents and processes were updated, including, among others, the rules governing the internal proceedings of the Board of Management and of the Supervisory Board, the profile of the Supervisory Board, the charters of the Supervisory Board committees, the charter of internal audit and the risk management framework. A diversity policy was drafted which we discussed and agreed upon. For further information on the new Code we refer to the chapter on corporate governance.

Supervisory Board activities and meetings

During 2017, the Supervisory Board met nine times jointly with the Board of Management. Six regular scheduled meetings were held, all of which were preceded or concluded by internal meetings without the Board of Management being present. In addition, three extra meetings were held, partly by conference call. None of the Supervisory Board members was frequently absent from the Supervisory Board meetings. When necessary or useful, the Chairman was outside of the meetings in regular contact with his colleagues, the CEO and other members of the Board of Management and the company secretary.

Supervisory Board attendance record	SB	AC	RC	NC
Harrie Noy	9/9	–	5/5	5/5
Maarten Schönfeld	7.5/9	5/5	–	–
Antonio Campo	9/9	–	5/5	5/5
Petri Hofsté	9/9	5/5	–	–
Anja Montijn	9/9	–	5/5	5/5
Douglas Wall	9/9	5/5	–	–

The Chairman acts as the first point of contact within the Supervisory Board for the CEO. By way of preparation, many subjects are discussed in advance in one of the three permanent Supervisory Board committees. The Supervisory Board receives all the meeting documents and the minutes of the meetings of the three committees. The Board of Management is an important source of information for the Supervisory Board. It is supplemented with information from the external auditor, from internal audit and from presentations and discussions with corporate directors and with regional management and staff in meetings and during site visits. The Supervisory Board receives monthly reports on the company's financial performance. Information is also provided outside meetings, in bilateral contacts or whenever a Supervisory Director feels the need to be informed on a specific topic.

Some members of the Supervisory Board attended part of Fugro's annual 'May managers meeting', at which senior management discussed, among others, strategic priorities of the various business lines, market conditions and improvements of operational and financial performance.

In the regular scheduled meetings, the recurring items on the agenda were, among others, market developments, financial performance and forecasts per division and for Fugro as a whole, developments in the regions, the quarterly press releases, organisational developments, internal control and risk management and compliance. On a regular basis, we were informed on investor relations including feedback from road shows, share price developments and the composition of the shareholder base. The meeting reports of the audit committee, the nomination committee and the remuneration committee were also discussed.

Throughout the year we paid a lot of attention to Fugro's financial position. Topics such as business development, cost reduction, capex, working capital, cash flow, financial scenario's and their impact on Fugro's financial headroom under its covenants, were intensively considered and discussed.

Next to the regular agenda items and insofar as not already mentioned above, we discussed, among others, the following items:

In a conference call in January we discussed the budget for 2017. We had some feedback and it was decided to discuss an adjusted budget in the regular February meeting.

In our regular February meeting the annual results 2016 and related items were discussed. The external auditor (EY) attended the financial topics. We also discussed the outcome of an internal risk assessment workshop in which the board of Management had participated. The annual report 2016 and the draft agenda for the 2017 AGM were approved. We also approved the remuneration report and the proposal of the remuneration committee to adjust the remuneration policy for the Board of Management. We decided to propose the external auditor (EY) for reappointment. We received an update on security measures for working in high risk countries. We also received a presentation on the HSSE performance in 2016 and discussed the key actions for 2017. We received an update on compliance including updated policies regarding prevention of fraud, conflict of interest, fair competition, confidential information, disciplinary measures, the speak up procedure and the policy regarding agents including an overview of the requirements for entering into agent agreements or similar relationships. We approved the budget for 2017. In an internal meeting, we discussed and approved the proposal of the remuneration committee regarding the remuneration and the bonus 2016 for the members of the Board of Management and the bonus criteria for 2017.

In May we discussed the first quarter results. We received a presentation on an action plan of the Marine division in view of the ongoing difficult market circumstances. Based on a presentation we discussed sustainability and the roadmap for 2017. In view of the market circumstances we suggested to prioritise the actions. We also prepared for the 2017 AGM.

In August, the half-yearly report 2017 was discussed and approved. The external auditor (EY) attended the financial part of the meeting. We approved the potential sale of the trenching business subject to the outcome of due diligence. We had extensive discussions on covenant scenarios and various contingencies were considered to improve financial headroom. In a separate dinner meeting we had an open discussion with the Board of Management on the present situation and concluded that although the oil and gas market will recover, the situation that Fugro was used to before the crisis started, will never come back. With that in mind, we asked the Board of Management to prepare a follow up discussion in our September meeting.

In September, we had a three-day 'off-site' meeting in the Netherlands in combination with a visit to Fugro's 'innovation fair' in Rotterdam. We had in-depth discussions on issues relevant to overcome the present downturn and to prepare the company for the future. In addition, management of the European operating companies gave presentations on, among others, market developments, competitive position and plans for the future. The visit to the 'innovation fair', organised for clients, offered us useful insights into various innovation initiatives and the latest technology developments. It also offered us an opportunity to meet with clients. These visits with operating companies and meetings with senior management and staff take place annually and we highly value them because it gives us a better view on local operations, management and key employees.

In an internal part of the September meeting we discussed the composition of the Board of Management and the intention to nominate Mr. Øystein Løseth for appointment as member of the Board of Management and as successor of Paul van Riel after his retirement at the AGM in 2018. In a conference call at the end of September, we were informed on the due diligence outcome regarding the sale of the trenching business and we discussed different financial scenarios prepared by the Board of Management.

In October, we discussed the third quarter results. We also discussed the issue of a subordinated convertible bond and gave the Board of Management the green light to continue the process. We decided to hold an extraordinary meeting of shareholders in December with the purpose to have Øystein

Dimensional control of the spools for deepsea offshore project, Porto Amboin, Angola.

Løseth appointed as member of the Board of Management. We were informed on the post-acquisition analysis of RailData and discussed lessons learned.

In a conference call at the end of November we discussed the preliminary budget for 2018. We emphasised the necessity of generating positive cash flow and a reduction of net debt. In December, we approved the annual budget and the operational plan for 2018. The corporate director human resources gave a presentation with a focus on succession planning and talent identification. We concluded that good progress had been made, but that additional efforts are needed to build a solid pipeline of potential successors for senior management positions. Based on a presentation of the corporate director IT, we discussed progress regarding the upgrading of IT, including cyber security issues. Management responsible for the Roames business presented a post-acquisition analysis and we discussed lessons learned.

Supervisory Board committees

The Supervisory Board has three permanent committees from amongst its members: an audit committee, a nomination committee and a remuneration committee, to which certain tasks are assigned. The function of the committees is to assist the Supervisory Board and to prepare the decision-making. The chairman of each committee reports the main considerations, findings and recommendations to the full Supervisory Board.

Audit committee

The audit committee consists of three members, Mr. Maarten Schönfeld (chairman). Mrs. Petri Hofsté and Mr. Douglas Wall. All members are independent pursuant to best practice provision 2.1.8. of the Code. Collectively the members possess the required experience and financial expertise. At least two members have specific expertise in financial reporting and in the reviewing of financial reports.

The audit committee met five times in 2017. All meetings were attended by the CFO, the head of internal audit and the external auditor. In the meetings in which the annual results and half-year results were discussed, also the CEO was present. The chairman of the audit committee had regular contact with the CFO to discuss financial performance, risks and any other matters.

The chairman and also the full audit committee had a closed meeting with the head of internal audit. Among others, the performance and independence of internal audit and its members were discussed and evaluated. Conclusions were positive.

Recurring items on the audit committee agenda were, among others, the annual financial statements and the quarterly and half-yearly results, risk management and control, the internal audit plan, internal audit reviews, management letter and reports of the external auditor, pensions, taxation, insurance, IT (including cyber security and the phased roll out of a global IT system for commercial, finance, procurement and project management), treasury, developments in IFRS regulations, claims and disputes, compliance, bank covenants and financing, planning of the external auditor, follow-up group audit management letter, working capital, and the annual budget. Many of these topics were presented by the responsible managers.

In August, we assessed the follow-up to the group management letter 2016. It was concluded that the follow-up was adequate and that some actions were pending. In May, an update was received from the auditor with respect to materiality, scoping and planning, and an overview of the preliminary key audit matters. It was noted that materiality amounted to EUR 10 million and that there were no significant changes in scoping.

Furthermore, the functioning of the internal risk management and control system and specific risk areas, such as hedging and fluctuations in currency exchange rates were discussed, as was the finance roadmap (improvement and strengthening of the financial processes and the financial organisation) and compliance/due diligence processes on agents. Regarding the finance roadmap, discussions were focused on the standardisation of management information systems and the results of pilot projects that were undertaken in 2016.

Considerable time was spent on bank covenant scenarios, (possible) impairments and other one-offs, the placement of a subordinated convertible bond and on capex.

Throughout the year the key audit matters as identified by the auditor were reviewed and discussed. These included: changes in internal reporting structure resulting in re-identification of reporting segments and allocation of goodwill to groups of CGUs, sensitivities and estimates with respect to the valuation of goodwill, vessels and other operational equipment, revenue recognition, project accounting and valuation with respect to unbilled receivables and trade receivables including onerous contracts and legal contingencies, availability of finance and compliance with debt covenant requirements, continued compliance with regulatory requirements, litigation and claims and disclosure of held-for-sale and discontinued operations following planned restructuring exercises.

Reappointment of external auditor

At the AGM on 2 May 2017, Ernst & Young Accountants LLP (EY) was reappointed as external auditor to audit the financial statements for 2018. At the upcoming AGM on 26 April 2018, it will be proposed to reappoint EY to audit the financial statements for 2019.

Nomination committee

The members of the nomination committee are Mr. Harrie Noy (chairman), Mr. Antonio Campo and Mrs. Anja Montijn.

In 2017, the committee met five times, mostly with the CEO and the corporate director human resources being present. The committee also met informally on several occasions. The recurring topics that were discussed included, among others, global human resources management, succession planning, leadership competencies, (re)appointments, annual assessment of the Board of Management and its individual members and the process for self-assessment of the Supervisory Board. A lot of time was spent on the selection process for a successor of Mr. Paul van Riel as CEO of the company. The committee made recommendations to the Supervisory Board regarding the reappointment of Maarten Schönfeld to the Supervisory Board and the appointment of Øystein Løseth to the Board of Management. The committee also discussed diversity within the company (including Supervisory Board and Board of Management).

Remuneration committee

The members of the remuneration committee are Mrs. Anja Montijn (chair), Mr. Harrie Noy and Mr. Antonio Campo.

In 2017, the committee met five times, mostly with the CEO and the corporate director human resources being present. Discussed were, among others, the remuneration report 2016, the annual bonus for the members of the Board of Management with respect to 2016 and the bonus targets for 2017, adjustment of the remuneration policy, the grant and allocation of performance shares following the adoption by the AGM on 2 May 2017 of the adjustments to the remuneration policy and the calculation method of internal pay-ratio's. Please refer to the remuneration report starting on page 93 for further details.

Composition and functioning of the Supervisory Board

The Supervisory Board has formulated a profile defining its size and composition, taking into account the nature of the company and its activities. The Supervisory Board has set the number of members of which the Supervisory Board shall consist at this moment at six. The current composition of the Supervisory Board (four men, two women) is in compliance with the requirement of at least 30% of each gender. The profile was updated in 2017 but no major changes were made. The composition of the Supervisory Board with the mix of knowledge, skills, experience and expertise of its members, is such that it fits the profile and strategy of the company and also fits the diversity policy (see page 73 of this annual report). Gender diversity is an important consideration in the selection process for Supervisory Board members. However, when considering vacancies, quality, expertise, experience, independence and nationality are equally important.

In the AGM held on 2 May 2017, Maarten Schönfeld, was reappointed for his second four-year term. He continued to be the vice-chairman of our board.

At the end of the upcoming AGM on 26 April 2018, the first four-year term of Antonio Campo and Douglas Wall will expire. Based on their valuable contribution in the past years, the Supervisory Board has decided to nominate them both for reappointment as members of the Supervisory Board.

The Supervisory Board attaches great importance to the independence of its members. All members of the Supervisory Board qualify as independent in the meaning of best practice provisions 2.1.7 to 2.1.9 inclusive of the Code. They do not carry out any other functions that could jeopardise their independence. The Supervisory Board members also comply with the requirement under section 2:142a of the Dutch Civil Code that they do not hold more than five supervisory board positions (including non-executive directorships at one tier boards) at certain “large” (listed) companies or entities. For the current composition of the Supervisory Board and its committees, please refer to pages 83 to 84 of this annual report.

The Supervisory Board undertakes a board self-evaluation on an annual basis. Once every three years an external, independent consultant is engaged to assist in the self-evaluation. As this was done in February 2017, we conducted the self-evaluation this year based on a questionnaire, which was completed by each Supervisory Board member and plenary discussed in an internal meeting. Attention was paid to the composition of our board, the functioning of our board and its three committees, the interaction with the Board of Management and lessons learned from certain events. The main conclusion of this process was that the Supervisory Board is operating well and that discussions are open and constructive.
The Supervisory Board consists of a good mix of competencies and experienced professionals. Several suggestions were made for further improvement. These suggestions relate, among other things, to paying more attention to permanent education, contacts with clients, spending more time on long term strategy including developments in digitisation and the impact on Fugro, continued focus on management development and succession planning and timely distribution of information.

Composition and functioning of the Board of Management

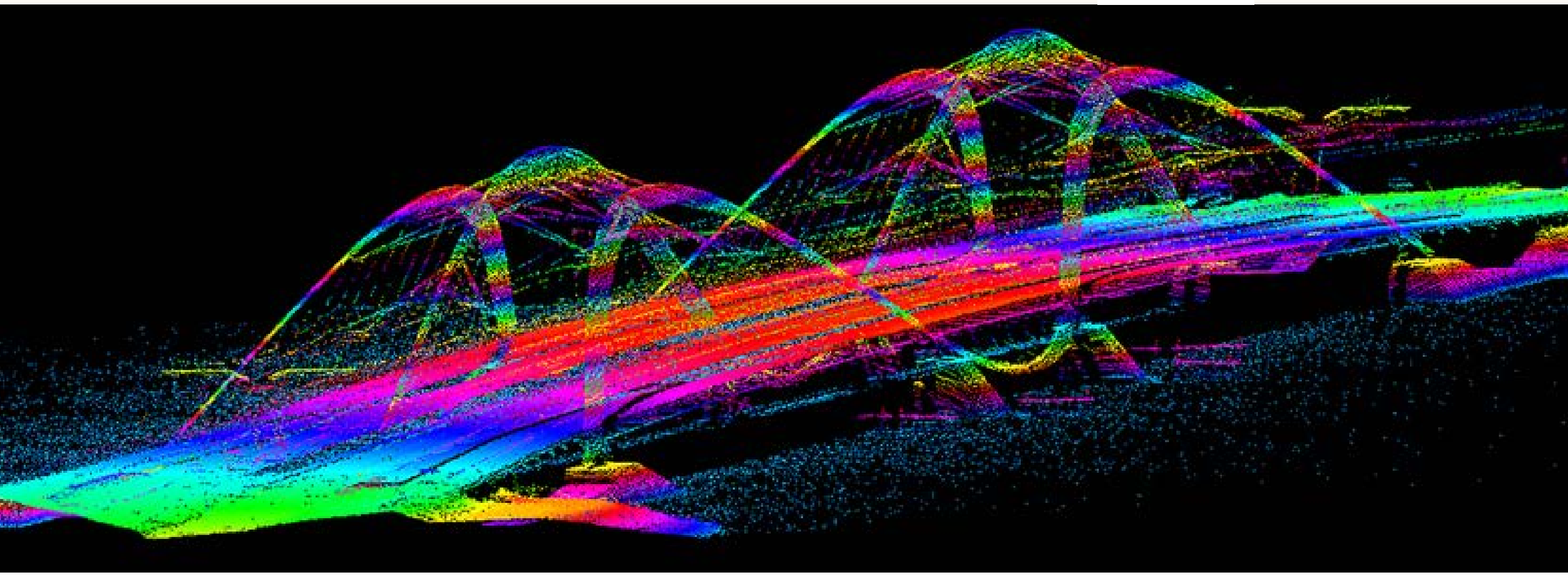
At the beginning of 2017 it had been decided to reduce the size of the Board of Management, as a logical consequence of the reduction in the number of divisions. Steve Thomson was therefore not nominated for reappointment at the AGM on 2 May 2017.

As announced on 16 October 2017, Fugro’s current CEO, Paul van Riel, will retire as planned at the end of his term at the upcoming AGM on 26 April 2017. He will be succeeded by Øystein Løseth who was appointed to the Board of Management as of 1 January 2018 by the EGM on 14 December 2017. We want to thank Paul for what he has done for Fugro and particularly for leading Fugro through one of the most difficult periods in its history. Under his leadership Fugro has been able to weather the unprecedented downturn in the oil and gas market while maintaining its strong market positions as independent services provider. We are pleased that with Øystein Løseth we have found a seasoned leader, with solid experience in the oil and gas market and a broader scope facilitating Fugro’s ambitions to further extend its business outside oil and gas.

At the end of the upcoming AGM on 26 April 2018, the four-year term of Fugro’s CFO, Paul Verhagen, will expire. In view of his performance and contribution to Fugro in the past four years, the Supervisory Board decided to nominate Paul Verhagen for reappointment for a four-year term.

The Supervisory Board evaluated the performance of the Board of Management and its members individually with input from the CEO. Following this, the nomination committee met with each member of the Board of Management and gave feedback on personal performance. Also, the personal targets for 2017 were evaluated and the functioning of the Board of Management as a team was discussed. The conclusions were discussed in an internal meeting of the Supervisory Board.

The size and composition of the Board of Management and the combined experience and expertise fit the profile and strategy of the company. The current composition meets the diversity criteria regarding age, nationality and background, but not regarding gender. See also pages 54 to 55 of this



Terrestial laser scan of bridge for lightrail traffic, IJburg, The Netherlands.

report. When vacancies arise, we will take gender diversity (again) into account, besides other criteria such as quality, expertise, experience and fit with the team. Equally important is the identification of female talent throughout the organisation and offering them development opportunities to grow into more senior management roles.

For the current composition of the Board of Management and information about its members, please refer to pages 83 to 84 of this annual report.

Final comments
Also last year, the continuing challenging oil and gas market has put considerable pressure on everybody in Fugro. Nevertheless, in our contacts with people in the organisation, we have experienced a strong dedication to the work we do for clients and a strong commitment to Fugro. This dedication and commitment are critical in weathering the current storm. We want to thank management and all employees for their contribution in this respect. With all the measures taken, the excellent people that Fugro has and the technical capabilities and innovations that we bring to our customers, Fugro is well positioned to benefit from a recovering oil and gas market and to grow its business outside this market.

Leidschendam, 21 February 2018

Harrie Noy, Chairman
Maarten Schönfeld, Vice-chairman
Antonio Campo
Petri Hofsté
Anja Montijn
Douglas Wall

REMUNERATION REPORT

This remuneration report has been prepared by the remuneration committee of the Supervisory Board. The responsibility of this committee is to prepare the decision-making of the Supervisory Board regarding the remuneration policy and the determination of the remuneration of individual members of the Board of Management within the framework of the remuneration policy and it assists and advices the Supervisory Board in this respect. The Supervisory Board is responsible for the implementation. The members of the remuneration committee are Anja Montijn (chair), Antonio Campo and Harrie Noy.

This remuneration report contains:

- Overview of the current remuneration policy and remuneration design for the Board of Management
- Remuneration of the Board of Management in 2017, based on application of the policy in 2017
- Overview of term of appointment of the members of the Board of Management
- Remuneration of the Supervisory Board
- Remuneration of the Board of Management in 2018

Further information on remuneration and on option and share ownership of members of the Board of Management is available in note 5.61.2 of the financial statements in this annual report, while note 5.61.3 contains more information on remuneration of the Supervisory Board members. The remuneration policy and the remuneration committees' charter, which is included in the Supervisory Board's rules, are posted on Fugro's website.

Remuneration policy that applies to the members of the Board of Management

The main objective of Fugro's remuneration policy is to attract, motivate and retain qualified management that is needed for a global company of the size and complexity of Fugro. The members of the Board of Management are rewarded accordingly. The remuneration policy aims at compensation in line with the median of the labour market reference group. Variable remuneration is an important part of the total package. The policy supports both short and long-term objectives, whereas the emphasis is on long-term value creation for Fugro and its stakeholders.

The current remuneration policy was first adopted by the AGM in 2014 and has since been adjusted twice, most recently by the AGM in 2017. When preparing the adjustments of the remuneration policy in 2017, the Supervisory Board considered (where applicable) the aspects as formulated in best practice provision 3.1.2 of the Code. The adjustments concerned:

- Introduction of a list of financial performance criteria for the short-term incentive (STI)
- Shift in the long-term incentive program (LTIP) to conditional performance shares only
- Introduction of a third performance measure in the LTIP focused on strategic challenges
- Adjustment of the moment on which grants under the LTIP are made.

The remuneration policy will be reviewed once every three years to verify its market conformity, potentially leading to adjustments. The last review took place at the end of 2016/ beginning of 2017. The last review took place in 2017 and the next review will in principle take place in 2020.

Labour market reference group

In preparing the remuneration policy and to determine the remuneration of the members of the Board of Management, the remuneration committee uses external benchmark information to assess market comparability of the remuneration. The labour market reference group consists of 14 Dutch listed companies of comparable scope with international/ global business activities. These are: Aalberts Industries, Accell Group, Aperam, Arcadis, ASM International, BAM Group, Boskalis, Brunel, Refresco, SBM Offshore, TKH Group, TomTom, Vopak and Wolters Kluwer. In addition, an international group has been used to assess market competitiveness within the sector, especially regarding short and long-term incentive levels

The Supervisory Board will periodically evaluate the composition of the labour market reference group, among others, in light of corporate events. Companies removed from the reference group will be replaced by other listed companies of comparable scope with international/global business activities.

Pay ratios

When formulating the remuneration policy, the pay ratios within Fugro are taken into consideration. In 2017 an independent external consultant was requested to review and analyse internal pay ratios and to provide the internal pay ratio between the CEO and the average of the employees for the year 2017. Based on the value of the actual long-term incentive awarded to the CEO in 2017, Fugro had a pay ratio of 13 (2016: 14), implying that the CEO pay was 13 times the average pay within the organisation. The average pay takes into account all employee costs, i.e. salaries, variable pay, pensions and other benefits. Based on the expected value of the CEO long-term incentive at target vesting, the pay ratio would have been 23 (2016: 22).

Analyses

In the design of the remuneration policy and in determining the remuneration of the members of the Board of Management, the Supervisory Board takes into account possible outcomes of the variable remuneration elements and how they may affect the remuneration. The level and structure of the remuneration are designed by taking into consideration these scenario analyses, internal pay differentials, development of the market price of the Fugro shares and the performance indicators relevant to the long-term objectives of the company, as included in the strategic agenda. The remuneration structure and elements do not encourage risk taking that is not in line with Fugro's strategy and risk appetite. The remuneration committee takes note of individual Board of Management members' views with regard to the amount and structure of their own remuneration.

Share ownership guidelines

The Supervisory Board encourages the Board of Management to hold shares in Fugro to emphasise their confidence in Fugro and its strategy. Since 2014 minimum share ownership guidelines are applicable. For the CEO this amounts to 250% of fixed base salary and for the other members of the Board of Management this amounts to 125% of fixed base salary. The build-up period equals 5 years.

Claw back and value adjustment

Pursuant to section 2:135 paragraph 6 of the Dutch Civil Code, the Supervisory Board is authorised to adjust a variable remuneration component to an appropriate level if payment of that variable remuneration component would be unacceptable according to standards of reasonableness and fairness. Pursuant to section 2:135 paragraph 8 of the Dutch Civil Code, Fugro is authorised to claw back a variable remuneration component in full or in part to the extent the payment was made on the basis of incorrect information with respect to the achievement of the targets on which the variable remuneration component was based or with respect to the circumstances on which this variable remuneration component was dependent.

Remuneration design

The remuneration of the Board of Management consists of the following four elements:

- Fixed base salary
- Short-term incentive (STI), consisting of an annual cash bonus opportunity
- Long-term incentive (LTI), consisting of conditional performance shares*
- Pension and other benefits.

* Since 2014 and until 2017, the LTI consisted of a mix of performance shares and performance options. In line with market practice, the form of conditional awards has been changed from a mix of performance shares and options to conditional awards in the form of performance shares only. This was approved by the AGM in 2017.

The principles of the remuneration policy are cascaded to the next senior management level.

Fixed base salary

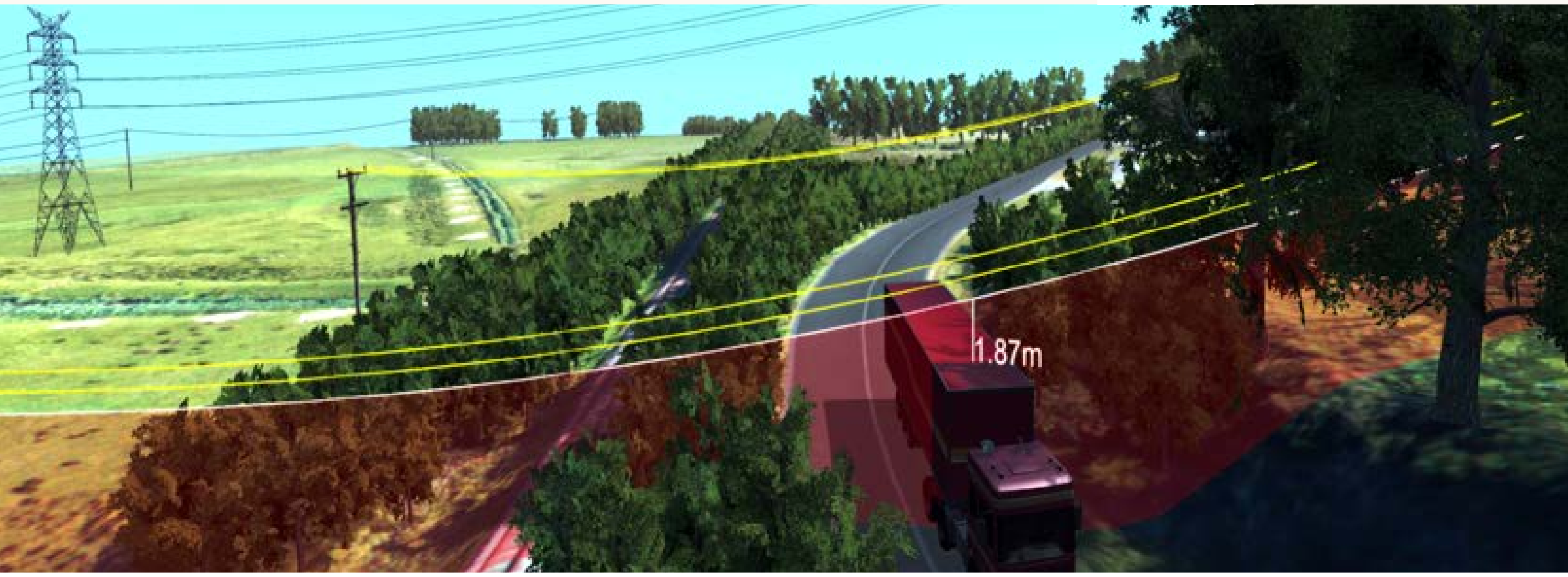
Fixed base salaries of the members of the Board of Management are determined by the Supervisory Board (based on advice of the Remuneration Committee) and set in line with the median of the labour market reference group. Once a year, the Supervisory Board determines whether, and if so, to what extent the base salaries will be adjusted. At least once every three years, the outcome of external benchmarking by an independent consultant is taken into consideration. In view of market developments and Fugro's performance, base salaries have not been increased since 2015.

Short-term incentive (STI)

Each member of the Board of Management is eligible for an annual bonus. The bonus may vary from 0% to 100% of fixed base salary, with 67% being applicable when targets are achieved. The STI is linked to financial targets (75%) and to non-financial (personal) targets (25%). The non-financial targets give the possibility to include health and safety, corporate social responsibility, personal development goals, etc. into the bonus program.

At the beginning of each financial year, the Supervisory Board will set the targets, based on the budget and taking into account the strategy aspirations. In respect of the financial targets, three to four financial metrics will be selected from the following list:

- Earnings per share (EPS)
- EBIT margin
- Working capital
- Cash flow
- Net debt
- Organic revenue growth.



Modeled network visualisation of power lines.

The Supervisory Board will also determine the relative weighting for the selected financial metrics and the applicable performance zones for each target (financial and non-financial). These performance zones determine: (i) the performance level below which no pay-outs are made; (ii) the performance level at which 100% pay-out is made; and (iii) the performance level at which the maximum pay-out of 150% is made. There will be no overshoot possibility for the non-financial targets. The maximum multiplier for the financial targets is therefore 1.67. The Supervisory Board ensures that the targets are challenging, realistic and consistent with Fugro's strategic goals. Achievement of the targets is determined by the Supervisory Board and the bonus, if any, is paid after adoption by the AGM of the financial statements.

Long-term incentive (LTI)

To strengthen the alignment with shareholder's interests, the LTI consists of performance-related shares which are conditionally granted annually to members of the Board of Management (and to other senior management). These shares vest after three years, conditional on the achievement of predetermined targets, which are focused on long-term value creation. Vesting is also subject to continuous employment with exceptions in connection with retirement, long-term disability and death.

The number of granted performance shares is set for a period of three years. The principle being that the expected value as percentage of fixed base salary of the members of the Board of Management is as follows: CEO 100%, CFO 90% and other members 80%. As the previous three-year period was finished in 2017, a new three-year period will start with the granting early 2018.

Grants under the LTI are made in the open period immediately following the publication of the annual results. The performance period is from 1 January of the year of granting to 31 December three years later. The next grant will be at the beginning of March 2018 (after publication of the 2017 annual results), with the number of conditionally granted performance shares being based on the average share price of the Fugro shares in the last quarter of 2017.

The maximum number of shares that can vest after three years equals 175% of the conditionally granted number of shares (only in the case that maximum performance is achieved on all criteria). The criteria used for vesting and their relative weight are as follows:

- Total shareholder return (TSR): 37.5%
- Return on capital employed (ROCE): 37.5%
- Strategic target: 25%.

TSR is defined as the share price increase, including reinvested dividends. TSR is measured over a three-year (calendar year) period based on a three-month average of the last three months of the year before grant and before vesting date. The relative position within the peer group determines the award level. The composition of the peer group is evaluated on a yearly basis, amongst others, in light of corporate events, and comprises of: Arcadis, Boskalis Westminster, Core Laboratories, Fluor, John Wood Group, Oceaneering International, Schlumberger, Subsea 7, TechnipFMC, Transocean and WorleyParsons.

Total shareholder return ranking (weight: 37.5%)	Vesting (% of conditional award)
1	175%
2	150%
3	125%
4	100%
5	75%
6	50%
7	25%
8-12	0%

The Supervisory Board will set each year at granting the performance criteria with respect to ROCE, taking into account the ROCE target for the year of vesting. Return will be based on NOPAT, excluding impairments; capital employed will be corrected for impairments (these will be set back when applying the vesting criteria).

The strategic target has been added as strategic targets are an important driver for long-term value creation. Each year at granting, the Supervisory Board will set a strategic target to be achieved in the coming three-year period. These targets will be derived from Fugro's strategy to create long-term value for its shareholders and other stakeholders. Examples would be a target related to Fugro's long-term goal to develop more business opportunities outside the oil and gas market or a target related to new business development based on innovative technology.

Achievement of the performance targets is determined by the Supervisory Board in the first quarter of the year following the three-year performance period. The vesting period starts at the first day following the grant date. Vested shares have a holding (lock-up) period of 2 years and may be partly sold only to meet tax requirements at vesting. The holders of performance shares are not entitled to shareholders' rights, including the right to dividends, during the period between granting and vesting.

Pension and other benefits

The pension contribution for the members of the Board of Management is in line with market practice. In accordance with Dutch law, tax deductible pension accruals are only possible for the part of salary up to EUR 103,317 (2017). Members of the Board of Management are compensated by a non-tax deductible, age dependent pension contribution, which allows building up pension out of net salary, resulting in pension costs for Fugro at a similar level as before the legislative changes per 1 January 2015.

The fringe benefits of the members of the Board of Management are commensurate with the position held and include expense and relocation allowances, a company car and health and accident insurance.

Fugro does not grant loans, advance payments or guarantees to members of the Board of Management.

Remuneration Board of Management 2017

Fixed base salary

In 2017 (as well as in 2016 and in 2015), fixed base salary of the members of the Board of Management was not increased.

Short-term incentive

2016 (paid in 2017)

Based on input from the remuneration committee, in February 2017, the Supervisory Board discussed the achievement of the targets and the grant of bonuses to the members of the Board of Management. The Supervisory Board concluded – also based on advice of the Board of Management itself – that rewarding bonuses based on the performance of Fugro in relation to the financial targets set for the year, would result in bonuses that would not be justifiable, given the negative earnings per share and the still difficult market circumstances that Fugro is experiencing. In view of what has been achieved in 2016 despite these difficult circumstances, the Supervisory Board decided to grant a bonus based on achievement of 100% of the personal targets, leading to a bonus of 16.7% of base salary. In addition, 5% of base salary was added to reward the strong performance in working capital, resulting in a total bonus pay-out of 21.7% of base salary.

2017 (to be paid in 2018)

On 21 February 2018, the Supervisory Board discussed the achievement of the targets and the grant of bonuses to the members of the Board of Management. The financial metrics applied for the STI in 2017 were adjusted EBIT margin (weight 35%), working capital percentage (weight 20%) and adjusted cash flow (weight 20%). In view of the overall financial performance, the Supervisory Board, based on the advice of the remuneration committee, decided that no bonus will be paid on the financial targets. As the personal (non-financial) targets were met, the Supervisory Board decided to pay 16.7% of base salary to the eligible members of the Board of Management. The Supervisory Board will propose to the AGM on 26 April 2018 to pay the bonus amounts in a fixed number of restricted shares in Fugro (based on a share price of EUR 12 per share) on 1 May 2018 as follows: Mr. Van Riel 8,300 shares, Mr. Verhagen 6,250 shares, Mr. Heine 6,250 shares and Mr. Bouffard 6,250 shares. The shares will have a vesting period of 3 years and thereafter a holding (lock-up) period of 2 years. An exception is made for Mr. Van Riel who will retire after the AGM. His shares won't have a vesting period, but a holding (lock-up) period of 3 years. Further details will be available in the explanatory notes to the agenda for the AGM on 26 April 2018.

Remuneration overview	P. van Riel CEO		P.A.H. Verhagen CFO		B.M.R. Bouffard Director Land division		M.R.F. Heine Director Marine division		S.J. Thomson	
(x EUR)	2017	2016	2017	2016	2017	2016	2017	2016	2017 [3]	2016
Fixed base salary	600,000	600,000	450,000	450,000	450,000	339,312[1]	450,000	450,000	160,086	450,000
Short-term incentive (STI) [2]	99,600	130,200	75,000	97,650	75,000	73,630	75,000	97,650	n/a	97,650
Pension costs including disability insurance and related costs	43,129	41,315	59,032	42,362	43,385	34,057	43,505	27,335	50,481	34,268
Pension compensation	98,847	95,135	75,936	75,708	65,605	40,674	59,618	58,545	53,216	89,908

1 Mr. Bouffard joined Fugro as of 15 March 2016 and was appointed to the Board of Management as of 29 April 2016. The information shown above covers the period as of 15 March 2016.
2 STI 2016, paid in 2017; subject to AGM approval, STI 2017 will be paid in a fixed number of restricted shares on 1 May 2018, based on a price of EUR 12 per share. See text above this table for further details.
3 Mr. Thomson was not nominated for reappointment and stepped down from the Board of Management on 2 May 2017. His management services agreement ended on 31 July 2017. Mr. Thomson was entitled to a severance compensation equal to one year's fixed gross salary (EUR 450,000). This amount was paid in August 2017.

Long-term incentive

Until 2014, the LTI for the members of the Board of Management and other senior management consisted of unconditional options with a vesting period of three years and a lifetime of six years. As of 2014, the LTI consisted of a mix of performance shares and performance options. These have been awarded per 31 December 2014, 2015 and 2016. As of 2017, the form of conditional awards has been changed – in line with market practice – from a mix of performance shares and performance options to conditional awards in the form of performance shares only. Furthermore, the moment on which LTI grants are made has been shifted to the open period immediately following the publication of the annual results, instead of as per 31 December. As a result, the awards at the end of 2017 have been shifted to 1 March 2018. These changes as of 2017 have been approved by the AGM in 2017.

The following table shows an overview of unconditional options, still outstanding under the 'old' unconditional option plan, held by members of the Board of Management who were in office in 2017. As of 2014 no unconditional options were granted anymore to members of the Board of Management.

Unconditional options	P. van Riel	P.A.H. Verhagen	B.M.R. Bouffard	M.R.F. Heine	S.J. Thomson [1]
Outstanding on 31 December 2016	168,000	30,000	n/a	42,500	111,000
Exercised in 2017	0	n/a	n/a	0	0
Expired with no value on 31 December 2016	(53,000)	n/a	n/a	(6,000)	(111,000)[2]
Outstanding on 31 December 2017	115,000	30,000	n/a	36,500	0

1 Mr. Thomson stepped down from the Board of Management on 2 May 2017.
2 These options have expired automatically on 1 September 2017 (1 month after expiration of Mr. Thomson's management services agreement on 31 July 2017).

The following table shows an overview of performance shares and performance options held by members of the Board of Management who were in office in 2017.

Performance shares and options	P. van Riel	P.A.H. Verhagen	B.M.R. Bouffard	M.R.F. Heine	S.J. Thomson [1]
Performance shares					
Outstanding on 31 December 2016	45,000	33,750	11,250	31,000	33,750
Outstanding on 31 December 2017 [2]	45,000	33,750	11,250	31,000	17,811
Performance options					
Outstanding on 31 December 2016	90,000	67,500	22,500	62,000	67,500
Outstanding on 31 December 2017 [2]	90,000	67,500	22,500	62,000	35,625

1 Mr. Thomson stepped down from the Board of Management on 2 May 2017. If and insofar as these performance options and performance shares will vest, they will vest prorated based upon the number of full months that elapsed between the grant date and the date on which the management service agreement has ended (30 July 2017), divided by thirty-six (36) months. Prorated vesting has already been taken into account in these numbers.

2 The performance shares and performance options granted as per 31 December 2014 would have vested on 1 March 2018. On 21 February 2018, following the advice of the remuneration committee, the Supervisory Board decided that the targets for vesting of both these performance shares and performance options have not been achieved because the ROCE target (50% weight) was below the threshold and the TSR (50% weight) ranking was above 7. As a result, these performance shares and performance options will not vest on 1 March 2018 and expire.

The following table shows an overview of shares held by members of the Board of Management who were in office in 2017.

Shares held	P. van Riel	P.A.H. Verhagen	B.M.R. Bouffard	M.R.F. Heine	S.J. Thomson
Number of shares on 31 December 2017	190,876	19,980[1]	7,000	6,100	13,733

1 Includes 7,980 shares with a holding (lock-up) period of 2 years until 31 December 2018.

Other benefits

The additional benefits remained unchanged in 2017.

Term of appointment of members of Board of Management

When members of the Board of Management are nominated for (re)appointment, the nomination is for a maximum period of four years. The current appointments expire as follows:

P. van Riel (CEO) [1]	AGM 2018
P.A.H. Verhagen (CFO) [2]	AGM 2018
M.R.F. Heine	AGM 2019
B.M.R. Bouffard	AGM 2020
Ø. Løseth [3]	AGM 2022
S.J. Thomson [4]	AGM 2017

1 Mr. Van Riel will step down at the AGM on 26 April 2018. He will be succeeded by Mr. Løseth as CEO.

2 Mr. Verhagen is nominated for reappointment at the AGM on 26 April 2018.

3 Mr. Løseth has been appointed as of 1 January 2018 by the EGM held on 14 December 2017. He will succeed Mr. Van Riel as CEO at the AGM on 26 April 2018.

4 Mr. Thomson was not nominated for reappointment and stepped down at the end of the AGM on 2 May 2017.

Severance payments

Severance payment to members of the Board of Management is limited to one year's fixed base salary and in principle is applicable in the event of termination or annulment of the management services agreement unless this is for cause. This severance payment is also applicable when the termination is justified by such change of circumstances that the members of the Board of Management cannot reasonably be expected to continue the performance of their function/ services as a statutory director of Fugro. This may be the case, for example, if Fugro is liquidated, is merged with or taken over by a third party, is subject to an important reorganisation or to a major change of policy.

In 2017 a severance compensation of one year's fixed base salary was paid to Mr. Thomson when he was not nominated for reappointment at the AGM in 2017, and his management services agreement ended. Mr. Thomson was entitled to this compensation in accordance with his management service agreement.

Remuneration Supervisory Board in 2017
The remuneration of the Supervisory Board was determined by the AGM in 2011. The remuneration is not dependent on the results of Fugro. Supervisory Board members may not be awarded remuneration in the form of shares and/or rights to shares. Fugro does not grant loans, advance payments, guarantees, shares or rights to shares to Supervisory Board members. None of the Supervisory Board members holds shares or rights to shares in Fugro.

The fixed fee for the Chairman of the Supervisory Board is EUR 70,000 and EUR 55,000 for the vice-chairman. The other members of the Supervisory Board each receive a fixed fee of EUR 50,000. Audit committee, nomination committee and remuneration committee membership is awarded EUR 8,000 per member and EUR 10,000 for the chairman. In addition, Supervisory Board members that live or have business in the United States receive an attendance allowance of EUR 5,000 per physical meeting to compensate for the additional time commitment due to travelling when meetings are held outside the US.

No proposal to increase the remuneration for Supervisory Board members will be submitted to the AGM in 2018.

The following table provides an overview of the remuneration awarded to Supervisory Board members in 2017.

Remuneration overview (x EUR)	Fixed fee	Membership committee	Attendance allowance	Total
H.L.J. Noy (chairman)	70,000	10,000	–	80,000
J.C.M. Schönfeld (vice-chairman)	55,000	10,000	–	65,000
A.J. Campo	50,000	8,000	30,000	88,000
P.H.M. Hofsté	50,000	8,000	–	58,000
A.H. Montijn	50,000	10,000	–	60,000
D.J. Wall	50,000	8,000	30,000	88,000

Remuneration Board of Management 2018
Fugro's current CEO, Mr. Paul van Riel, will retire as planned at the end of his term at the AGM on 26 April 2018. In view of attracting a new CEO, an independent external consultant was requested to conduct a remuneration level benchmark against the labour market reference group. Based on the outcome of this benchmark, a fixed base salary of EUR 660,000 gross per year has been agreed with Mr. Øystein Løseth when he succeeds Mr. Paul van Riel as CEO of Fugro. Mr. Løseth has been appointed as of 1 January 2018 and his fixed base salary amounts to EUR 450,000 gross per year until his appointment as CEO.

Fugro's CFO, Mr. Paul Verhagen, will be nominated for reappointment at the upcoming AGM. Based on the outcome of the benchmark, his fixed base salary will be increased as of his reappointment to EUR 500,000 gross per year, to bring it more in line with the market.

No further changes are foreseen in 2018.

Leidschendam, 21 February 2018

On behalf of the remuneration committee
Anja Montijn, Chair