REPORT OF THE SUPERVISORY BOARD

SUPERVISORY BOARD

Name **Harrie L.J. Noy** (1951)
Function Chairman
Committee Chairman nomination committee, member remuneration 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 of 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 of ARCADIS N.V., member Board Foundation Vopak, 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 2022

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.

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 of Rabobank, Achmea B.V. and Achmea Investment management, Kas Bank and member of the Board 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, among others 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 2022

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 and the United States of America.

Other functions Member Board of Directors of Select Energy Services, LLC.

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

SUPERVISORY BOARD REPORT

After four years in which Fugro had to deal with an unprecedented downturn in the oil and gas market, resulting in a revenue decline of around 40%, in 2018 this market finally started to recover. This was mostly reflected in the early cyclical marine site characterisation business. That business also benefitted from continuing strong growth in the offshore wind market, a rapidly expanding market in which Fugro, thanks to its technical capabilities and reputation, has a very strong position. These developments were the main reason that Fugro for the first time in several years could again report growth of revenues, close to 20% on a comparable basis.

In our discussions with the Board of Management we gave a lot of attention to the financial performance of the company. We are pleased that after the severe operational loss in 2017, Fugro was able to report a slightly positive EBIT with a margin close to 1%. However, in view of the strong revenue growth and all the performance improvement measures taken in the past years, this was still somewhat disappointing. The main reasons were the slow pace of recovery in oil and gas, price pressure in the offshore services market and the poor performance of Seabed Geosolutions ('Seabed'). Cash flow was negative mainly due to the strong growth and related working capital needs and the poor performance of Seabed. We agree with management's policy of selective tendering by giving priority to margin instead of growth.

As demand for oil and gas is still growing and existing resources get depleted, the general expectation is that the offshore oil and gas market will further recover gradually. The need to reduce carbon dioxide emissions will continue to create ample opportunities for Fugro in the offshore wind market, not only in Europe, but also in the United States and Asia. The infrastructure and building markets are still growing in most countries where Fugro is active. Geopolitical developments might have a negative impact on the global economy and therefore on the markets in which Fugro operates, but overall the market outlook for Fugro seems positive.

Although the oil and gas market is recovering, the situation that Fugro was used to before the downturn began, will not return. In view of the changed market circumstances and the rapidly growing impact of digitalisation, we welcomed management's initiative to update the strategy of the company. This became a key item in our discussions during 2018. In October we approved the updated strategy 'Path to Profitable Growth' and we noted that this strategy was well received at the Capital Markets Day in November.

We also regularly discussed with the Board of Management the financial condition of the company and the near-term outlook. During the year and at year-end, the company was able to meet its financial covenants, despite the additional working capital needed to finance the growth. Nevertheless, the room for investments to expand the company, also by making use of acquisition opportunities that regularly come up, is limited. After five years of negative net earnings, equity has been eroded. Therefore, further restoring profitability with a focus on positive net earnings, steering on cash flow and reducing net debt are key priorities for 2019. We fully support management's efforts to divest non-core assets, including Fugro's interests in Global Marine, Seabed and in Australian exploration projects.

2018 Financial statements and dividend

This annual report includes the 2018 financial statements, which are accompanied by an unqualified external auditor's report of Ernst & Young Accountants LLP (see the external auditor's report starting on page 181). 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 21 February 2019, the audit committee discussed the draft financial statements with the CEO, 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 22 February 2019, we discussed the annual report, including the 2018 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 external auditor's report and the quality of internal risk management and control systems.
We concluded that we agree with the 2018 financial statements.

We recommend that the annual general meeting (AGM), to be held on 26 April 2019, adopts the 2018 financial statements. In addition, we request that the AGM grants discharge to the members of the Board of Management in office in the 2018 financial year for their management of the company and its affairs during 2018, 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 results no proposal will be submitted to pay a dividend for 2018.

Health and safety

We consider health and safety of critical importance for Fugro and its people. We highly regret that Fugro had to report two fatalities in 2018: a car accident during commuting and a diving accident during work. These were both tragic accidents that were experienced as a shock. We extensively discussed both accidents with management and we supported the way these were handled and the actions taken.

These accidents show that safety needs continuous attention. To show our commitment in this respect, 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 were experiencing a levelling off in the rate of improvement of safety indicators. In 2017 safety performance did not improve, but remained more or less at the same level compared to 2016. We are pleased that in 2018, the safety indicators again show an improvement, although this improvement is overshadowed by the two fatalities that the company had to report.

In our discussions with management, we noted that management takes health and safety very seriously and considers it a key priority for Fugro. This is also apparent from the worldwide safety stand down, an all company event where large groups of Fugro employees were brought together in office locations, vessels and worksites to discuss safety extensively, with the main goal to increase safety awareness.

Strategy

Fugro's previous strategy 'Building on Strength' was introduced in 2014 to deal with the deteriorating market circumstances in the oil and gas market. It meant focusing on core activities where Fugro has global market leading positions and adjusting the company wherever possible to weather the storm caused by the downturn in oil and gas. This included building a more client centric organisation, continuously reducing costs, lowering working capital, curtailing investments and divesting non-core assets.

As market circumstances are changing, it was logical that the Board of Management in April 2018 took the initiative for a strategy update. As Supervisory Board we were strongly involved. In May/June all members were interviewed individually to reflect on a 'photo' of Fugro's current situation and to share their views on the main challenges the company is facing. In our August meeting we had a discussion with management on the key issues that needed to be addressed and potential directions to be pursued. In our September offside meeting, management presented a first outline of the updated strategy, including financial targets for the coming period and in an extensive discussion we gave our feedback. In our October meeting, the draft strategy was presented to us and after discussion we approved the 'Path to Profitable Growth' strategy, including the financial mid-term targets for the period 2021 – 2023.

In our view, Fugro is well positioned for the three main objectives of the strategy: capturing the upturn in energy and infrastructure, differentiating by integrated digital solutions and leveraging core expertise in new growth markets. We consider the first objective key for improving the financial condition of Fugro and for providing the financial means to really make progress on the other two objectives. As the world's leading geo-data specialist, Fugro can strongly benefit from digitalisation, also because it helps to strengthen the relationship with customers. By using its core capabilities in focused efforts, the company will be able to enter and expand into new growth markets.

We reviewed the in-depth scenario analysis which management had performed regarding the development of revenues and margins. This shows that the company will be able to deleverage its balance sheet to a net debt to EBITDA ratio below 1.5, also helped by the less capital intensive business model as the basis of the strategy going forward. Achieving the targets and the timing will of course also depend on market circumstances. This will be closely monitored. Regular review of the implementation and execution of the strategy will be high on our agenda in the coming years.

Management structure

In the past five years, Fugro has been transformed from a highly decentralised organisation with rather autonomous operating companies to a much more cohesive company with two divisions, Land and Marine, and a regional structure within each of these divisions. This much more client centric organisation enabled the company to deliver integrated service packages to customers and to streamline systems and processes resulting in substantial cost savings.

Within the framework of the strategy update process, we also discussed with the Board of Management Fugro's organisational and operating model. This led to the decision in January 2019, to further simplify the top structure by introducing a regional model with four regions, directly reporting to the Board of Management. In addition, an executive leadership team will be established which will comprise, besides the Board of Management, four regional directors and a few functional directors. This new structure is meant to enhance alignment in the top, to accelerate strategy implementation by creating more focus on the strategic and operational priorities and to get additional synergies, efficiencies and cost savings by combining the land and marine activities in four regions. It is the intention to implement the new structure in May 2019.

Supervisory Board activities and meetings

During 2018, the Supervisory Board met nine times jointly with the Board of Management. Six regular scheduled meetings were held, all of which were preceded and/or concluded by internal meetings without the Board of Management being present. In addition, four extra meetings were held, partly by conference call, of which three jointly with the Board of Management and one without the Board of Management being present. None of the Supervisory Board members was absent from the Supervisory Board regular scheduled meetings. When necessary or useful, outside of the meetings the chairman was in regular contact with his colleagues, the CEO and other members of the Board of Management and the company secretary.

Supervisory Board meetings attendance record

	SB	AC	RC	NC
Harrie Noy	10/10	–	4/4	4/4
Maarten Schönfeld	9/10	5/5	–	–
Antonio Campo	9/10	–	4/4	4/4
Petri Hofsté	10/10	5/5	–	–
Anja Montijn	10/10	–	4/4	4/4
Douglas Wall	10/10	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. All Supervisory Board members receive 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 Board member 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, strategy, 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, HSSE and (update on) key projects including acquisition possibilities. 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 reductions, capital expenditures, working capital, cash flow, financial scenario's and their impact on Fugro's financial headroom under its covenants, were intensively considered and discussed. We also discussed the possible consequences of the Brexit.

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 and approved a proposed tender for a large project, including the related capital expenditures.

In our regular February meeting the annual results 2017 and related items were discussed in the presence of the external auditor (EY). We discussed the outcome of an internal risk assessment workshop and Fugro's risk management framework was presented. The annual report 2017 and the draft agenda for the 2018 AGM were approved. We also discussed contingency plans for the divisions in the event that the downturn in the oil and gas market would continue in 2018. We approved the remuneration report 2017. We decided to propose the external auditor (EY) for reappointment. We received a presentation on HSSE safety performance in 2017. The director corporate strategy & communication presented his roadmap for 2018, which included the time line for the strategy update process.

In an internal meeting, we discussed and approved the proposal of the remuneration committee regarding the remuneration and the annual bonus 2017 for the members of the Board of Management and the bonus targets for 2018. We noted and decided that the targets for vesting of the LTIP 2014 had not been achieved and that, as a result, the performance options and shares would not vest on 1 March 2018 and would therefore expire/lapse.

In April we discussed the first quarter results and we were updated on various key projects. We took note of the HSSE plan for 2018. We received an update on Fugro's compliance program. Management responsible for Africa presented a post-acquisition analysis regarding the acquisition of Geofor (in 2014) and we discussed lessons learned. We also prepared for the 2018 AGM.

In a conference call in June we discussed the May results and we received an update on the ongoing strategy update process. We concluded that the process had started off well.

At the end of July, the half-yearly report 2018 was discussed and approved. The external auditor (EY) attended the financial part of the meeting. We also received an update on the finance roadmap and an overview of the finance leadership team. In a separate dinner meeting we discussed the strategy update.

In September, we had intended to visit operations in Singapore and Hong Kong but we decided to cancel this visit to save costs. Instead, we had a three-day 'off-site' meeting in the Netherlands in combination with a site visit to two projects. Various senior management and staff gave presentations on a number of topics. A large part of the meeting was dedicated to discussions on Fugro's (updated) strategy and long-term value creation model, with several senior managers also participating in part of these discussions. The 'off-site' visits 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.

At the end of September, we had several conference calls, without the Board of Management being present, to discuss CEO succession as Mr. Øystein Løseth had informed the Supervisory Board that he wanted to step down from the Board of Management for personal reasons.

In October, we discussed the third quarter results. We discussed and approved the (updated) strategy and the financial mid-term targets for 2021-2023. We noted that the strategy as formulated by the Board of Management was (also) in line with the requirements of the Code and the same applied with respect to the (early) involvement and the role of the Supervisory Board in the whole strategy update process. Two employees from Fugro's young talent pool gave a presentation on their activities and experiences at Fugro.

In a conference call at the end of November we discussed the October results and the preliminary annual budget for 2019. We gave our feedback on the targets for 2019.

In December, we approved the annual budget and the operational plan for 2019. We also discussed refinancing and possible changes to the regional organisation and management. We received a presentation on one of the windfarm projects Fugro is involved in and were impressed by the strong position Fugro has in this market.

Supervisory Board committees
The Supervisory Board has three permanent committees from amongst its members: an audit committee, a nomination committee and a remuneration committee. The function of these 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 members of the audit committee are Mr. Maarten Schönfeld (chairman), Mrs. Petri Hofsté and Mr. Douglas Wall. Collectively the members possess the required experience and financial expertise. Two members (Mr. Schönfeld and Mrs. Hofsté) have specific expertise in financial reporting and the review of financial reports.

In 2018, the audit committee met five times. 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.

One time, the 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 the annual financial statements and the quarterly and half-yearly results, working capital, risk management and control, the internal audit plan, internal audit reviews, reports of the external auditor, taxation, insurance, IT (including cyber security and the phased roll out of a global IT system for commercial, finance, procurement and project management), treasury, claims and disputes, compliance, planning of the external auditor, follow-up group audit management letter and the annual budget. Many of these topics were presented by the responsible managers.

In February, the audit plan for 2018 was reviewed and approved. Throughout the year, the key audit matters as identified by the auditor were discussed. These key audit matters were: availability of financing and compliance with debt covenant requirements; changes in internal reporting structure resulting in re-identification of reporting segments and re-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; and estimates in respect to deferred tax assets.

Furthermore, the functioning of the internal risk management and control system and specific risk areas, such as currency exchange exposures, were discussed. In addition, the finance roadmap and the compliance and due diligence processes regarding agents were discussed. Considerable time was spent on bank covenant scenarios, (possible) impairments and other one-offs and on capital expenditure.

The audit committee was briefed by the external auditor on relevant developments in the audit profession, especially those related to new IFRS reporting standards. The committee met with the external auditor without the Executive Board being present and reported to the Supervisory Board on the performance of and the relationship with the external auditor. Furthermore, the chairman of the committee regularly communicated on a one to one basis with the external auditor.

It is a regular practice that the audit committee shares its main deliberations and findings in the Supervisory Board meeting following the audit committee meeting. In the reporting to the Supervisory Board, the information as referred to in best practice provision 1.5.3 of the Code is taken into account.

Reappointment of external auditor
At the AGM on 26 April 2018, Ernst & Young Accountants LLP (EY) was reappointed as external auditor to audit the financial statements for 2019. At the upcoming AGM on 26 April 2019, it will be proposed to reappoint EY to audit the financial statements for 2020.

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

In 2018, the committee met four times, mostly with the CEO and the global director human resources being present.

The committee also met informally on several occasions. The 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.

At the end of September 2018, the committee was heavily involved in the situation that arose when Mr. Løseth informed the chairman that he wanted to step down from the Board of Management for personal reasons. The nomination committee had several discussions with all members of the Board of Management individually and recommended the appointment of Mr. Mark Heine as the CEO per 1 October 2018.

Remuneration committee

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

Both the remuneration and the nomination committee prepare the Supervisory Board's duties in its role as the employer of the Board of Management.

In 2018, the committee met four times, mostly with the CEO and the global director human resources being present. The committee also met informally on several occasions. Discussed were, among others, the remuneration report 2017, the annual bonus for the members of the Board of Management with respect to 2017 and the suggestion to pay this bonus in restricted shares, the bonus targets for 2018, the vesting of performance options and shares under the LTIP 2014, the settlement of the resignation of Mr. Løseth and Mr. Heine's remuneration package as from 1 October. Please refer to the remuneration report starting on page 91 for more and 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 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 for further information on composition and diversity, pages 82 – 83 of this annual report).

In the AGM held on 26 April 2018, both Antonio Campo and Doug Wall were reappointed for a second four-year term.

At the end of the upcoming AGM on 26 April 2019, the first four-year term of both Petri Hofsté and Anja Montijn 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. None of the criteria as referred to in best practice provision 2.1.8 is applicable to any one of the Supervisory Board members and 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.

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 discussed with the full board 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 overall conclusion from this process was that the Supervisory Board is operating well and that discussions are open and constructive. The strong involvement of the Supervisory Board in the strategy update process was highly appreciated. It was also noted that the Board of Management has an open attitude towards the Supervisory Board. Key areas of supervision such as strategy, business and financial performance and risk management are well covered. Several suggestions were made for further improvement. These relate, among other things, to paying more attention to permanent education, to have more in depth discussions on the competitive environment and opportunities of digitalisation, timely provision of information, continued focus on management development and succession planning for the Supervisory Board.

Composition and functioning of the Board of Management

Paul van Riel stepped down as CEO and retired as planned at the end of his term at the AGM on 26 April 2018. At his farewell reception on 31 May 2018 in the Oude Kerk Delft, attended by many relations, clients and present and former Fugro staff, we thanked him for what he has done for Fugro and particularly for leading Fugro through one of the most difficult periods in its history. He was succeeded as CEO by Øystein Løseth who was appointed to the Board of Management as of 1 January 2018 by the EGM on 14 December 2017.

At the end of September 2018, we were informed by Øystein Løseth that he had decided to resign per the end of 2018 due to personal reasons. He stepped down as CEO and chairman of the Board of Management per 1 October 2018 and acted as an advisor until the end of 2018. His decision came as a surprise and although we regretted that he resigned so soon after joining Fugro, we had to respect his decision. We were very pleased that we were able to announce the appointment of Mark Heine as CEO and chairman of the Board of Management per 1 October 2018. Mark has been a member of the Board of Management since May 2015 and in recent years he has proven to possess the leadership skills to bring Fugro to the next phase. He took full ownership of the strategy update process and led the presentation at the Capital Markets Day in November 2018 very well.

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 2018 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.

At the end of the upcoming AGM on 26 April 2019, the four-year term of Fugro's CEO, Mark Heine, will expire. In view of his performance and contribution to Fugro in the past four years and as CEO since 1 October 2018, the Supervisory Board has decided to nominate Mark Heine for reappointment for a four-year term.

The size and composition of the Board of Management and the combined experience and expertise fit the profile and strategy of the company. As an Executive Committee will be established, we have decided to continue with a Board of Management of three members: a Chief Executive Officer (Mark Heine), a Chief Financial Officer (Paul Verhagen) and a Chief Development Officer (Brice Bouffard). The current composition meets the diversity criteria regarding age, nationality and background, but not yet regarding gender. When vacancies arise in the Board of Management and/or the Executive Committee, we will ensure that the company looks for female candidates that fit the profile. We further refer to the statement on diversity on page 72 of this report.

For the current composition of the Board of Management and information about its members, please refer to page 56 of this report.

Final comments

Fugro has gone through a difficult period, but with growing revenues and improved profitability, 2018 can be seen as a turning point. The updated strategy 'Path to Profitable Growth' sets a clear direction for the future and will help to reap the benefits of the performance improvement measures taken in the recent past. We are fully aware that the dedication of Fugro's people to the work for clients is key to the success of the company. We want to thank everybody in Fugro for their contribution. With the commitment and capabilities of our staff we will be able to build on our position as the world's leading Geo-data specialist.

Leidschendam, 22 February 2019

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. It assists and advices the Supervisory Board in this respect. The Supervisory Board remains responsible for the decisions. 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 2018, based on application of the policy in 2018.
- Remuneration of the Board of Management in 2019.
- Overview of term of appointment of the members of the Board of Management.
- Remuneration of the Supervisory Board.

Further information on remuneration and on option and share ownership of members of the Board of Management is available in note 5.59.2 of the financial statements in this annual report, while note 5.59.3 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. The remuneration policy will be reviewed once every three years to verify its market conformity, potentially leading to adjustments. 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.

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. An external consultant assisted in developing an approach to review internal pay ratios and, more specifically, the internal pay ratio between the CEO and the average of the employees for the relevant year. Based on the value of the actual long-term incentive awarded to the CEO[1] in 2018, Fugro had a pay ratio of 20 (2017: 13), implying that the CEO pay was 20 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 26 (2017: 23).

1 For this calculation, the remuneration package of the CEO as per year end (Mark Heine) has been used. The total remuneration package has been annualised to reflect a full year of service in this position (given the appointment during the year as of 1 October 2018).

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 overall 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 target period to achieve these levels is 5 years, but in practice timing will (also) depend on share price developments and the vesting of shares and options that have been granted under the LTI program.

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[1]
- Pension and other benefits

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

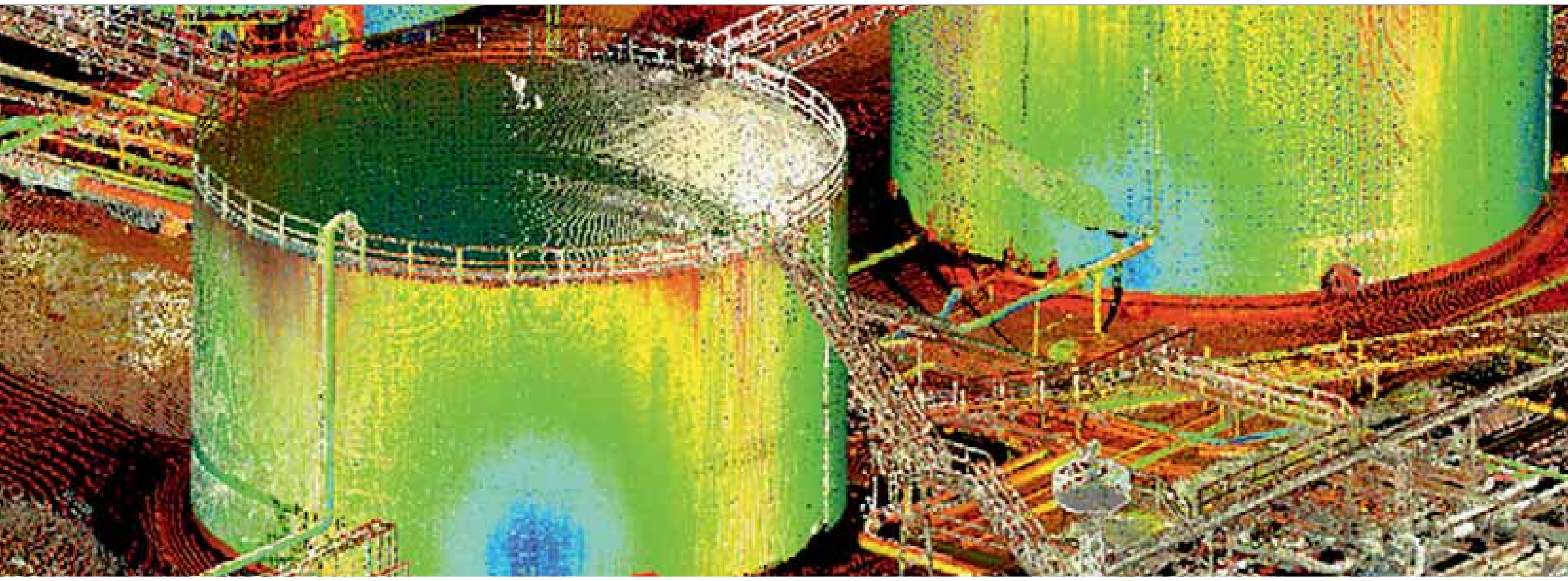
Fixed base salary
Fixed base salaries of the members of the Board of Management are determined by the Supervisory Board (based on advice of the remuneration committee) and set in line with the median of the labour market reference group. Once a year, the Supervisory Board determines whether, and if so, 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.

Short-term incentive (STI)
Each member of the Board of Management is eligible for an annual bonus (STI). 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, sustainability, 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

[1] From 2014 to 2017, the LTI consisted of a mix of conditional 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 performance shares only. This was approved by the AGM in 2017.



3D mapping of tank storage.

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% of the target pay-out is made; and (iii) the performance level at which the maximum of 150% of the target pay-out 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 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%. A new three-year period started with the grant on 1 March 2018.

Grants under the LTI are made in the open period on the fifth trading date after 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 on Monday 4 March 2019, with the numbers of conditionally granted performance shares being equal to the numbers that were granted in 2018. After the grant in 2018, the fixed base salary of Paul Verhagen was increased from EUR 450,000 to EUR 500,000 gross per year as of 26 April 2018 and the fixed base salary of Mark Heine was increased from EUR 450,000 to EUR 660,000 gross per year as of 1 October 2018, when he was appointed CEO. As a result, the Supervisory Board has decided, on the recommendation of the remuneration committee, to base the award on 4 March 2019 on the higher salaries and to increase the number of conditionally granted performance shares accordingly.

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). As of the granting in 2018 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, 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 ("sell to cover"). 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 105,075 (2018). 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 2018

Fixed base salary

As was announced in the remuneration report 2017, part of the annual report 2017, as of 26 April 2018 (the date of the AGM in 2018), the annual fixed base salary of the CEO has been increased from EUR 600,000 to EUR 660,000 gross per year and the annual fixed base salary of the CFO has been increased from EUR 450,000 to EUR 500,000 gross per year. Both salary increases were based on the outcome of external benchmarking by an independent consultant. The Supervisory Board also took into account the fact that the fixed base salary of the CEO had not been increased since 2014 and that of the CFO had never been increased since his appointment per 1 January 2014.

Short-term incentive

2017 (paid in 2018)

As explained in the remuneration report 2017, part of the annual report 2017, the bonuses regarding 2017 were only based on the achievement of the personal (non-financial) targets. These bonuses were not paid in cash, but in restricted shares, as follows: Mr. Van Riel 8,300 shares, Mr. Verhagen 6,250 shares, Mr. Heine 6,250 shares and Mr. Bouffard 6,250 shares. These shares have a vesting period of 3 years and thereafter a lock-up period of 2 years.
An exception was made for Mr. Van Riel who retired after the AGM. His shares do not have a vesting period, but only a lock-up period of 3 years. The granting of these shares was approved by the AGM on 26 April 2018 and took place on 1 May 2018.

2018 (to be paid in 2019)
The remuneration committee evaluated the performance of the Board of Management in 2018 in relation to the targets that had been set for the year. The financial metrics applied for the STI in 2018 were: adjusted EBIT margin (weight 35%), working capital percentage (weight 20%) and adjusted cash flow after investments (weight 20%). The actual 2018 performance in relation to the performance zones that had been set for each of the financial targets resulted in a bonus of 34.7% of the 2018 fixed base salary. The personal targets (weight 25%) consisted of several targets for the Board of Management as a team (e.g. updating strategy), in addition to some specific targets for each individual board member. The evaluation of performance on these personal targets resulted in a bonus of 8.3% to 13.4% of 2018 fixed base salary. The total of financial and personal targets would result in a bonus of 43.0% to 48.0% of fixed base salary.

As earnings per share of Fugro were negative in 2018, the remuneration committee proposed to reduce the bonusses to 62.5% of the calculated amounts, in line with the practice applied to other senior staff this year in Fugro that is eligible to a bonus. This resulted in a bonus for members of the Board of Management of 26.9% to 30.0% of fixed base salary. On 22 February 2019, the Supervisory Board discussed the proposal of the remuneration committee and agreed with it.

Mr. Løseth, who stepped down from the Board of Management as of 1 October 2018 for personal reasons and whose management services agreement was terminated per 31 December 2018, was entitled to a contractually agreed bonus relating to 2018 of 50% of his fixed annual salary of EUR 660,000 gross. This was approved by the Extraordinary General Meeting of 14 December 2017.

Remuneration overview	M.R.F. Heine CEO		P.A.H. Verhagen CFO		B.M.R. Bouffard		P. van Riel		Ø. Løseth	
2018	**2018 Euro**	2017 Euro	**2018 Euro**	2017 Euro	**2018 Euro**	2017 Euro	**2018 Euro**	2017 Euro	**2018 Euro**	2017 Euro
Fixed base salary	502,500[1]	450,000	483,336[2]	450,000	450,000	450,000	300,000[3]	600,000	590,000[4]	n/a
Short-term incentive (STI)[5]	151,000	75,000	145,000	75,000	121,000	75,000	90,000	99,600	330,000[6]	n/a
Pension costs including disability insurance and related costs	45,469	43,505	59,890	59,032	41,041	43,385	26,084	43,129	137,608	n/a
Pension compensation	61,042	59,618	76,841	75,936	66,567	65,608	49,189	96,847	n/a	n/a

1 As of 1 October 2018, Mr. Heine succeeded Mr. Løseth as CEO and his annual fixed base salary was increased from EUR 450,000 to EUR 660,000 gross per year. The amounts shown above cover the full year 2018.
2 As of 26 April 2018, the annual fixed base salary of Mr. Verhagen was increased from EUR 450,000 to EUR 500,000 gross per year. The amounts shown above cover the full year 2018.
3 Mr. Van Riel stepped down from the Board of Management on 26 April 2018 and his management services agreement ended on 30 June 2018. The amounts shown above cover the period until 30 June 2018.
4 Mr. Løseth stepped down from the Board of Management on 1 October 2018 but his management services agreement ended on 31 December 2018. The amounts shown above cover the full year 2018.
5 The STI 2017 was paid in restricted shares on 1 May 2018, based on a price of EUR 12 per share. The 8,300 shares that Mr. Van Riel received had no vesting period but are subject to a lock-up period of 3 years. Mr. Van Riel was allowed to sell 4,011 shares (which he did) to cover for taxes.
6 Mr. Løseth was entitled to a contractually agreed bonus relating to 2018 of 50% of EUR 660,000 gross (approved by the EGM in December 2017). This amount was paid in December 2018.

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 was changed into a mix of conditional performance shares and performance options. These have been granted per 31 December 2014, 2015 and 2016. As of 2017, the form of conditional grants has been changed – in line with market practice – from a mix of performance shares and performance options to conditional grants in the form of performance shares only. Furthermore, the moment on which LTI grants are made was shifted to the open period immediately following the publication of the annual results, instead of as per 31 December. As a result, the grants at the end of 2017 were 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 2018. As of 2014 no unconditional options were granted anymore to members of the Board of Management.

Unconditional options	M.R.F. Heine	P.A.H. Verhagen	B.M.R. Bouffard	P. van Riel
Outstanding on 31 December 2017	36,500	30,000	n/a	115,000
Exercised in 2018	0	n/a	n/a	0
Expired with no value on 31 December 2018	(8,000)	n/a	n/a	(60,000)
Outstanding on 31 December 2018	28,500	30,000	n/a	55,000

The following table shows an overview of conditional performance shares and performance options held by members of the Board of Management who were in office in 2018. The 58,000 performance shares that were granted to Mr. Løseth on 1 March 2018, lapsed when Mr. Løseth decided to step down from the Board of Management as per 1 October 2018.

	M.R.F. Heine	P.A.H. Verhagen	B.M.R. Bouffard	P. van Riel
Performance shares				
Outstanding on 31 December 2017	31,000	33,750	11,250	45,000
Not vested on 1 March 2018 as a result of not achieving the targets[1]	(8,500)	(11,250)	n/a	(15,000)
Forfeited on 30 June 2018	n/a	n/a	n/a	(10,000)
Granted on 1 March 2018	32,000	40,000	32,000	n/a
Outstanding on 31 December 2018	54,500	62,500	43,250	20,000
Performance options				
Outstanding on 31 December 2017	62,000	67,500	22,500	90,000
Not vested on 1 March 2018 as a result of not achieving the targets[1]	(17,000)	(22,500)	n/a	(30,000)
Forfeited on 30 June 2018	n/a	n/a	n/a	(20,000)
Outstanding on 31 December 2018	45,000	45,000	22,500	40,000

1 The vesting date of the performance shares and performance options granted as per 31 December 2014 was 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 were not 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 did not vest on 1 March 2018 and expired.

The following table shows an overview of shares held by the current members of the Board of Management. The 50,000 restricted shares that were granted to Mr. Løseth upon his appointment as member of the Executive Board per 1 January 2018, lapsed when Mr. Løseth decided to step down from the Board of Management as per 1 October 2018.

	M.R.F. Heine	P.A.H. Verhagen	B.M.R. Bouffard
Number of shares on 31 December 2018	22,350[1]	28,730[1]	15,750[1]

1 Including 6,250 restricted shares with a vesting period of 3 years as of 1 March 2018 and thereafter a lock-up period of 2 years.

Other benefits

The additional benefits remained unchanged in 2018.

Remuneration Board of Management 2019

No changes are foreseen in 2019.

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:

M.R.F. Heine (CEO) [1]	AGM 2019
P.A.H. Verhagen (CFO)	AGM 2022
B.M.R. Bouffard	AGM 2020

1 Mr. Heine will be nominated for reappointment at the AGM on 26 April 2019.

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 2018, no severance payments have been paid or committed to (former) members of the Board of Management.

Remuneration Supervisory Board in 2018

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 2019.

The following table provides an overview of the remuneration awarded to Supervisory Board members in 2018.

(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	25,000	83,000

Leidschendam, 22 February 2019

On behalf of the remuneration committee
Anja Montijn, Chair