

Strategy

Since announcing our Path to Profitable Growth strategy in November 2018, we have been expanding our business in new growth markets such as renewables and hydrography. Together with infrastructure, these markets now represent around half of our business. This demonstrates that our position as the leading Geo-data specialist offers great opportunities for Fugro in a rapidly changing world.

The world we live in is changing faster than ever before, driven by population growth, people moving to cities, increasing demands for natural resources, technological developments including digitisation and the increasing effects of climate change. Finding sustainable solutions for these challenges requires companies, governments and individuals to work together and Fugro is committed to contribute to this. Fugro, together with its clients, plays a fundamental role in responding to these global challenges and providing solutions for a safer and more liveable world.

The outlook across Fugro's key markets is positive as offshore wind, oil and gas and infrastructure markets continue to grow. Our Path to Profitable Growth strategy is based on three objectives: capture the upturn in energy and infrastructure, differentiate by integrated digital solutions and leverage core expertise in new growth markets. The implementation of our strategy targets volume growth, while operating leverage, improved pricing conditions and higher productivity will improve our margins.

In 2019, we have simplified our top management structure, by moving from a divisional to a regional set-up, and introduced initiatives to further enhance our drive to work with the best people in our industry,

build strong client relations, improve our commercial and operational excellence and accelerate value driven innovations.

We continue to work closely with our clients and partners to build programmes to further improve safety and sustainability. We believe in sustainable development as a driver to help create a safe and liveable world. This requires balancing the short- and long-term interests of our stakeholders and integrating social and environmental factors into our decision making to ensure our long-term success.

GLOBAL TRENDS

Growing and ageing population

Between now and 2050, the world is expected to host an additional 2.0 billion people; a growth of over 25% compared to today. This growth, coupled with increased lifespan of people, puts an enormous strain on our planet and will result in the increasing demand for energy, fresh water, food, minerals and metals which, if not managed well, will result in scarcity.

Urbanisation

The biggest population growth will take place in large urban centres. According to the United Nations, around 1.3 billion additional people are expected to move towards cities by 2050. This will drive an enormous demand for modern, safe and reliable infrastructure. In turn this will lead to increasing demand for roads, railways, airports, buildings, bridges and harbours.

Technological change

Technology is changing faster than ever before. With the advent of the so-called fourth industrial revolution increasingly devices all over the world are becoming digitally connected, opening up new opportunities. Robotics will allow us to do things remotely, and advanced analytics, deep learning algorithms and artificial intelligence will be embedded in all operating routines.

These technologies are disrupting almost every industry in every country and changing the way we work. Clients are embracing new digital technologies to increase efficiency and reduce overall asset management cost. But this is not without risk. If everything is connected, devices can be hacked and robots taken over and reprogrammed if not protected well. Cyber security is a key concern.

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We are ready to capture the **continued growth in offshore wind and infrastructure markets** and the **upturn in the oil and gas market**

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Climate change

As the demand for energy continues to grow, this drives policies around the globe to reduce emissions. The 2015 UN Climate Change Conference in Paris called for a strengthening of the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. Recent studies from the Intergovernmental Panel on Climate Change see the world reaching the 1.5 degree threshold in 2040; to avoid this will require an imminent and meaningful change in the world's energy mix.

Climate change is pushing Earth into uncharted territory. The number of people exposed to flooding is rapidly growing and extreme weather patterns with cyclones are expected to change the way we need to protect ourselves and build safe living conditions. As many high-density population areas are located in

deltas and other low-lying areas, protection against severe weather hazards and rising sea levels resulting from climate change will drive general water management, flood protection and coastal defence projects.

TRENDS IN FUGRO'S MARKETS

Global energy outlook

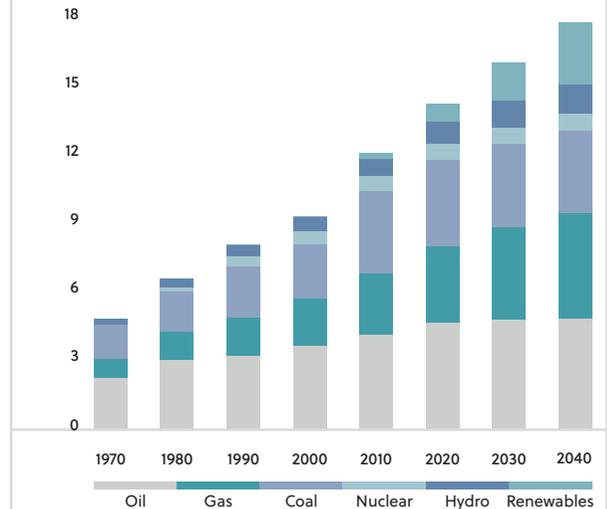
Population growth and the emergence of a large and growing middle class are the key drivers of growth in global energy demand, which is expected to increase from approximately 13.5 billion tonnes of oil equivalent in 2017 to approximately 17.9 billion by 2040.

The increase in income, particularly in China and India, is reflected in an increase in GDP, which results in higher energy consumption per head. This growth in demand will be partially offset by a decline in energy intensity.

The key end markets driving future energy demand are the industrial, electricity generation, residential, commercial and transportation sectors. Electricity generation is projected to be the largest and fastest-growing sector, primarily reflecting expanding access to reliable electricity in developing countries. The industrial sector growth reflects increased construction of buildings and infrastructure, as well as manufacturing of a variety of products to meet the needs of the world's growing population.

Despite the fact that growth in renewables has outpaced growth in all other forms of energy since 2010, the share of fossil fuels in the global primary energy demand in 2017 was still approximately 80%. However, as the energy mix shifts toward a lower carbon scenario, natural gas is projected to meet a quarter of the overall

Primary energy consumption by fuel (in billions of tons of oil equivalents)



(source: BP Energy Outlook 2019)

projected demand by 2040. Renewables, in particular wind and solar, are also expected to account for a larger share.

Oil and gas

Oil and natural gas will continue to drive approximately 55% of the primary energy demand by 2040, according to the 2019 Exxon Mobil Outlook for Energy. As production from current producing fields declines, new investments will be required to meet the global demand. It is expected that some companies will switch to natural gas and electricity for fuel needs in the future in order to lower emissions, but oil is expected to continue to dominate demand.

Over the last 30 years, oil prices have been volatile, with key geopolitical and macro events resulting in spikes and falls in oil prices. Following strong growth in demand from 2003 to 2008, fuelled by emerging markets, prices plummeted to lows of around USD 30 per barrel during the global financial crisis in 2008-2009. Although economic recovery drove oil prices higher from 2010 until the first half of 2014, a period of over-supply, driven by the emergence and growth of U.S. onshore shale oil production impacted prices in the second half of 2014.

Although future oil prices are challenging to predict with certainty, EIA forecasts that Brent spot prices will average USD 61 per barrel in 2020, down from a 2019 average of USD 64 per barrel because of forecast rising global oil inventories, particularly in the first half of 2020. The World Bank on the other hand projects crude prices of USD 58 per barrel in 2020, increasing to USD 70 by 2030.

Gas demand has grown by strongly during the last years, primarily driven by increased consumption in China and the Middle East. The increase in liquefied natural gas (LNG) projects further fuelled the availability of gas globally. Looking ahead, the global transition to lower emission fuels is expected to have a positive impact on gas demand. Global production growth was primarily driven by the emergence of shale gas in the US, China and Russia. Global natural gas resource estimates keep rising as more advanced technologies allow the commercial development of resources previously considered too difficult or costly to produce.

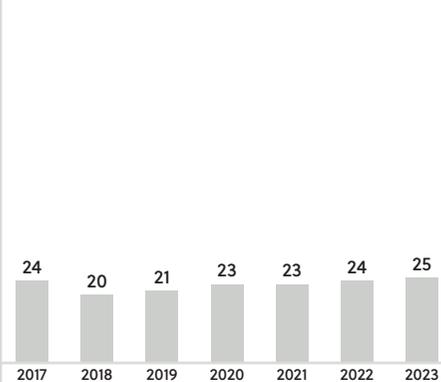
The life cycle of oil and gas projects extends over multiple phases that can spread over several years and even often decades: exploration and appraisal, development, production and decommissioning. Each phase requires capital investments to be undertaken by upstream oil and gas companies,

the level of which is primarily driven by commodity prices and their view on the oil and gas demand outlook. Oil field services, including Geo-data services, are provided in each phase.

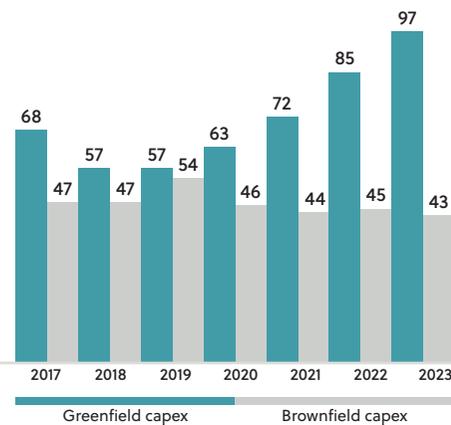
The break-even costs of new projects have become increasingly important in light of the recent downturn in oil prices. As commodity prices bounced back and projects turned profitable, oil and gas companies started to deploy capital toward new field developments ('greenfield') in order to maintain their base production levels as the production from existing fields declined due to natural depletion. As per 2019, after a couple of years of underinvestment, offshore oil field services is growing again, driven by new discoveries, a growing number of sanctioned projects and new project start-ups. Looking ahead, investments are expected to continue to increase across the full life cycle of projects, albeit at lower levels compared to the years prior to 2014.

Increased spending throughout offshore exploration and production cycle

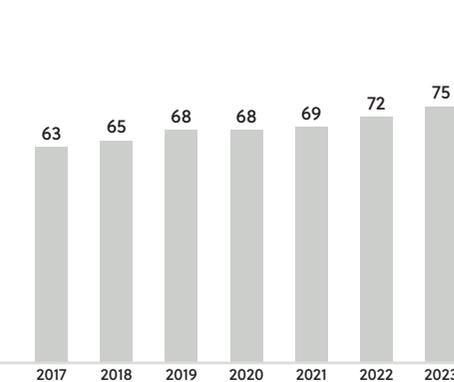
Exploration capex



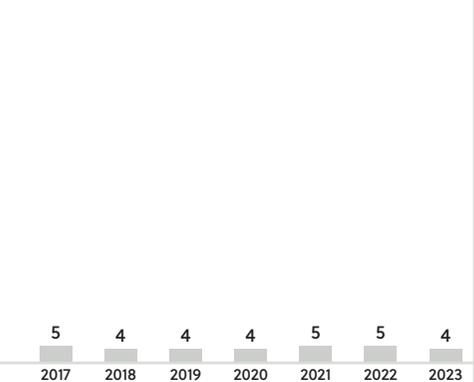
Green- and brownfield capex



Production opex



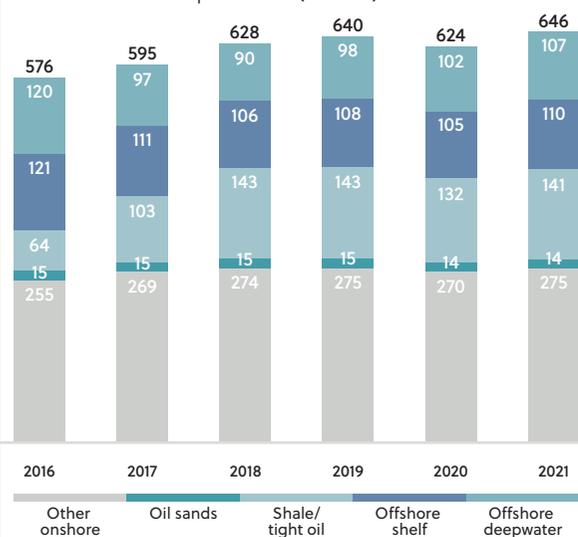
Abandonment cost



(amounts in USD billion; source: Rystad December 2019)

Shale expenditure stagnates, offshore grows

Oil field services expenditure (USDbn)



(source: Rystad December 2019)

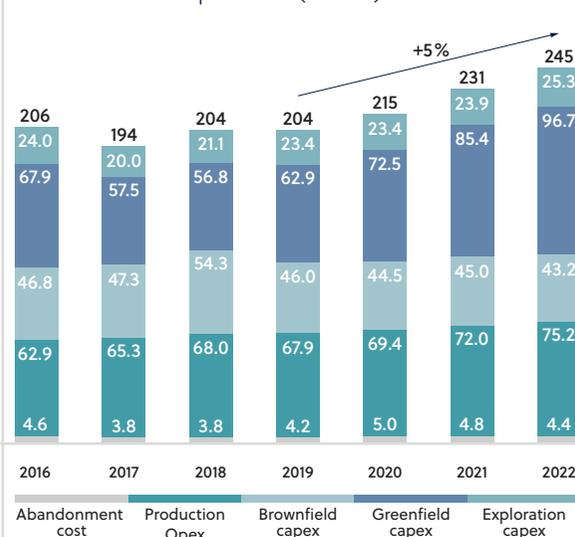
Recently there has been an increase in deepwater investments, driven by the newly discovered fields in Guyana combined with increasing prospects in the US, Brazil and Mexico, as well as a number of large offshore gas discoveries in Africa. Offshore spending is expected to continue to grow during the coming years, both for deepwater and shallow water developments, while investments in shale are expected to stagnate due to stalling productivity gains, a declining backlog of profitable well locations and a broad tightening of financial conditions.

Renewables

According to the 2019 BP Energy Outlook, renewable energy is the fastest growing source of energy, contributing half the growth in global energy supplies. Global climate targets have incentivised governments

Development of client's final investment decisions and offshore oil field services spending

Oil field services expenditure (USDbn)

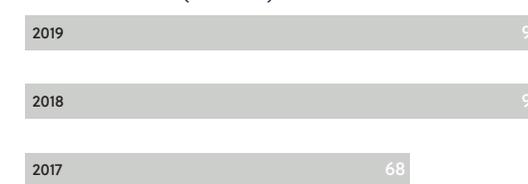


(source: Rystad December 2019)

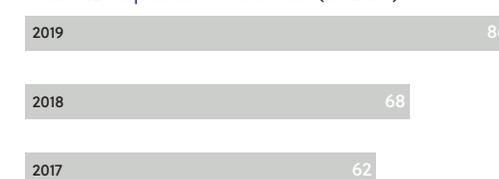
to put in place policies to support the deployment of renewable energy. At the same time, the decrease in costs to produce renewable energy has contributed to making renewables more cost competitive versus other sources of energy, such as fossil fuels.

The wind power market has grown strongly during recent years. Recent trends include the installation of larger turbines and blades, as well as an increased digitalisation that allows for the real-time monitoring of turbine performance and the prediction of better maintenance activities. Increasingly sophisticated wind farm technology and infrastructure bring taller, heavier turbines and more extensive transmission systems, placing greater demands on soil substrates and the subsurface geology required to support them.

Number of FIDs (offshore)



Total FID capex commitments¹ (USDbn)

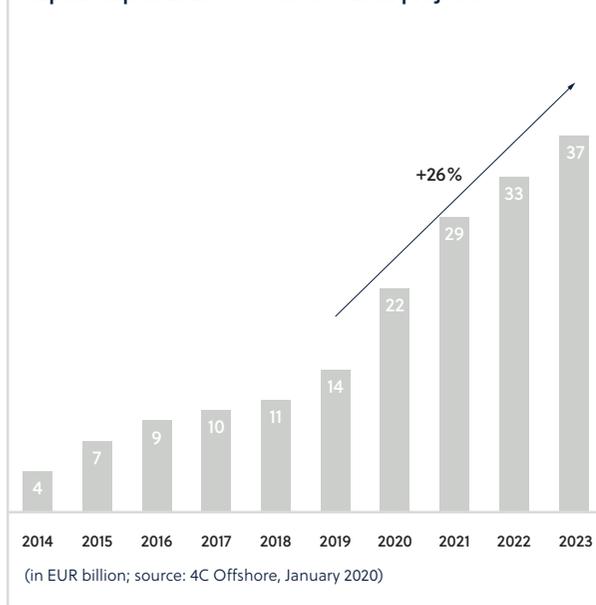


¹ Excluding internal expenditure.

The global offshore wind market, albeit smaller than the onshore market, grew nearly 30% per year between 2010 and 2018, benefitting from rapid technology improvements. So far, the majority of the turbines have been installed in north-west Europe, but the trend is rapidly expanding to other countries, like the US and various countries in Asia. Over the next five years, about 150 new projects are scheduled to be completed around the world, and the IEA Offshore Wind Outlook projects that annual capacity additions are set to double over the next five years and increase almost fivefold by 2030.

In line with global wind power capacity, offshore wind capital expenditure is projected to increase strongly, with a majority of the investments forecasted in Europe, while the Americas are expected to show a stronger growth, albeit from a lower base.

Capital expenditure on offshore wind projects



Infrastructure

Infrastructure investments are crucial for advanced economies and for those at early stages of development alike. In mature economies, keeping pace with demand, and building new and upgraded infrastructure, is integral to sustain economic growth. In developing economies, infrastructure have a transformative impact on the lives of citizens and the business prospects as roads are built, reliable electricity installed and clean water made available. For this reason the investment level is directly correlated to economic growth, which is expected to double by 2040 with non-OECD countries leading growth.

Historically, roads and electricity networks have accounted for the majority of infrastructure spend as a percentage of GDP, with this trend expected to

continue in the foreseeable future. Global trends of increase in population and urbanisation lead to an increased requirement to design, construct and maintain buildings and industrial facilities in a sustainable and adequate manner through competent site investigation, quality data collection and accurate interpretation and advice.

As investments in roads and electricity networks are expected to continue growing, there is an increased need for bespoke services to assist construction management companies through condition monitoring and evaluation, contributing to the feasibility, design, engineering, construction, maintenance and decommissioning stages of buildings, highways, railways, bridges, tunnels, ports and airports.

Increasing power generation from renewables is placing new requirements on power distribution. As a result, distribution networks are being expanded and there is an increasing need for network asset integrity services to maintain high levels of safety and operability. In addition, there is a continuing demand for conventional and nuclear power stations, which require extensive and specialist site characterisation solutions to ensure their safe operation.

New growth markets

As rapid population growth occurs, so will the number of people exposed to flooding. With rising sea levels threatening the viability of homes in coastal regions and deltas, effective solutions for development and land reclamation are crucial. Additionally, recent harsh weather patterns and natural disasters have impacted high density population areas in deltas and low-lying areas. This will lead to a rise in spending related to general water management, flood protection and coastal defense projects.

Global water security is related to scarcity, pollution and flood risk. In the coming decades, these three challenges and their impact on people's daily lives are expected to increase due to population growth, economic development, growing agricultural production and climate change on water availability, sea level rise and weather patterns. Growing water demand and declining precipitation in some regions will increase the pressure on the available resources, resulting in high levels of water stress in many regions.

Hydrography, which involves the mapping of the seafloor and coastline and possible obstructions, is a growth market as increased usage of uncrewed vehicles, real time processing and lidar/satellite bathymetry is leading to better insights. The effects of climate change, and the resulting need for mitigation measures to protect coast lines, also lead to a greater need for a thorough understanding of the oceans. This, in turn, increases the need for geospatial information. In general, the market for satellite positioning is set to continue to grow as a result of higher activity levels offshore, such as wind farm developments and maritime transport. This is compounded by increasingly remote technologies, innovations and increasing regulations regarding safety and sustainability.

PATH TO PROFITABLE GROWTH STRATEGY

Our Path to Profitable Growth strategy was announced in November 2018. It is based on three objectives: capture the upturn in energy and infrastructure, differentiate by integrated digital solutions, and leverage core expertise in new growth markets. The implementation targets volume growth, while operating leverage, improved pricing conditions and higher productivity will improve our margins.

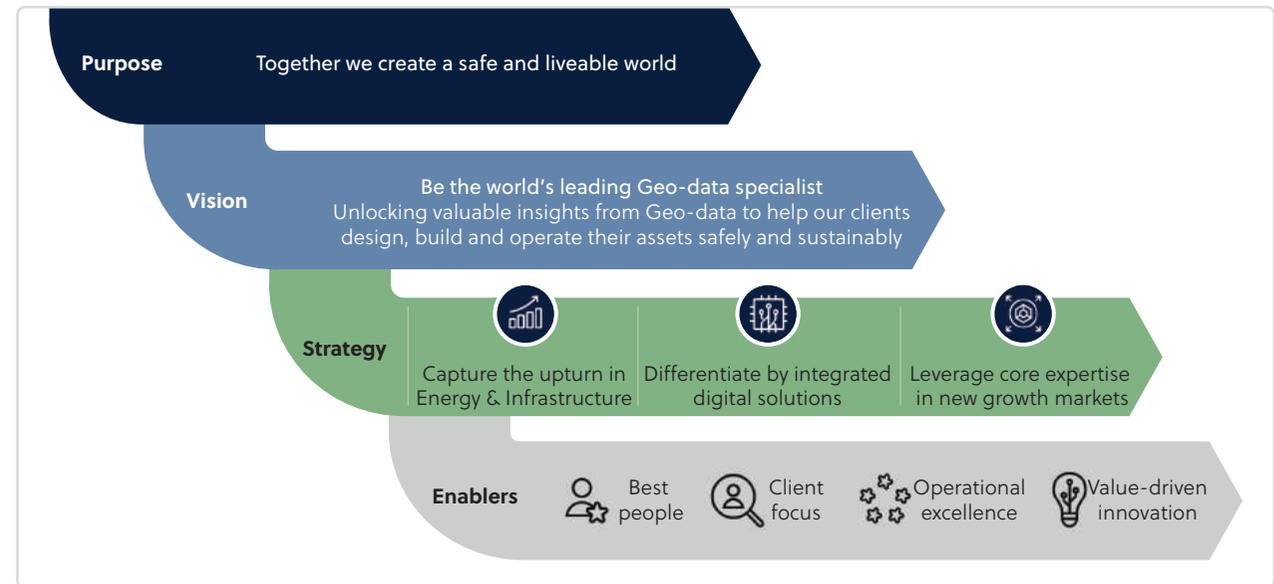


Capture the upturn in the energy and infrastructure

The outlook across our key markets is positive. After a couple of years of underinvestment, oil and gas companies are increasingly taking final investment decisions on new offshore developments. This is evidenced in the recovery, since the start of 2018, of our early cyclical marine site characterisation business. In 2019, also our marine asset integrity business has passed the trough and realised higher margins backlog, as the result of selective tendering, asset rationalisation, and a gradually improving market in specific geographies. This business is expected to benefit from an increase in oil field services expenditure, as our customers catch up on maintenance activities deferred during the downturn in the offshore oil and gas market.

Similarly, there is ongoing rapid expansion of offshore wind developments in Europe and, to an increasing extent, in other geographies like the US and Asia. Population growth and urbanisation are driving the infrastructure markets in most of the countries in which we operate, leading to growth in spending on oil and gas facilities, power and electricity networks, railways, roads, bridges, tunnels and other infrastructure. Building on our leading market positions, our people,

Path to Profitable Growth strategic framework



know-how, state-of-the-art technologies and assets, strong client relations, and global reach with local presence, Fugro is strongly positioned to capture the upturn in these markets.

In the marine business we are targeting volume growth, while operating leverage, improved pricing conditions and higher productivity will improve our margins. We are increasing our integrated offering of acquisition, analysis and advice on Geo-data, strengthening key account management and improved value-based bidding. The utilisation of our vessel fleet is improving and we are gradually shifting towards more lightly crewed, sometimes even uncrewed, platforms. We will continue to focus on operational excellence to drive client satisfaction and cost efficiencies.

In our land business we are targeting further growth of our share of large infrastructure projects as we are one of the few players that can offer integrated Geo-data acquisition, analysis and advice globally. By strengthening our relationship with key clients in the engineering, procurement and construction segment we ensure that we are engaged from the very start of their project and deliver a low cost and more effective solution for them over the project life cycle. Moreover, we are taking restructuring measures as currently the profitability of some of our service lines in particular areas is too low. In 2019, we have already taken several measures aimed at specific activities and countries; where necessary we will take additional measures in 2020.



Differentiate by integrated digital solutions

We are committed to maintaining our differentiated position as the most innovative Geo-data company across the sectors in which we operate. We aim to continue to do so with strong client involvement to efficiently focus our research and development efforts. We are focused on less capital-intensive solutions for our clients, such as deploying lighter crewed, sometimes even uncrewed, vessels and remote operations that aim to reduce the overall cost of development and operation of our customer's assets.

Lightly crewed vessels, remote operations, faster deliverables through cloud processing and automation, machine learning will also result in lower employment costs and lower health, safety, security and environmental exposure. In 2019, Fugro opened new remote operations centres in Aberdeen and Leidschendam. To date, Fugro has provided over 150,000 project hours around the globe from its seven remote service centres. Fugro's new uncrewed surface vehicle has been delivered and is currently being tested before it moves to its first commercial application. Also other innovations, such as mobile laser mapping systems and electric cone penetration testing systems, will lead to more efficient service delivery with a lower carbon footprint.

Progressively, we are providing our clients with Fugro's Digital Foundation: a digital, four-dimensional model combining all Geo-data acquired throughout the lifetime of the asset, artificial intelligence-driven analytics and related decision making. The resulting comprehensive web-based interface provides clients with real-time insight into location and design optimisation, change detection, simulation; all with the ultimate goal of reducing the overall cost of development and operation of their assets.

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Technology
allows us to
do things in a
different way

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Leverage core expertise in new growth markets

We are leveraging our core expertise and assets to expand into new growth markets, such as in fresh water sourcing and in coastal and flood protection. These new markets are driven by global trends such as population growth, urbanisation and climate change. The increased demand for fresh water drives the need for site characterisation services, dam and pipeline site appraisal and hydrography. We can build on vast project experience in for example the Netherlands, Germany, Turkey and Chile.

We are also well positioned to leverage our expertise in asset integrity monitoring for existing offshore windfarms. As the number and size of wind turbines is growing, the need for inspection, repair and maintenance services is increasing, especially in north-west Europe. We also recognise an increasing need for the mapping of coastal areas and are

supporting the Seabed 2030 collaborative project to produce a definitive map of the world ocean floor by 2030.

In 2019, we executed several coastal mapping projects in amongst others Jamaica and Haiti to support the islands' climate resilience, using our proprietary rapid airborne multibeam mapping system.

Strategy implementation

To accelerate strategy implementation and further increase efficiencies we have decided to simplify the top structure by introducing a regional model with four regions, directly reporting to the Board of Management. An Executive Leadership Team has been established which comprises, besides the Board of Management, the four regional Group Directors and several functional directors. This enhances alignment in our organisation and creates more focus on our strategic and operational priorities. In all four regions the same 'blueprint' management structure is now in place, based on our four business lines. Each regional business line is responsible for delivering the yearly revenue and margin targets in line with the strategic objectives.

Next to the plans per business line, implementation plans for the four key enablers are in place: people, clients, operational excellence and innovation. To further enhance our drive to work with the best people in the industry, we are implementing new initiatives such as a global career framework, a new online learning and development training set-up, a young leadership program and initiatives to promote diversity and inclusion in the workplace.

To improve our commercial and operational excellence, new processes, systems and training programs are

being implemented to enhance the quality and performance of both commercial and operational teams in line with customers' expectations.

The different innovation teams are now working closer together to accelerate the launch of new customer value added products and services and drive the digital transformation of the company. We have developed a customised go-to-market process focused on value-based contracts realising the full value of innovation and bringing to market innovations within two to three years. Regional and local implementation is coordinated by a central transformation team.

A crucial element to successfully implement our strategy is our company culture. We want to grow and foster a culture around our purpose to create a safe and liveable world as well as a shared commitment to our commercial success and long-term growth. For this, we need a strong set of common values to guide the behaviour of our employees and the leadership style of our management. In 2019, a small team interviewed a large number of our employees around the world and we are currently converting all the input to a new set of company values that will be launched in 2020.

We will continue to pursue a divestment of Seabed Geosolutions and our interests in Australian exploration projects via Finder Exploration.



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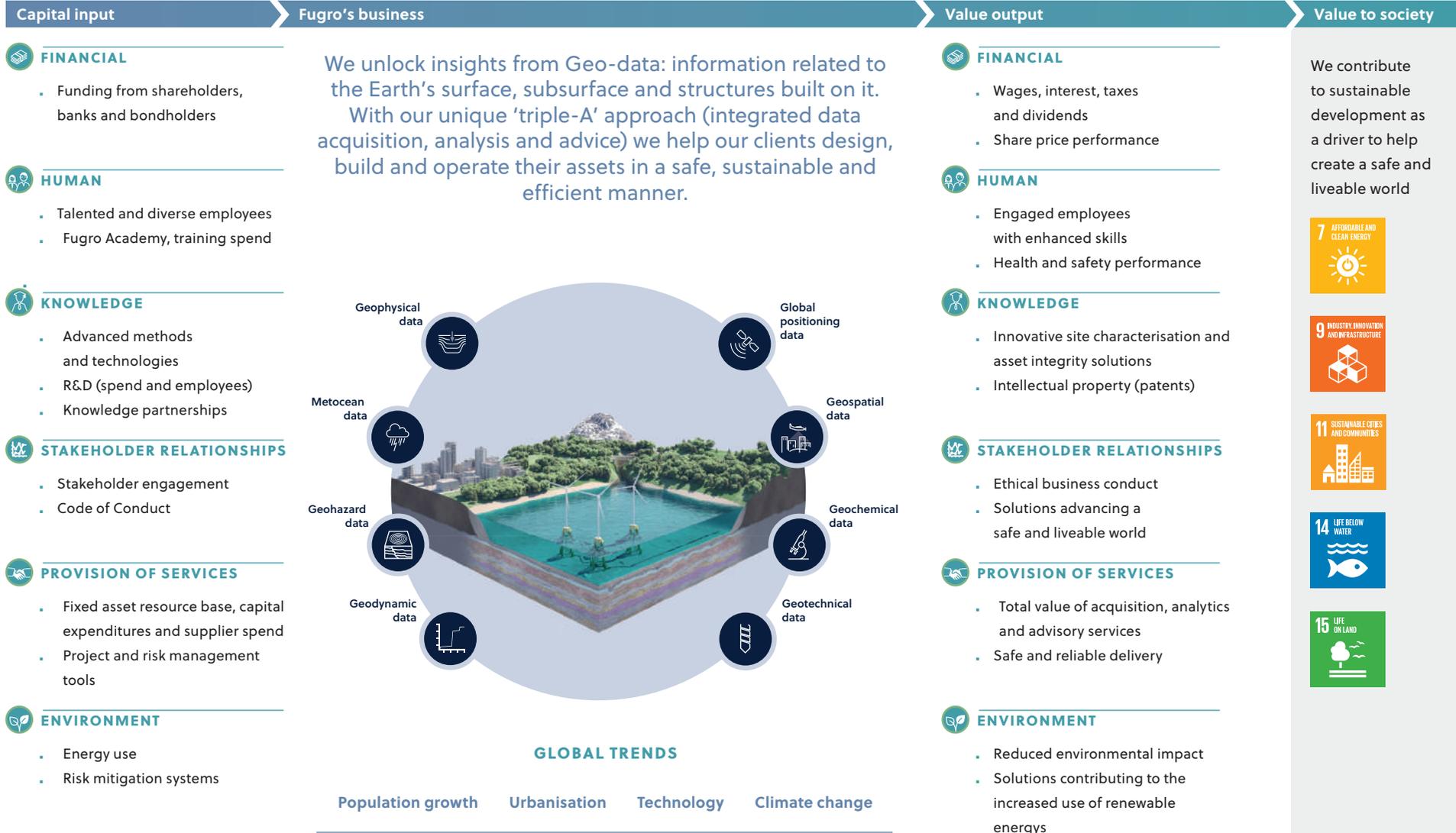
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LONG-TERM VALUE CREATION

Fugro's value creation model, based on the 'six capitals' model of the International Integrated Reporting

Council, shows how we use the resources, capabilities and expertise at our disposal to create value for our stakeholders. Our business model transforms these capital inputs into value outputs and outcomes that

over the short-, medium- and long-term create value for the organisation, its stakeholders and society at large.





Remote assistance for client's offshore projects

Remote inspection solutions make an important contribution to the safety and reliability of assets, such as wind turbines, pipelines and other subsea structures. With the expansion of our remote operations, Fugro has significantly improved the sustainability, efficiency and effectiveness of these services. Health and safety exposure has been reduced by transitioning offshore teams to shore, and our environmental footprint is reduced through the use of smaller vessels, less offshore mobilisation, and fewer vessel transits.

Fugro's remote inspection services provide an end-to-end solution, based on high-quality, reliable connectivity. Remotely operated vehicles acquire data to analyse an asset's condition, customised software encrypts and packages the data before sending it to onshore remote operations centres (ROCs) via robust satellite connections. At our ROCs, teams at different locations using cloud based solutions can work on the same dataset. This makes project flows more efficient and enables clients to quickly make critical project decisions.

Fugro's cloud-based processing of inspection data allows preliminary results to be available within hours of acquisition, compared to several days using traditional methods

It allows experts from anywhere in the world to access the results to facilitate faster and better decision making

SUSTAINABILITY

Today and over the coming decades, population growth and increasing life expectancy, increasing wealth and urbanisation will lead to further increasing demands for energy, fresh water, food, minerals, metals, buildings, industrial plants and infrastructure. These global trends lead to massive challenges for the world, most notably

related to the effects of climate change. The energy mix, infrastructure and built environments must evolve if tomorrow's problems are to be tackled successfully.

Fugro values continuous transparent engagement with its stakeholders, supports them with extensive information on performance and progress, and actively seeks their opinions and ideas through regular

discussions and consultation. Fugro has held extensive dedicated meetings and interviews with shareholders, works councils, governments, local communities, and contacts with industry and research and development partners including a broad range of international universities and key clients, across the regions, market sectors and client types.

Interaction with key stakeholders

Stakeholders	Objective	Relevance for Fugro	Relevance for stakeholder	Interaction
Customers	Customer satisfaction and loyalty, alignment on sustainability objectives	Purchase services to support their projects	Provision of high quality competitive solutions to support and de-risk their investment	Work visits, exhibitions, periodical reviews with senior management (including members Board of Management), technology & innovation fairs.
Employees	Employee motivation, attraction, engagement and retention	Essential for providing high quality services and continuity	Employer of choice, satisfying work environment, development, adequate remuneration	Intranet, collaboration tools, webinars, town halls, newsletters, quarterly bulletins, engagement surveys, performance appraisals, social media.
Capital providers (shareholders, bond holders, banks)	Communication on strategy, objectives, results, markets, opportunities and risks, engagement	Access to capital markets	Solid investment	Annual general meeting, trading updates, bi-annual visits to main shareholders, investor conferences, website.
Suppliers	Strong, reliable suppliers. Business relations in line with Fugro's supplier and partner code of business principles	Provide products and services required to perform company activities	Having reliable customer/partner	Negotiations and contracts, review meetings, supplier & partner code of business principles.
Governments	Adherence to legislation, understanding new developments, good citizenship	Setting local regulations and minimum requirements	Support economic development and employment, promote R&D and sustainability	Internet, trade missions, working groups.
Universities	Recruitment of staff, joint R&D activities, good citizenship	Source of potential employees with appropriate education, scientific know-how	Potential future employer and provider of traineeships and practical experience	Internet, social media, seminars, academic chair, Fugro sponsored scholarships and PhD's student, joint R&D projects.
Industry societies such as IMCA, IRO and NGOs	Exchange of knowledge, participation and collaboration, improvement of industry standards	Setting national and international industry standards, science and technology exchange and supporting sustainable development	Partnership to secure and roll out industry standards, science and technology exchange and supporting sustainable development	Internet, company representatives on work committees, board positions, sharing of data.
Local communities	Good citizenship	Societal support	Support of local community	Sponsorship events, engagement activities

Fugro is experiencing an increasing demand and expectations from all these stakeholders to contribute to the sustainable development of client's projects and assist in meeting stakeholders' sustainability objectives. For Fugro, finding sustainable solutions means we continuously rethink what we do and how we do it, aimed at further expanding our contribution to a safe and liveable world. This concerns both the way we operate, and the services and solutions we deliver.

In line with our strategic objectives, we unlock insights from Geo-data, a critical element for the sustainable development and operation of our clients' infrastructure, plants, buildings and natural resources. With our products, services and innovative solutions, we directly contribute to modern infrastructure and climate change mitigating projects such as flood and coastal protection and safe and efficient power grids. Fugro plays an important role in the ongoing energy transition with the development of renewable energy assets such as offshore windfarms, while assisting in safe and efficient operations of fossil fuels while this is still an important part of the global energy mix. Fugro, together with its clients and other stakeholders, plays a fundamental role in creating a safe and liveable world.

Through our integrated digital foundation we support clients in managing the challenges of today and tomorrow. Fugro's services are essential for the sustainable development and operation of large and complex infrastructure, industrial plants, buildings and natural resources.

For Fugro, 'how we do it' is equally important. We are committed to conducting our business safely, with the best people and in the most efficient way, using innovation for continuous improvement. and to minimise the impact on the environment, while

remaining compliant with relevant rules and regulations.

The sustainability topics with the highest priority for our stakeholders and with the largest business impact, are at the centre of our sustainability approach.

The GRI standards have been used as guidance. In addition, Fugro endorses the OECD Guidelines for Multinational Enterprises.

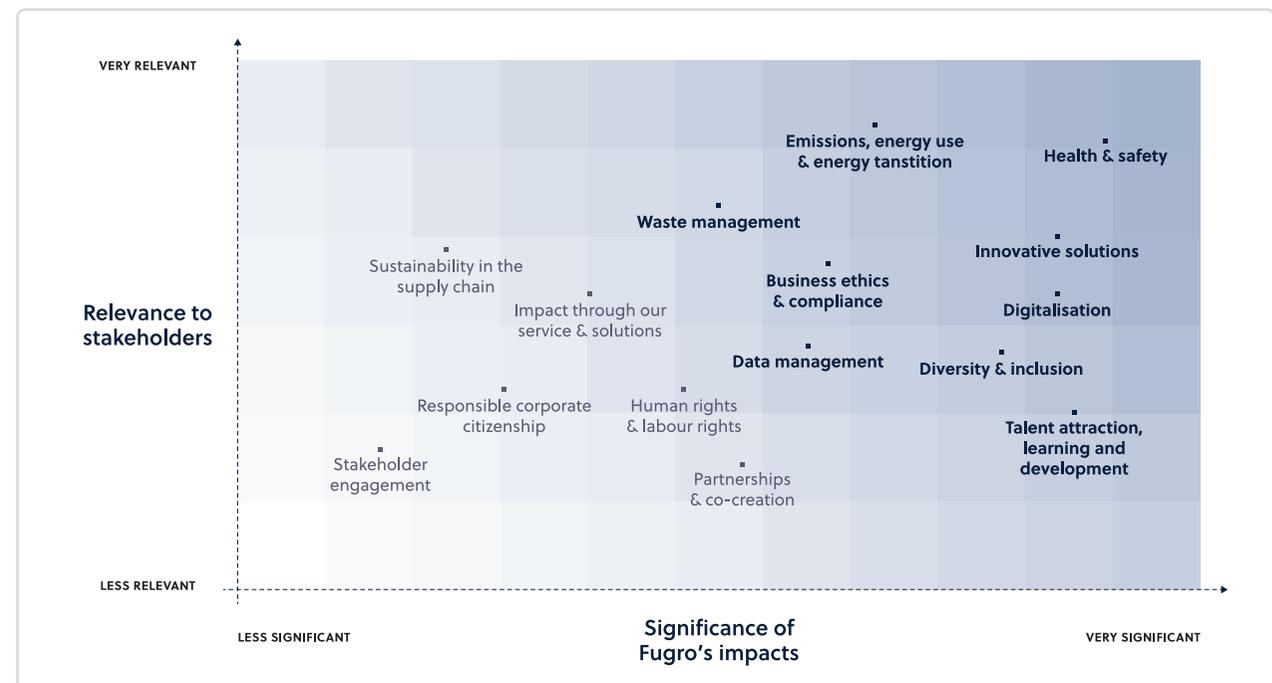
Sustainability framework

Following a materiality assessment performed in 2016, in 2019 Fugro undertook a full review of this assessment to ensure alignment of our material topics with global trends and developments and our Path to Profitable

Growth strategy. The materiality assessment focuses on those topics that are most relevant or impactful for both the company and its stakeholders, covering social, environmental and compliance related topics.

Working from a long list of close to 300 topics, a shortlist was created following an analysis of our previous shortlist, relevant standards and guidelines (GRI, ISO, UN Global Compact, OECD, SDG's, etc), various trend reports and peer analysis. This shortlist was used for further discussions with internal and external stakeholders to assess their views on Fugro's impact and to find out which subjects are important for our stakeholders. The outcome is the materiality matrix presented below.

Fugro's materiality matrix



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For Fugro, sustainable business means that we **continuously rethink what we do** and **how we do it**

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The resulting nine material topics are broadly in line with our previous topics, but in response to global trends and Fugro's in 2018 updated strategy, we decided on the addition of new topics such as waste management, digitalisation, and data management. These topics fully support Fugro's business objectives and our purpose, and are integrated into our decision making and reporting. The sustainability framework reinforces both the implementation of our strategy and our contribution to a number of key UN Sustainable Development Goals as described further on in this report.

In 2019, progress on sustainability was focused on a number of key topics. From an engagement perspective with our stakeholders, we further developed common understanding around sustainability in the company through information sharing on our internal webpages and Yammer, workshops with staff, through global webinars for all employees and focused discussions with key business stakeholders. Our sustainability objectives and programs have become a key topic in our discussions with clients and investors and other external stakeholders.

Together with the Board of Management and Executive Leadership Team, clear mid-term targets were set, related to a reduction of our CO₂ emissions, energy efficiency and significant reduction of single use plastics. See 'Group performance – environmental' for details. Strong support for global initiatives such as Seabed2030 and the UN Decade for Ocean Science continued.

The review of our material topics has created further focus on objectives and related programs aligned with global trends and our strategic objectives as is shown in the sustainability framework below. This has also driven further standardisation of data collection and participation in global rankings and benchmarks.

Safety and compliance

Safety is key to all our operations. Fugro is committed to providing a safe and secure workplace for all employees, subcontractors and clients. We firmly believe that incidents can be prevented by identifying and managing health and safety risks arising from our activities. Management is accountable for training of employees and a proactive approach, embedding appropriate safety standards and practices in operations and workforce behaviours.

Fugro's global presence exposes the company to regional and local laws, regulations, customs and practices, in at times, challenging political and economic environments. We are committed to adhering to applicable laws and regulations and the expectations of society at large, and to conducting business in a responsible manner. To ensure this, appropriate procedures and training are in place and we stimulate a culture that drives this commitment and adherence to our Code of Conduct throughout the organisation.

People

People are Fugro's strength and future and therefore recruiting, developing, retaining and engaging a diverse pool of talent is key. We work continually to develop our people by supporting the further development of their skills and talents and enhancing their knowledge.

Fugro is an equal opportunity employer that values and promotes diversity and treats everyone with integrity and respect, irrespective of gender, age, race, religion or background. The company promotes a strong local presence and our office locations in 61 countries are predominantly staffed with local people, from over 100 nationalities.

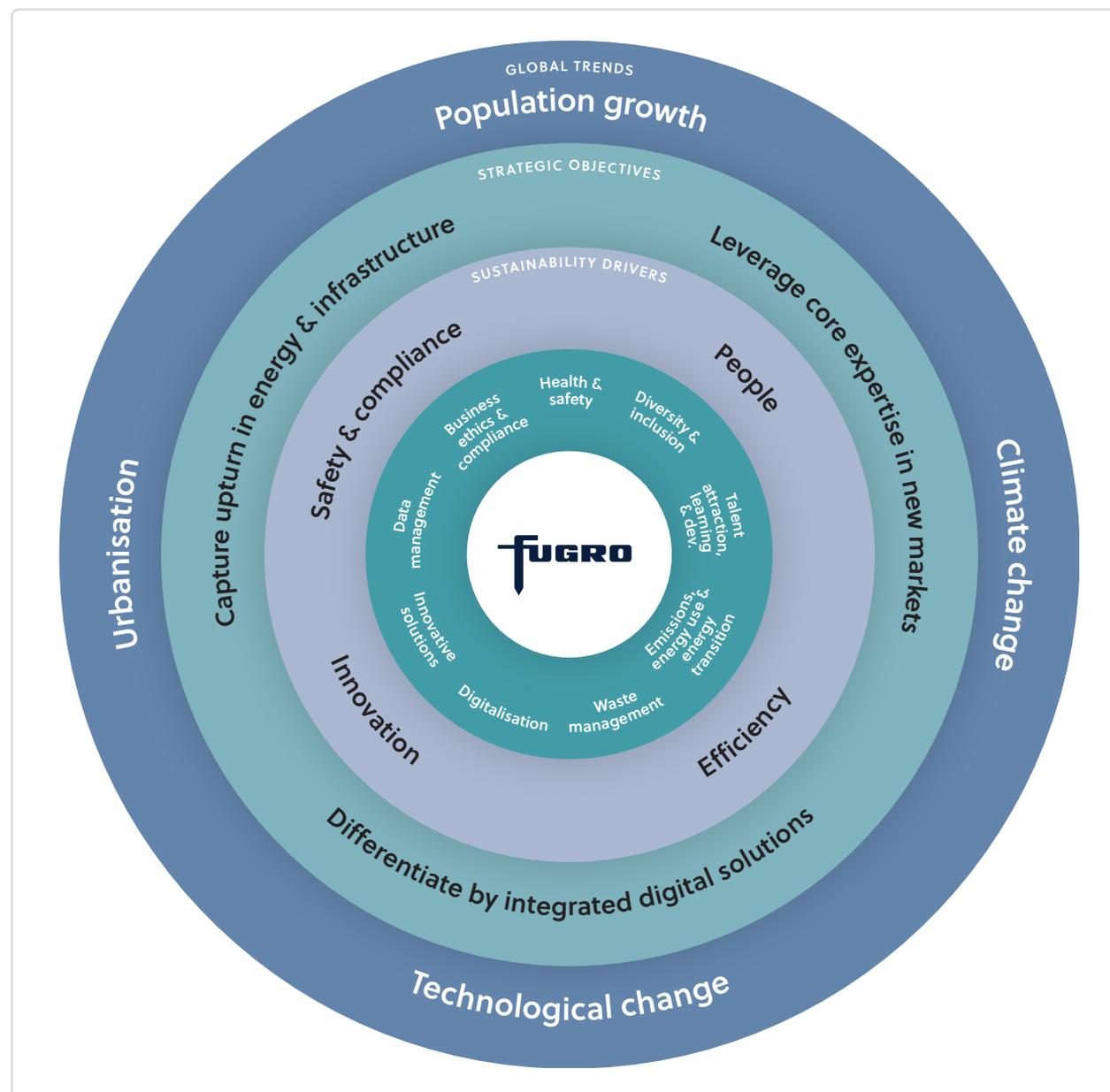
Efficiency

Driven by our objective to reduce our impact on the environment and meet global climate change objectives, our focus on the energy transition relates to both the solutions that we provide, and the way in which we operate.

We are focused on the reduction of our environmental footprint through our operations, minimising CO₂ emissions and reducing waste, especially single use plastics. Dedicated programs are established to reduce the CO₂ footprint of our vessels and other larger assets, amongst others by increasingly using lightly crewed vessels and remote services.

We are a key solutions provider for most of the offshore wind parks currently under development globally.

Fugro's sustainability framework



Innovation

We provide financial and non-financial resources to identify and create new processes, ideas and solutions that contribute to sustainable development, for example through disruptive technologies, eco-design and energy efficiency.

We deploy information technology to improve the quality, availability and accessibility of Geo-data and other Fugro services, while using safe and secure IT and data-management services, internally as well as for our clients.

United Nations sustainable development goals

The United Nations Sustainable Development Goals (SDGs) are a universal call for action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Of the 17 interconnected SDGs, our solutions and services for the energy and infrastructure markets are directly aligned with three Sustainable Development Goals. In addition, we apply our knowledge and resources to help other areas of development: Life below water and life on land.

Following our updated materiality assessment, all sub targets of the SDGs were evaluated and we have decided to focus on 5 of the 17 SDGs where we consider Fugro's contribution most meaningful.

Fugro contributes to five United Nations sustainable development goals



7 AFFORDABLE AND CLEAN ENERGY **Ensure access to affordable, reliable, sustainable and modern energy for all.** Fugro provides site characterisation services for the development of a variety of clean energy resources, most notably for offshore windfarms, worldwide. And although the energy transition is gathering pace, fossil fuels will remain an important part of the energy mix for years to come. Our sustainable and innovative solutions enable clients to develop vital fossil resources in a safe and responsible way, reducing their CO₂ footprint and mitigating risks. In addition, Fugro focuses on reducing its own carbon footprint, most notably from its vessels, through a variety of innovations and programmes.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE **Build resilient infrastructure, promote sustainable industrialisation and foster innovation.**

Fugro's site characterisation and asset integrity solutions ensure the safe and sustainable development and management of a variety of infrastructure assets. Fugro also contributes its expertise of subsurface conditions to infrastructure development and coastal protection initiatives to protect cities and communities from flooding, and offers a comprehensive approach to water resources management. With our wealth of specialist resources and digital solutions we can readily support projects in areas of seismic activity, extreme weather, environmental sensitivity or urban or industrial complexity, and deliver the data, analysis and advice needed to improve sustainable asset design and performance.

Fugro actively partners with governments, industry, research and development institutes globally and participates in standard setting organisations.



11 SUSTAINABLE CITIES AND COMMUNITIES **Make cities inclusive, safe, resilient and sustainable.**

14 LIFE BELOW WATER **Conserve and sustainably use the oceans, seas and marine resources.** Fugro is active in mapping coastal areas of vulnerable geographies including small islands. Fugro's environmental baseline studies determine the initial environmental status of projects, and enables the future monitoring of its impacts. Fugro's technologies help to identify and map oil seepage from abandoned well sites, and uses the same technologies to help reduce the footprint of exploration activities. Fugro also supports the development of coastal and marine areas by actively contributing to Seabed 2030, a programme aimed at a complete mapping of the ocean floor for scientific, environmental and economic benefits. Fugro is a recognised private ocean science partner in initiatives across UN, IHO and the IOC, including the UN Ocean Decade for Ocean Science.



15 LIFE ON LAND **Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.** Fugro is actively involved in minimising the impact on terrestrial ecosystems and land degradation through flooding, through sustainable levee designs as well as our water management consultancy.

The need for sustainable management of forests and combatting desertification and halting biodiversity loss requires urgent attention to help minimise further global warming. In 2020, Fugro will further assess how it will help programs to assist sustainable management of forests and combatting desertification and halting biodiversity loss using our extensive know-how in aerial imagery and by actively supporting project for re-greening degraded lands.

Sustainability organisation and reporting

Fugro's policies, performance and ambitions regarding its material topics are addressed in the chapter 'Group performance – social, environmental and compliance'. At Board of Management level, sustainability is part of the portfolio of the CEO. The Global Director Safety & Sustainability coordinates the groupwide development and implementation of the sustainability framework and reports directly to the CEO. The relevant topics are managed and monitored by the appropriate corporate directors; primarily the Global Director Human Resources, General Counsel and Chief Compliance Officer and Global Director Safety & Sustainability. Fugro's business entities are responsible for local implementation of relevant practices within its policy framework set by the Board of Management and the Executive Leadership Team.

Many sustainability topics have been embedded in Fugro's policies and reporting, and new topics that make business sense will be adopted and integrated into the way we work, and reported upon, as they emerge.

The sustainability performance data have mainly been obtained from Fugro's global consolidation and management reporting systems. Seabed Geosolutions is not included in the sustainability performance data, as this is an asset held for sale. While significant steps have been taken during the year, for certain of the non-financial indicators there is not yet sufficient comparable data available on previous years. The maturity of our non-financial performance reporting will continue to grow further over time.

11 SUSTAINABLE CITIES
AND COMMUNITIES

Coastal zone mapping

Governments around the world are investing in coastal zone management, taking into account the potential impacts of climate change and rising sea-levels. Fugro supports these efforts with comprehensive coastal zone mapping solutions.

Fugro's rapid airborne multibeam mapping system (RAMMS) is a key component of our coastal zone mapping solutions. Fugro RAMMS is a digital 3D mapping method that uses lasers to provide high accuracy, high resolution bathymetry data over nearshore and coastal environments. The small sensor makes it possible to acquire data using small and efficient aircraft, fewer crew, and thus, less fuel.

The multibeam lidar is easy to integrate with other remote sensing technologies. Fugro will further expand its capacity to answer the growing need for coastal zone mapping across the globe.

Fugro RAMMS results in up to **80%** reduction in carbon footprint compared to conventional mapping technologies

Recent studies predict that by 2050 rising sea levels pose a threat to homes of **300 million** people worldwide