

# 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., Chairman Board Foundation Trust Office TKH Group

**Company secretary** Harriet Defesche (1964)



**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, President and CEO of Integra Group

**Other functions** Vice-chairman Board Basin Holdings, Lead 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 2023

**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, Pon Holdings B.V. and chair 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 2023

**Previous positions** Various national and international leadership positions at Accenture, as 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., member Supervisory Board Royal VolkerWessels NV



**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 US

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

## SUPERVISORY BOARD REPORT

'Continued recovery' is the best way to summarise Fugro's development in 2019. After four years with severe losses caused by an unprecedented downturn in the oil and gas market, followed in 2018 by slightly positive operational results, recovery continued in 2019 resulting in strong margin improvement on the back of modest growth of revenues. Main driver for the improvement was the marine site characterisation business which benefitted from a gradual recovery of the oil and gas market, but even more 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 market leading position. The marine asset integrity business also recovered and contributed to the margin improvement.

We are pleased with the improved margin and cash flow of Fugro's core business, which not only reflects the improved market conditions, but also the impact of the performance improvement measures that have been taken in the past years. In addition, management's policy of selective tendering by giving priority to margin instead of growth is paying off. Still, the land business and Seabed Geosolutions ('Seabed') give reason for concern. The performance of the land business was impacted by specific circumstances in the UK, Hong Kong and the Middle East where Fugro traditionally did well. We agreed with the restructuring that is being implemented which should lead to structurally higher margins. We also agreed with the classification of non-core Seabed as 'asset held for sale' which means

that it is not included anymore in results from continuing operations.

Management regularly updated us on market developments. The offshore oil and gas market is expected to gradually recover further. The energy transition 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 markets are still growing in most countries where Fugro is active. Geopolitical developments as well as unexpected events like the corona virus 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 is positive.

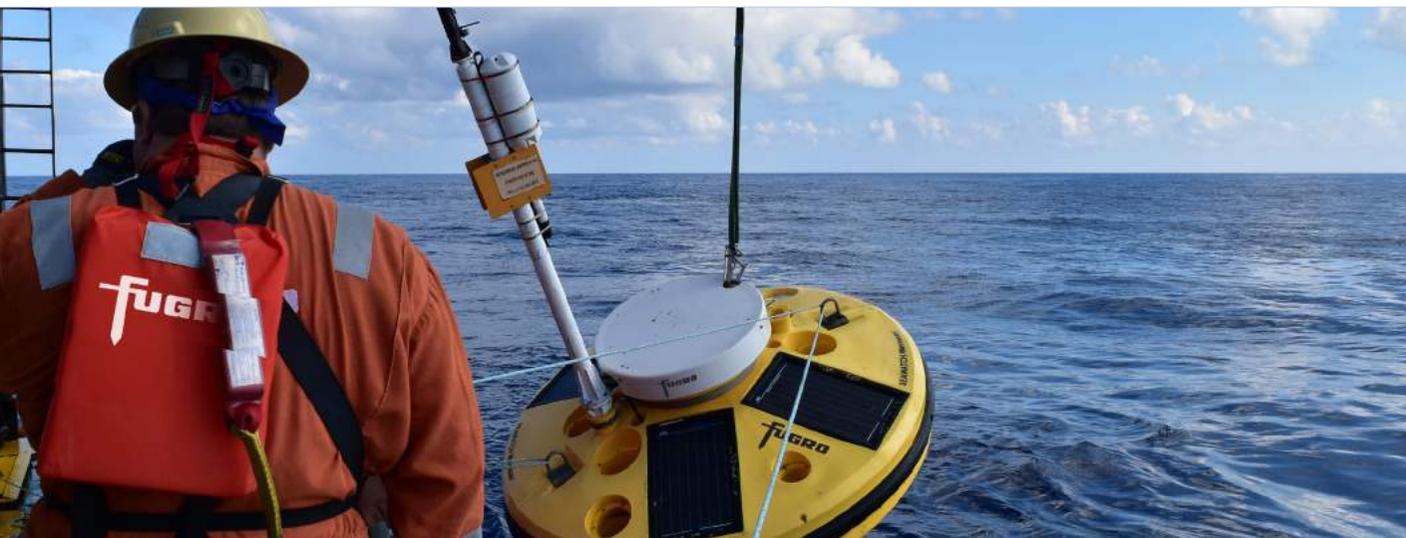
In early 2019, we agreed with the new top-management structure that was implemented as of May 2019. This implied the introduction of a regional model with four regions, directly reporting to the Board of Management and the establishment of an Executive Leadership Team which comprises, besides the Board of Management, the four regional Group Directors and several functional directors. This will enhance alignment in the top, accelerate strategy implementation and create additional synergies and cost savings. We stressed the importance of continuing to externally provide information on the performance of Fugro's business lines.

We regularly discussed the financial condition of the company. During the year the company was able to meet its financial covenants. At year-end, the leverage ratio stayed with 1.9 well within the limits agreed with banks, mainly due to the improved EBITDA. Although maturity of Fugro's financing is only upcoming in 2021, we paid significant attention to the refinancing of the company. We discussed possible scenario's and agreed with the initiatives taken by management. After several years of negative net results, equity has been eroded. Therefore, further restoring profitability with a focus on positive net results, steering on cash flow and reducing net debt remain key priorities for 2020.

### 2019 FINANCIAL STATEMENTS AND DIVIDEND

This annual report includes the 2019 financial statements, which are accompanied by an unqualified independent auditor's report of Ernst & Young Accountants LLP (see the independent auditor's report starting on page 194). 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 17 February 2020, 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,



mentioned accident, the safety indicators did not show an improvement in 2018, which underlines that safety needs continuous attention.

In early 2019, we participated, together with the Board of Management, in a dedicated leadership excellence safety workshop for Fugro's senior managers. In 2019, Fugro furthermore actively sought input from its staff worldwide in a safety culture survey to further strengthen the company's safety culture. We also took note of Fugro's active participation in industry-wide harmonisation and standardisation efforts.

Sustainability is closely linked to Fugro's purpose of creating a safe and liveable world. It is becoming increasingly important, also from a strategic perspective, as it is a driver for long term value creation. Fugro's Global Director Safety & Sustainability presented during one of our meetings ongoing actions and the mid-term sustainability roadmap that is being implemented, which is specifically aimed at reducing the environmental impact of Fugro's own operations (CO<sub>2</sub> emissions, energy consumption, minimising waste and increasing recycling). During the discussion, the importance was stressed of contributing to the safety and sustainability of our clients' assets and operations, for which Fugro offers ample opportunities.

## STRATEGY

In November 2018, Fugro launched its new strategy 'Path to Profitable Growth', including financial targets for the period 2021 – 2023. In our view, Fugro is well positioned for the three main objectives of this strategy: capturing the upturn in energy and infrastructure, differentiating by integrated digital solutions and leveraging core expertise in new growth markets.

the quality of internal risk management and control systems and had a discussion with the auditor without Fugro's management being present.

On 18 February 2020, we discussed the annual report, including the 2019 financial statements, with the Board of Management in the presence of the auditor. Furthermore, we took note of the reporting from the audit committee and reviewed the independent auditor's report and the quality of internal risk management and control systems. We concluded that we agree with the 2019 financial statements.

We recommend that the annual general meeting (AGM), to be held on 30 April 2020, adopts the 2019 financial statements. In addition, we request that the AGM grants discharge to the members of the Board of Management in office in the 2019 financial year for their management of the company and its affairs during 2019, 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 2019.

## HEALTH, SAFETY AND SUSTAINABILITY

We consider health and safety of critical importance for Fugro and its people. Unfortunately, in January 2019, five Fugro employees were involved in the Brumandinho tailings dam collapse in Brazil. Four employees sadly lost their lives. This terrible accident and the follow up by Fugro and the assistance for families and local colleagues was a topic throughout the year 2019. We supported the way Fugro, and especially the regional team, handled this tragic event and the actions taken.

In our discussions with management, we noted that management takes health and safety very seriously and considers it a key priority for Fugro. Each regular meeting with the Board of Management starts with a discussion on safety. Partly caused by the afore

We regularly discussed with management progress on the implementation of the strategy. In line with the strategy, the company has been rapidly expanding in new growth markets. Together with infrastructure, these non-oil and gas markets now represent around half of Fugro's business. The less capital-intensive business model which is a corner stone of the new strategy, will help to deleverage the balance sheet.

Bringing more focus into the business, among others by divesting non-core activities, is an important element of the strategy. We welcomed the divestment of Fugro's interest in Global Marine and fully support management's efforts to divest other non-core assets, including Seabed and Fugro's interest in Australian exploration projects.

## SUPERVISORY BOARD ACTIVITIES AND MEETINGS

During every meeting of the Supervisory Board as of May 2019, one of the Executive Leadership Team members (not being a Board of Management member) joined the meeting and was invited to participate in the discussions and give a presentation on his or her area of responsibility.

During 2019, the Supervisory Board met 12 times jointly with the Board of Management. Six regular scheduled meetings were held, most of which were preceded by internal meetings without the Board of Management being present. In addition, six extra meetings were held by conference call, all jointly with the Board of Management. None of the Supervisory Board members was absent from the regular scheduled meetings. When members were unable to attend the intermediate conference calls, they usually provided their input on

the subject to the chairman beforehand and they received an update of the call afterwards. 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 attendance record

	SB	AC	RC	NC
Harrie Noy	12/12	–	4/4	4/4
Maarten Schönfeld	12/12	4/5	–	–
Antonio Campo	11/12	–	4/4	4/4
Petri Hofsté	11/12	5/5	–	–
Anja Montijn	11/12	–	4/4	4/4
Douglas Wall	11/12	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 members of the Executive Leadership Team, corporate directors and 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.

In the regular scheduled meetings, the recurring items on the agenda were, among others, market developments, financial performance and forecasts per region and for Fugro as a whole, performance per business line, developments in the regions, the quarterly press releases, organisational developments, internal control and risk management and compliance, HSSE and (update on) key projects including divestments and smaller acquisition opportunities. 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, Fugro's financial position remained high on our agenda. Topics such as working capital, capital expenditures, cash flow and financial headroom under covenants, were frequently discussed. During 2019, in view of the improving performance of Fugro and the fact that the window of opportunity for the refinancing of Fugro seemed attractive, refinancing became a topic in our discussions with the Board of Management. We agreed with management to hire an external financial advisor to assist in this process and established a special committee consisting of the chairman and audit committee member Petri Hofsté to act as a sounding board for management.

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 preliminary results, some key projects, as well as the new proposed organisation structure.

- In our regular February meeting, the Brazil dam disaster was extensively discussed and first reporting on the accident was shared. We also discussed the annual results 2018 and related items in the presence of the external auditor (EY). We approved the internal audit plan for 2019 and we agreed to propose the re-appointment of the external auditor at the AGM. The annual report 2018 and the draft agenda for the 2019 AGM were approved. We approved the remuneration report 2018. We furthermore discussed and evaluated the strategy implementation update. We received a presentation on the share price development and analyst consensus.

- In an internal meeting, we discussed and approved the proposal of the remuneration committee regarding the remuneration and the annual bonus 2018 for the members of the Board of Management and the bonus targets for 2019. We noted and decided that the targets for vesting of the performance shares and performance options, granted as per 31 December 2015, had not been achieved and that, as a result, these shares and options would not vest on 4 March 2019 and would therefore expire/lapse.
- In April, we discussed the first quarter results, which were reason for several additional actions and measures to improve profitability, especially for the land business. The topic of refinancing and especially the timing of preparations was discussed. We approved amended Board of Management and Executive Leadership Team Rules as well as amended Supervisory Board Rules. We also prepared for the 2019 AGM.



- In May, June and July, several conference calls were held about the financial results, measures initiated to improve performance and the status of the ongoing divestment processes of non-core assets.
- At the end of July, the half-yearly report 2019 was discussed and approved. The external auditor attended the financial part of the meeting. We received an update from the Group Director Safety & Sustainability on the Brazil dam disaster and the measures implemented to mitigate future risk for projects which involve working around tailing dams. We also received an update on the ICT road map by the Chief Information Officer. We were updated on various key projects. The Group Director Americas and member of the Executive Leadership Team, was present during this meeting and gave a presentation about his region.
- In September, we had a three-day 'off-site' meeting in Singapore in combination with visits to Fugro's local offices. During our meeting we discussed the

employee satisfaction survey, presented by the Group Director Human Resources and we spent ample time on the business transformation plan for the land business. We also took note of the strategy evaluation presented by the CEO and discussed progress made so far. The Group Director Asia Pacific and member of the Executive Leadership Team gave a presentation on progress in the region. We met with senior management and key staff and got presentations on market developments, performance in the different business lines and on some major projects. We were impressed by the progress made in the turnaround of the performance in the region. 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.

- In October, a conference call was held on a proposal for a large tender in the Middle East.

- In our regular October meeting, we discussed the third quarter results and the restructuring measures for the land business. Also, the Group Director Digital Transformation & Innovation and member of the Executive Leadership Team was present at the meeting and gave a presentation on the technology roadmap and the innovation pipeline. The Global Procurement Director presented an update on the procurement roadmap.
- In a conference call in November we discussed the October results and the preliminary annual budget for 2020. We gave our feedback on the proposed targets for 2020.
- In December, we approved the annual budget/operational plan for 2020. The Group Director Human Resources and member of the Executive Leadership Team attended the meeting and presented the follow up of the employee satisfaction survey, as well as the human resources roadmap. The Global Director Safety & Sustainability gave a presentation on sustainability, and the progress made in 2019. The roadmap, focus and targets with respect to sustainability were discussed. The Director of Fleet Services and the Global Director Operational Excellence gave insight in their activities and plans regarding fleet services. We approved the audit plan for 2020, as recommended by the audit committee.

## SUPERVISORY BOARD COMMITTEES

The Supervisory Board has three permanent committees: 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 2019, the committee met five times. All meetings were attended by the CFO (with the exception of one meeting due to personal reasons), the Group Controller, the Director Internal Audit and the external auditor. In the meeting in which the annual results were discussed, the CEO was also 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 committee had a closed meeting with the Director 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 agenda were the annual financial statements and the quarterly and half-yearly

results, risk management and control, the internal audit plan and audit reviews, reports of the external auditor, taxation, insurance, IT (including cyber security), treasury, claims and disputes, compliance (including GDPR), follow-up of the management letter and the annual budget. Many of these topics were presented by the responsible managers.

In February, the external audit plan for 2019 was reviewed. Throughout the year, the key audit matters as identified by the auditor were discussed. These key audit matters were: the valuation of goodwill, vessels and right of use assets, the availability of financing and compliance with debt covenant requirements, the accounting for the Group's interest in Seabed Geosolutions, the estimates in respect of income tax positions, revenue recognition and project accounting and the changes in internal reporting structure resulting in re-identification of reporting segments and allocation of goodwill to groups of CGUs.

In December, the audit plan for 2020 was reviewed.

Furthermore, the finance roadmap and the compliance and due diligence processes regarding agents were discussed. Considerable time was spent on bank covenants and re-financing scenarios, (possible) impairments and other one-offs, and on capital expenditure.

The committee was briefed by the external auditor on relevant developments in the audit profession, especially those related to new International Financial Reporting Standards. The committee met with the external auditor without the Board of Management 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 2019, Ernst & Young Accountants LLP (EY) was reappointed as external auditor to audit the financial statements for 2020. At the upcoming AGM on 30 April 2020, it will be proposed to reappoint EY to audit the financial statements for 2021.

#### Nomination committee

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

In 2019, the committee met four times, mostly with the CEO and the Group Director Human Resources being present. The topics that were discussed included, among others, global human resources management, talent development and succession planning, annual assessment of the Board of Management and its individual members and the process for self-assessment of the Supervisory Board.

The committee discussed the composition of the Board of Management and advised the Supervisory Board in this respect. The committee also discussed the composition of the Supervisory Board and prepared proposals for the succession in the Supervisory Board.

#### 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 2019, the committee met four times, mostly with the CEO and the Group Director Human Resources being present. Discussed were, among others, the remuneration report 2018, the annual bonus for the members of the Board of Management with respect to 2018, the bonus targets for 2019, the performance share grant 2019 and the lapse of the performance options and shares under the 2015 plan. The impact of the Shareholders' Rights Directive on the remuneration policies for the Supervisory Board and Board of Management was also discussed. Please refer to the remuneration report on page 105 for more 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 its diversity policy (see for further

information on composition and diversity, pages 79–80 of this annual report).

In the AGM held on 26 April 2019, both Petri Hofsté and Anja Montijn were reappointed for a second four-year term.

The Supervisory Board attaches great importance to the independence of its members. All members 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 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. In principle, once every three years an external, independent consultant is engaged to assist in this process. Although this was lastly done in February 2017, we decided that the self-evaluation by an external consultant will take place next year. Therefore, 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 and the interaction with the Board of Management and the Executive Leadership Team. The overall conclusion from this process was that the Supervisory Board is operating well and that discussions are open and constructive. The Supervisory Board

functions as a team where different opinions are welcomed and respected. The dinner meetings on the evening prior to the regular board meetings, are considered an excellent opportunity to speak about broader topics. 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 board succession planning, also in view of Fugro's strategic direction, spending more time on longer term strategic challenges, talent management and succession planning, and the required performance improvement in the land business.

## COMPOSITION AND FUNCTIONING OF THE BOARD OF MANAGEMENT

At the AGM of 2019, Mark Heine was reappointed to the Board of Management for a four-year term. He continued to serve as CEO and chairman of the Board of Management. During the year 2019, the Board of Management consisted of Mark Heine (CEO), Paul Verhagen (CFO) and Brice Bouffard (Chief Development Officer). Mark Heine also fulfilled the role of interim Group Director Europe-Africa until the end of 2019.

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 2019 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.

As the Executive Leadership Team of Fugro became fully staffed with the start of the new Group Director Europe-Africa as per January 2020, the Supervisory Board decided in December 2019 to reduce the Board of Management to the CEO and the CFO positions only. As a consequence, Brice Bouffard, whose four-year term as member of the Board of Management finishes at the annual general meeting of shareholders on 30 April 2020, will not be nominated for re-election. The Supervisory Board thanks Brice Bouffard for his contribution to Fugro.

The size and composition as well as the combined experience and expertise of the Executive Leadership Team and the Board of Management fit the profile and strategy of the company. The current composition meets the company's diversity criteria regarding age, nationality and background, but not yet regarding gender. When vacancies arise in the Board of Management and/or the Executive Leadership Team, we will ensure that the company looks for female candidates that fit the profile. We further refer to the statement on diversity of the boards on page 79–80 of this report.

For the current composition of the Board of Management and the Executive Leadership Team and information about its members, please refer to page 63–64 of this report.

## FINAL COMMENTS

We are fully aware that the dedication of Fugro's people to their work is key to the success of our company. We want to thank everybody in Fugro for their contribution. With the commitment and capabilities of our staff we will be able to further expand our position as the world's leading Geo-data specialist in line with the 'Path to Profitable Growth' strategy.

Leidschendam, 18 February 2020

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

## REMUNERATION REPORT 2019

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. 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:

- Current remuneration policy for the Board of Management
- Remuneration of the Board of Management in 2019, based on application of the policy in 2019
- Internal pay ratio and 5-year analysis
- Terms of appointment of the members of the Board of Management
- Remuneration Board of Management per 2020
- Remuneration of the Supervisory Board.

Further information on the remuneration and on option and share ownership of members of the Board of Management and members of the Supervisory Board is available in note 39 of the financial statements in this annual report. The remuneration policy and the remuneration charter, which is included in the Supervisory Board rules, are posted on Fugro's website.

This report takes into account the revised Shareholders' Rights Directive published in May 2017 as implemented into Dutch law per 1 December 2019. Reporting requirements arising from the new guidelines for standardised presentation of the remuneration report, which are expected to be released by the European Commission in 2020, will be incorporated after they have come into force.

The Supervisory Board has decided in December 2019 to reduce Fugro's Board of Management to the CEO and CFO positions only. Until the annual general meeting of shareholders (AGM) in 2020, the Board of Management consists of three persons.

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 FOR 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. It contributes to this long-term value creation by not only focusing on financial targets, but also on non-financial targets.

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 regularly to verify its market conformity, potentially leading to adjustments. In line with the new Shareholders' Rights Directive, it will be put forward for adoption at the AGM at least every four years.

#### 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 currently Aalberts Industries, Accell Group, AMG, Aperam, Arcadis, ASM International, BAM Group, Boskalis, Brunel, Corbion, SBM Offshore, TKH Group, TomTom and Vopak. In addition, an international group has been used to assess market competitiveness within the sector, especially regarding short- and long-term incentive levels.

The remuneration committee periodically evaluates the composition of the labour market reference group, amongst others, in light of corporate events and overall fit. Companies removed from the reference group will be replaced by other listed companies of comparable scope with international/ global business activities with the objective to position Fugro around the midpoint in terms of the average of the scope parameters revenues, market capitalisation, assets and employees. In 2019 it was decided to replace Refresco Group (delisted) by AMG and Wolters Kluwer (too large) by Corbion.

### 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 consideration:

- Fugro's purpose, vision and strategy
- Related strategic enablers and Fugro's values
- Internal pay differentials
- Scenario analyses, indicating possible outcomes of the variable remuneration elements and how these may affect the remuneration
- Performance indicators relevant to the long-term objectives of the company.

Furthermore, Fugro considers sustainable development as an important driver to help create a safe and liveable world. This requires balancing the short- and long-term interests of stakeholders and integrating social and environmental factors, 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 level and structure of their remuneration.

### Remuneration elements

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

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

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. Regularly, the outcome of external benchmarking by an independent consultant is taken into consideration.

### Short-term incentive (STI, annual bonus)

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

To ensure continued alignment of the STI with Fugro's strategy and to enable adequate responses to the challenges Fugro is facing, flexibility with respect to the STI targets is important. Therefore, at the beginning of each financial year, the Supervisory Board will set the STI targets, based on the budget and taking into account the strategic goals of the company.

The Supervisory Board will also determine the relative weight for the selected targets and the applicable performance zones for each target (financial and non-financial). These performance zones determine the performance level:

- Below which no pay-outs are made
- At which 100% pay-out is made
- At which the maximum pay-out is made.

There will be no overshoot possibility for the non-financial targets. The maximum 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.

After the end of the financial year, the remuneration committee determines to what extent the targets have been met. The Supervisory Board, following a proposal from the remuneration committee, will decide upon the STI to be awarded over the past financial year. The STI, if any, is paid after adoption by the AGM of the financial statements.

As per 2020, the metrics that will be used for the financial targets and their weighting will be disclosed at the beginning of the financial year, in the remuneration report regarding the previous year. Due to this additional disclosure, the existing list of six possible financial metrics from which the Supervisory Board can make a selection, has been rendered superfluous. After the end of the financial year, the performance on each

of the metrics will be disclosed as a percentage of target performance. The performance incentive zones qualify as sensitive information and will not be disclosed.

### Long-term incentive (LTI, performance shares only)

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 in 2018. 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%
- Any other member: 80%.

A new three year period started with the grant on 1 March 2018.

Conditional grants under the LTI are made each year in the open period immediately following the publication of the annual results. The performance period is from 1 January of the year of granting to 31 December three years later. The 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 Arcadis, Boskalis, Core Laboratories, Fluor, John Wood Group, Oceaneering International, Schlumberger, Subsea 7, TechnipFMC, Transocean and WorleyParsons.

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

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

### Pension and other benefits

The pension contribution for the members of the Board of Management is in line with market practice. In accordance with Dutch law, tax deductible pension accruals are only possible for the part of salary up to EUR 107,593 (2019). Members of the Board of Management are compensated by a non-tax

### Total shareholder return ranking (weight: 37.5%) and applicable vesting (% of conditional award)

Ranking	12	11	10	9	8	7	6	5	4	3	2	1
Vesting	0%	0%	0%	0%	0%	25%	50%	75%	100%	125%	150%	175%

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.

In 2019, Fugro transferred all employees in the Netherlands to a new defined contribution plan up through the legal maximum pensionable salary. The Board of management also participates in this plan up through the legal maximum.

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.

### Claw back and value adjustment

Pursuant to section 2:135 paragraph 6 of the Dutch Civil Code (DCC), 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 DCC, 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.

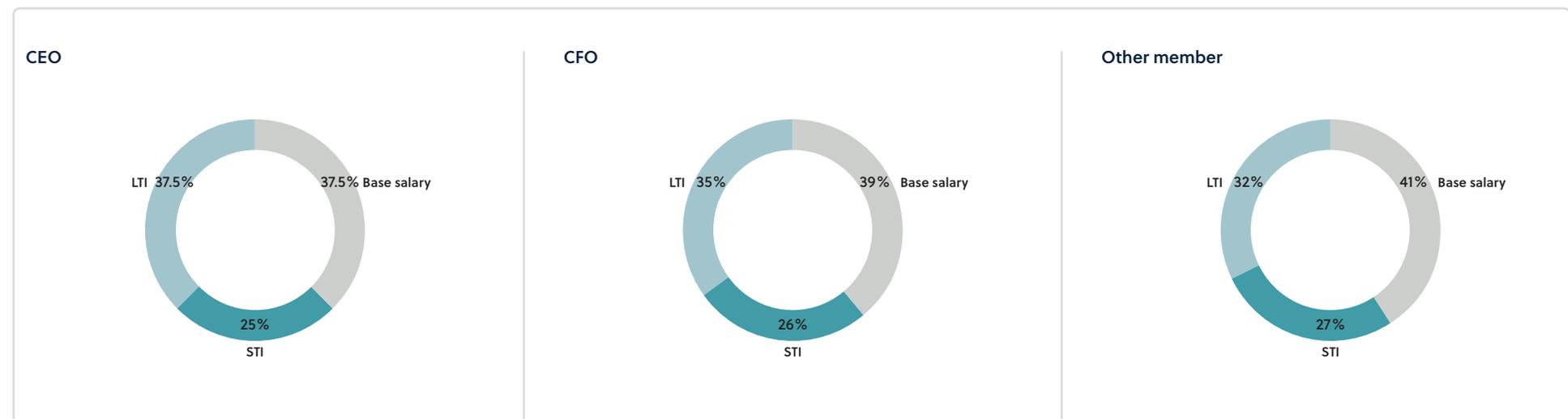
### Share ownership guidelines

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.

### Ratio between fixed and variable pay

Based on Fugro's remuneration policy as described above, the following pie charts represent the pay mix for the CEO, the CFO and the other board member in case of 'at target' performance.

### Ratio between fixed and variable pay



## REMUNERATION BOARD OF MANAGEMENT IN 2019

### Fixed base salary

In 2019, the fixed base salaries of the members of the Board of Management have not changed.

### Short-term incentive

The remuneration committee evaluated the performance of the Board of Management in 2019 in relation to the targets that had been set for the year. The financial metrics applied for the STI in 2019 were: adjusted EBIT margin, working capital percentage and adjusted cash flow after investments. The actual 2019 performance in relation to the performance zones that had been set for each of the **financial** targets, resulted in a bonus of 51.85% of the 2019 fixed base salary. Fugro decided not to disclose the performance zones as this is considered competitive sensitive information.

The **personal** targets consisted of specific targets for each individual board member and were related to:

- for CEO: the change of the leadership structure, the implementation of the sustainability road map and diversity policies and initiatives throughout the company
- for CFO: shared services centers, implementation of robotics process automation and upgrade of management information systems
- for CDO: implementation of business line strategies, strengthening of commercial capabilities, account management and project management.

For each of the board members also a target regarding HSSE was applicable.

The evaluation of performance on these **personal** targets resulted in a bonus of 5.8% to 15.0% of 2019 fixed base salary. The total of **financial** and **personal**

targets would result in a bonus of 57.7% to 66.9% of fixed base salary. As earnings per share of Fugro were negative in 2019, the remuneration committee proposed to reduce the bonuses to 72.5% of the calculated amounts, in line with the practice applied to

other senior staff in Fugro that are eligible for a bonus. This resulted in a bonus for the members of the Board of Management of 41.8% to 48.5% of fixed base salary. On 18 February 2020, the Supervisory Board discussed the proposal of the remuneration committee and agreed with it.

### Performance Board of Management on short term incentive targets 2019

	Weight	Achievement versus target	Bonus as % of base salary
Adjusted EBIT margin	35%	67%	15.6%
Working capital as % of 4 times Q4 revenue	20%	137%	18.2%
Adjusted cash flow after investments	20%	136%	18.1%
Personal targets	25%	35 – 90%	5.8 – 15.0%
<b>Total</b>			<b>57.7 – 66.9%</b>

### Long-term incentive

Until 2014, the long-term incentive (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, granted under the 'old' unconditional option plan, held by members of the Board of Management who were in office in 2019. As of 2014 no unconditional options were granted anymore to members of the Board of Management. At December 31, 2019 all outstanding conditional options expired.

## Long-term incentive

### Unconditional options

	M.R.F. Heine	P.A.H. Verhagen	B.M.R. Bouffard	P. van Riel
Outstanding on 31 December 2018	28,500	30,000	n/a	55,000
Exercised in 2019	0	0	n/a	0
Expired with no value on 31 December 2019	28,500	30,000	n/a	55,000
Outstanding on 31 December 2019	0	0	n/a	0

The vesting date of the performance shares and performance options granted as per 31 December 2015 was 4 March 2019. On 22 February 2019, following the advice of the remuneration committee, the Supervisory Board decided that the targets for vesting of these performance shares and performance options were not achieved because the ROCE target (50% weight) was below the threshold and the TSR ranking (50% weight) was below 7. As a result, these performance shares and performance options did not vest on 4 March 2019 and expired.

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 2019 and the former CEO who left the organisation in 2018.

The following table shows an overview of shares held by the current members of the Board of Management. The numbers include for each member 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. These restricted shares were granted per 1 March 2018 as bonus for the performance regarding 2017 (approved by the AGM in 2018).

### Number of shares

	M.R.F. Heine	P.A.H. Verhagen	B.M.R. Bouffard
31 December 2018	22,350	28,730	15,750
31 December 2019	22,350	28,730	15,750

## Long-term incentive

### Performance shares

	M.R.F. Heine	P.A.H. Verhagen	B.M.R. Bouffard	P. van Riel
Outstanding on 31 December 2018	54,500	62,500	43,250	20,000
Not vested on 4 March 2019 as a result of not achieving the targets	(11,250)	(11,250)	n/a	(12,500)
Granted on 4 March 2019	58,000	40,000	32,000	0
Outstanding on 31 December 2019	101,250	91,250	75,250	7,500

### Performance options

Outstanding on 31 December 2018	45,000	45,000	22,500	40,000
Not vested on 4 March 2019 as a result of not achieving the targets	(22,500)	(22,500)	n/a	(25,000)
Outstanding on 31 December 2019	22,500	22,500	22,500	15,000

### Vesting of 2016 performance shares and options

On February 26, 2020 the 2016 LTI plan including performance shares and performance options vested for the Board of Management and other senior management. The TSR target resulted in a 25% vesting and the ROCE target resulted in a 12.5% vesting.

The total vesting over the period 2017–2019 therefore amounted to 37.5%.

The table below shows the vested performance shares and performance options for the Board of Management.

### Total remuneration Board of Management in 2018–2019

The table below gives an overview of the remuneration of the Board of Management in 2018–2019. In this table the value of the LTI is not based on the vesting of shares and options in 2020 but on the value of the performance shares granted in March 2019 as included in the financial statements.

### Other benefits

The additional benefits remained unchanged in 2019.

### Long-term incentive

	M.R.F. Heine	P.A.H. Verhagen	B.M.R. Bouffard	P. van Riel <sup>1</sup>
<b>Performance shares</b>				
Grant December 31, 2016	11,250	11,250	11,250	7,500
Vested per February 26, 2020	4,219	4,219	4,219	2,813
<b>Performance options</b>				
Grant December 31, 2016	22,500	22,500	22,500	15,000
Vested per February 26, 2020	8,438	8,438	8,438	5,625

<sup>1</sup> Prorated for 50% due to end of service per June 30, 2018

### Remuneration Board of Management 2018–2019

(in EUR)	M.R.F. Heine <sup>2</sup>		P.A.H. Verhagen <sup>3</sup>		B.M.R. Bouffard		P. van Riel <sup>4</sup>		Ø. Løseth <sup>5</sup>	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Fixed base salary	660,000	502,500	500,000	483,336	450,000	450,000	–	300,000	–	590,000
Short-term incentive (STI) <sup>1</sup>	320,000	151,000	242,500	145,000	188,198	121,000	–	90,000	–	330,000
Pension costs including disability insurance and related costs	33,935	45,469	36,207	59,890	33,935	41,041	–	26,084	–	137,608
Pension compensation	62,345	61,042	78,638	76,841	68,090	66,567	–	48,189	–	n/a
Severance					450,000		–		–	
Sub Total	1,076,280	760,011	857,345	765,067	1,190,223	678,608	–	464,273	–	1,057,608
Long-term incentive plan <sup>6</sup>	382,541	261,050	366,799	288,968	299,853	197,150	–	223,936	–	n/a
<b>Total</b>	<b>1,458,821</b>	<b>1,021,061</b>	<b>1,224,144</b>	<b>1,054,035</b>	<b>1,490,076</b>	<b>875,758</b>	<b>–</b>	<b>688,209</b>	<b>–</b>	<b>1,057,608</b>

<sup>1</sup> STI 2019 is related to 2019 performance, paid in 2020; STI 2018 is related to 2018 performance, paid in 2019.

<sup>2</sup> As of 1 October 2018, Mr. Heine became CEO and his annual fixed base salary was increased from EUR 450,000 to EUR 660,000 gross per year.

<sup>3</sup> 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.

<sup>4</sup> Mr van Riel management services agreement ended 30 June 2018. The amounts shown cover the period through 30 June 2018.

<sup>5</sup> Mr Løseth management services agreement ended 31 December 2018. The amounts shown cover the period through 31 December 2018 including contractually agreed bonus.

<sup>6</sup> The LTI includes the vested plans in 2019 (see note 12 financial statements).

## INTERNAL PAY RATIO AND 5-YEAR ANALYSIS

### Pay ratios

In designing 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 in 2019, Fugro continued to have a pay ratio of 20 (2018: 20), 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's long-term incentive at target vesting, the pay ratio would have been 29 (2018: 26).

### 5-year analysis

Due to the economic circumstances and the business environment, Fugro had limited salary increases for all employees from 2015 through 2017. In 2018, Fugro adjusted salaries at 80% of market movement and in 2019 had a regular salary review. The remuneration of the Board did not change during their four year appointment and changed only as a result of the re-appointment in 2018 of Paul Verhagen and the appointment of Mark Heine as CEO in 2019. The table below shows the overall Board remuneration for five years compared to personnel expenses and company performance. For a better comparison it was decided not to include the IFRS value of the LTI program. For 2018 and 2019, these can be found in the table on the bottom of page 111.

## Remuneration Board of Management 2015–2019

### Five year remuneration Board of Management compared to company performance<sup>1</sup>

		2019	2018	2017	2016	2015
M.R.F. Heine <sup>2</sup>	Remuneration	1,076,280	760,011	628,123	633,530	687,738
	% change	42%	21%	(1%)	(8%)	–
P.A.H. Verhagen <sup>3</sup>	Remuneration	857,345	765,067	659,968	665,720	626,797
	% change	12%	16%	(1%)	6%	–
B.M.R. Bouffard <sup>4</sup>	Remuneration	740,025	678,608	633,993	487,673	
	% change	9%	7%	30%		
Adjusted EBITDA	actual	184.9	120.4	100.8	189.5	353.0
Employees	Personnel expenses	668,528	625,765	629,572	694,436	809,130
	% change	7%	(1%)	(9%)	(14%)	–

<sup>1</sup> Remuneration includes base salary, short term incentive, pension and pension contribution.

<sup>2</sup> Appointed CEO in October 2018.

<sup>3</sup> Reappointed CFO at AGM 2018.

<sup>4</sup> Appointed to the Board of Management at AGM 2016.

## TERMS OF APPOINTMENT OF THE MEMBERS OF THE 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. Members of the Board of Management deliver their services under a management services contract.

For termination of contract, a three months' notice period is applicable for both Fugro and the members of the Board of Management. The current appointments expire as follows:

M.R.F. Heine (CEO)	AGM 2023
P.A.H. Verhagen (CFO)	AGM 2022
B.M.R. Bouffard	AGM 2020

In December 2019, the Supervisory Board has decided to reduce Fugro's Board of Management to the CEO and CFO positions only. Therefore, Brice Bouffard, whose term as member of the Board of Management finishes at the AGM on 30 April 2020, will not be nominated for re-election. In accordance with his contract, Mr. Bouffard will receive a severance payment of one year base salary.

### Severance pay

Severance payment for members of the Board of Management is limited to one year's fixed base salary and is in principle applicable in the event of termination or annulment of the management services agreement, unless this is for cause. No severance payment will apply if the agreement is terminated at the initiative of the member of the Board of Management.

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 2019, no severance payments have been paid or committed to (former) members of the Board of Management, except for the severance payment for Mr. Bouffard that will be paid in 2020.

## REMUNERATION BOARD OF MANAGEMENT PER 2020

The remuneration committee has evaluated the remuneration policy for the Board of Management. Based on that evaluation and taking into account the feedback from stakeholders, the Supervisory Board has agreed with the advice of the remuneration committee not to adjust the remuneration policy other than required by the revised Shareholders' Rights Directive. In line with the revised Directive, the existing remuneration policy for the Board of Management, as last adopted in 2017, will be re-submitted for shareholder approval on 30 April 2020.

The following derogation clause is however added to the policy to safeguard that the Supervisory Board can use its discretion to ensure that the short-term and long-term incentive plans continue to support the interests of the company even in exceptional circumstances: 'In exceptional circumstances the Supervisory Board may decide to temporarily deviate from the remuneration policy based on a proposal of its

remuneration committee, when this is necessary to serve the long-term interests and sustainability of the company as a whole or to assure its viability. The derogations can concern the objective setting and pay-out of the short-term and long-term incentive plans.'

In evaluating the remuneration policy, the remuneration committee concluded that the policy still strongly supports Fugro's strategy and company objectives. It is also considered to be well aligned with the external environment in which the company operates as well as with all applicable rules, regulations and best practices. The committee is aware of the public debate surrounding the topic of remuneration, including the debate on internal pay differentials, and strives for broad stakeholder support. In this light, the committee had several discussions with major shareholders and representatives of Dutch institutional and retail investors.

During these discussions it became clear that the policy is generally supported. It is considered to be straightforward, aligned with shareholder interests, aligned with market practice and prudently applied. There is however a call to disclose more information on the objectives of the incentive plans and on the achievements per objective.

As follow up to the discussions, the Supervisory Board has decided to start disclosing the specific financial objectives and relevant weighting for the short-term incentive plan at the beginning of the financial year. For 2020 these are:

- adjusted EBIT margin, weight 35%
- working capital, weight 15%
- business cash flow, weight 15%.
- adjusted net profit 10%

After the end of the financial year the performance on each of the objectives as a percentage of target performance will be disclosed. For 2019, this can be found on page 109.

## REMUNERATION SUPERVISORY BOARD

### Remuneration policy for the Supervisory Board

On the basis of the revised Shareholders' Rights Directive, the remuneration policy for the Supervisory Board will be submitted for adoption to the AGM of 2020. The current remuneration of the Supervisory Board was determined by the AGM in 2011.

The Supervisory Board draws up the Supervisory Board remuneration policy based on advice from its remuneration committee. The remuneration policy will be evaluated regularly and will be put forward for adoption by the AGM at least every 4 years.

The Supervisory Board remuneration policy is geared to attract and retain members that contribute to the desired composition with regard to expertise, experience, diversity and independence, as set out in the profile of the Supervisory Board. The policy aims to reward Supervisory Board members for the time spent and the responsibilities of their role, including but not limited to the responsibilities imposed by the Dutch Civil Code, Dutch Corporate Governance Code and the articles of association.

The remuneration for Supervisory Board members consists of the following elements:

- a fixed remuneration and a committee fee, which varies for the Chair, Vice-Chair and members, to reflect the time spent and the responsibilities of the role

- an attendance allowance per meeting held outside the country of residence, to compensate for additional time spent to attend meetings
- a reimbursement for actual costs in the performance of the duties for Fugro.

Committee impact and responsibility is deemed to be comparable, hence no difference in committee fees. For remuneration purposes, the remuneration committee and the nomination committee are considered a combined committee.

The remuneration committee uses external benchmark information to assess market comparability of the remuneration. Remuneration levels are aimed at the median of Dutch listed companies with a two-tier board structure comparable in size and scope.

### Remuneration Supervisory Board

Fixed remuneration per year	<ul style="list-style-type: none"> <li>Chairman EUR 70,000</li> <li>Vice-Chairman EUR 55,000</li> <li>Member EUR 50,000</li> </ul>
Committee fee per year	<ul style="list-style-type: none"> <li>Chairman EUR 10,000</li> <li>Member EUR 8,000</li> </ul>
Attendance allowance for meetings outside country of residence	EUR 5,000 per meeting
Expenses	Reimbursement of actual incurred costs

This overview reflects standing remuneration practice, except for the attendance allowance that currently only applies to members that live or have business in the United States.

The remuneration is not dependent on the results of Fugro. Members of the Supervisory Board will not be

awarded remuneration in the form of shares and/or rights to shares. In addition, Fugro does not grant loans, advance payments, guarantees, shares or rights to shares.

In exceptional circumstances the Supervisory Board may decide to temporarily deviate from its remuneration policy based on a proposal of its remuneration committee. The derogations can concern increasing remuneration and/or committee fees in case a significant increase in time investment by its members is necessary to serve the long-term interests and

sustainability of the company as a whole, or to assure its viability, e.g. in case someone is asked to act as delegated member of the Supervisory Board. In such a case the additional remuneration will be EUR 1,500 per half-day.

### Remuneration of the Supervisory Board in 2019

The following table provides an overview of the remuneration awarded to the members of the Supervisory Board in 2019. For the past 5 years the remuneration level did not change.

### Remuneration Supervisory Board 2019

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

Members of the Supervisory Board currently do not hold shares or rights to shares in Fugro.

Leidschendam, 18 February 2020

On behalf of the remuneration committee  
Anja Montijn  
Chair