

STRATEGY

Recovery of the oil and gas market and ongoing growth in offshore wind and infrastructure markets create ample opportunities for Fugro. 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 world we live in is changing faster than ever before, driven by population growth, people moving to cities, technological developments and climate change. Fugro, together with its clients, plays a fundamental role in creating a safer and more liveable world. We will continue to work closely with our clients and partners to build programmes to further improve safety and environmental 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.

GLOBAL TRENDS

Population growth



Between now and 2050 the world is expected to host an additional 2.5 billion people; a growth of over 30% compared to today. This puts an enormous strain on our planet and will result in the need for more energy, water, food, minerals and metals. Global energy demand is expected to double this century.

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

Urbanisation



The biggest population growth will take place in large urban centres. Between now and 2050, a further 1.3 billion people will move to cities. In the year 1800 only 2% lived in cities, in 1950 this was 30% and by 2050 two-thirds of the population on this planet will live in cities. This will drive an enormous demand for modern and effective infrastructure. In turn this will lead to increasing demand for roads, railways, airports, buildings, tunnels, bridges and harbours. Without these, we would not have a safe and liveable environment.

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.

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. It is increasingly clear that 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 harsher weather patterns with cyclones and tsunamis 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.

MARKET TRENDS

Oil and gas



The period from 2014 to the first half of 2017 was dominated by oversupply of oil, as technological improvements led to a strong increase in the production of shale oil in the United States of America, new supply from mega projects of the preceding years and continued ample supply from the Middle East and Russia. This resulted in a steep drop in the oil price, which prompted oil companies to sharply reduce their capital and operational spending.

For offshore oil field services companies, this has resulted in continued low work volumes and significant price pressure due to overcapacity. The downturn has forced massive cost reduction throughout the supply chain and has prompted the development of standardised, more cost-effective solutions. As a result, many offshore reservoirs have become more competitive, with a development and production cost per barrel below or at the lower end of the cost range of shale oil; they also have attractive, low cost production profiles following higher upfront investment.

New developments offshore, including in deep water, are now required to fill the gap caused by depletion and increasing demand. Depletion of producing oil and gas fields amounts to several million barrels per day on a current production of around 100 million barrels per day. In addition, in the coming years the demand for oil is expected to grow by around 1 to 1.5 million barrels per day.

On the back of the supply discipline of OPEC and Russia, the oversupply started to decrease during 2017. In 2018, this resulted in a recovering oil price and a growing number of final investment decisions (FIDs) on offshore projects, leading to higher activity levels in the early part of the oil and gas cycle, including marine site characterisation. It is anticipated that offshore oilfield services expenditure will show double digit growth in the coming years. New indications of temporary oversupply, and especially concerns over global economic growth as of 2019, has led to renewed pressure on the oil price towards the end of 2018. Still, we expect projects to continue to move forward as economics are still viable at current commodity price levels.

Renewables



Growth in solar and wind power generation is rapid. Renewables are the fastest growing fuel source, quadrupling over the next twenty years, to around 14% of energy consumption (source: BP Energy Outlook 2018). For offshore wind, decreasing development costs and improving reliability is opening up geographies beyond Europe, such as the USA and Asia. In addition, the market for asset integrity services is beginning to develop as more and more wind farms enter into operation.

Despite the rapid development of renewable energy, it is still small compared to energy generated from oil and gas. For the coming years, the growth in renewables will not even cover the overall energy demand growth, and it will therefore take time before the demand for fossil fuels starts to decline. This means that oil and gas will continue to dominate energy supply for years to come. By 2040, the global energy mix is anticipated to be the most diverse ever, with oil, gas, coal and non-fossil fuels (renewables, hydro and nuclear) each contributing around 25% (source: BP Energy Outlook 2018).

Infrastructure



Population growth and urbanisation is increasing the demand for roads, railways, tunnels, bridges, airports, harbours and mines. In addition, the growing energy demand is leading to higher investments in oil and gas, power and electricity facilities and distribution networks.

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 operability. In addition, there is a continuing demand for conventional and nuclear power stations, which require extensive and specialist site characterisation solutions.

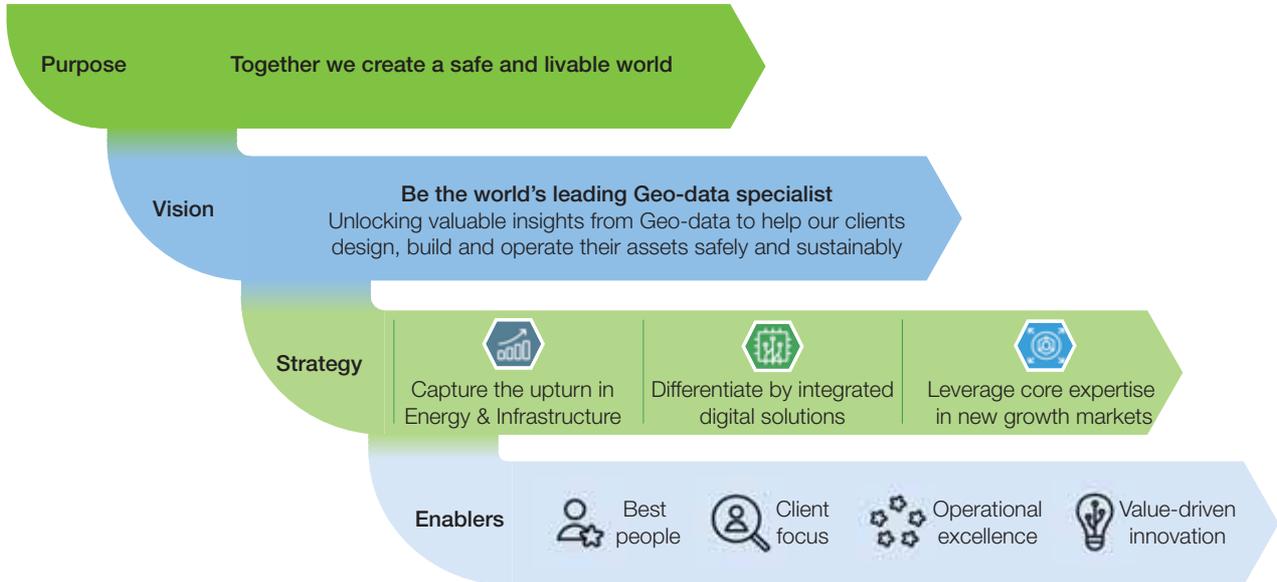
PATH TO PROFITABLE GROWTH STRATEGY

During the years 2014 to 2017, activity levels and pricing declined strongly, driven by an oil and gas crisis that was longer and deeper than any before. Despite rigorous cost savings, Fugro's profitability declined far below acceptable levels. The year 2018 marks a turning point in our results, driven by sharp growth and improving prices in our early cyclical marine site characterisation activities. Still, it is evident that our results need further improvement.

We used the downturn as a 'perfect storm' to transform, under our 2014 Building on Strength strategy, from a highly decentralised organisation into a cohesive company with a clear focus and the ability to deliver integrated service packages and solutions to clients. At the same time, costs were substantially reduced, while we continued to invest in innovative solutions and the development of new technologies.

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

Path to Profitable Growth strategic framework



new growth markets. The implementation will target volume growth, while operating leverage, improved pricing conditions and higher productivity will push our margins.



Capture the upturn in the energy and infrastructure market

The outlook across Fugro's market segments is positive. After a couple of years of underinvestment, oil and gas companies are increasingly taking final investment decisions regarding new offshore developments. This is evidenced by the recovery, since the start of 2018, of our early cyclical marine site characterisation business. Similarly, there is ongoing expansion of offshore wind developments in Europe and, to an increasing extent, also in other geographies like the United States of America 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 and other infrastructure.

Building on our leading market positions, our people, 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 our key markets. In the Marine division, we are targeting volume growth, while operating leverage, improved pricing

conditions and higher productivity will improve our margins. We will increase our integrated offering of acquisition, analysis and advise on Geo-data, strengthen key account management and improve value-based bidding. There is room to increase the utilisation of our current vessel fleet and we will gradually shift towards more lightly manned, sometimes even unmanned, platforms. We will continue to improve our operational excellence to drive client satisfaction and cost efficiencies.

In the Land division, we target 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 (mostly engineering, procurement and construction contractors) we ensure that we are engaged from the very start of their project. To this end, we have developed integrated value propositions for nine defined key asset classes in the energy and infrastructure market: roads, railways, tunnels, bridges, airports, mines, nuclear power plants, power transportation and distribution and oil and gas facilities.



Differentiate by integrated digital solutions

Digitalisation is a key priority for our clients.

Key industry sectors that Fugro supports have begun to embrace digital solutions to increase efficiency and reduce the overall cost of development and operation of their assets. We are fully leveraging technology developments in the field of robotics, connectivity and advanced analytics in order to offer safer, faster, more efficient and higher quality services; all in a more sustainable way.

Our digital value proposition comprises:

- Collection of higher quality data. Using the best sensors, we create more insightful deliverables such as photo realistic 3D models of our clients' assets.
- Increased productivity, improved safety and faster delivery of data. Our increased use of autonomous or lightly manned vessels and vehicles, combined with the use of remote field operations, is reducing the need for in-field personnel. High-bandwidth connectivity and advanced analytics are allowing us to provide (near) real-time access to the data.
- Automated processing. Using cloud-based artificial intelligence and machine learning, combined with our people's deep expertise, we provide deeper insights, better validate outcomes and develop new solutions.
- Real-time delivery and visibility of Geo-data. With live streams accessible via regular mobile devices, we connect our clients with data, analytics and advice: delivering better insights faster.

Progressively, we are providing our clients with Fugro's Digital Foundation: a new concept of interacting with them. This digital, four-dimensional model combines all Geo-data acquired throughout the lifetime of the asset, artificial intelligence-driven analytics and related decision making. The result is a comprehensive web-based interface, providing 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.

In order to enable this new client relationship, we are digitally transforming the way we work at Fugro along six building blocks: remote operations, robotics, autonomous work, advanced analytics, connected data and client interfaces.

'Technology allows us to do things in a different way.'



Leverage core expertise in new growth markets

Fugro is leveraging its core expertise and assets to expand in fresh water sourcing and in coastal and flood protection. As a result of global trends, such as climate change and population growth, these markets are expected to grow significantly. We are well positioned to leverage our existing expertise in areas such as hydrography, levees, weather forecasting and early warning systems. The imminent need for maintenance services on the increasing number of offshore wind turbines and for secure offshore positioning provide additional opportunities for Fugro.

Further expansion into these growth markets will support a more balanced portfolio across multiple markets, reducing our exposure to the oil and gas market.

We continue to pursue a divestment of our stakes in Seabed Geosolutions (60%), Global Marine Group (24%) and our interests in Australian exploration projects via Finder Exploration.

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.

Long term value creation model

Capital input



FINANCIAL

- Funding from shareholders, banks and bondholders



HUMAN

- Talented and diverse employees
- Fugro Academy, training spend



KNOWLEDGE

- Advanced methods and technologies
- R&D (spend and employees)
- Knowledge partnerships



STAKEHOLDER RELATIONSHIPS

- Stakeholder engagement
- Code of Conduct



PROVISION OF SERVICES

- Fixed asset resource base, capital expenditures and supplier spend
- Project and risk management tools

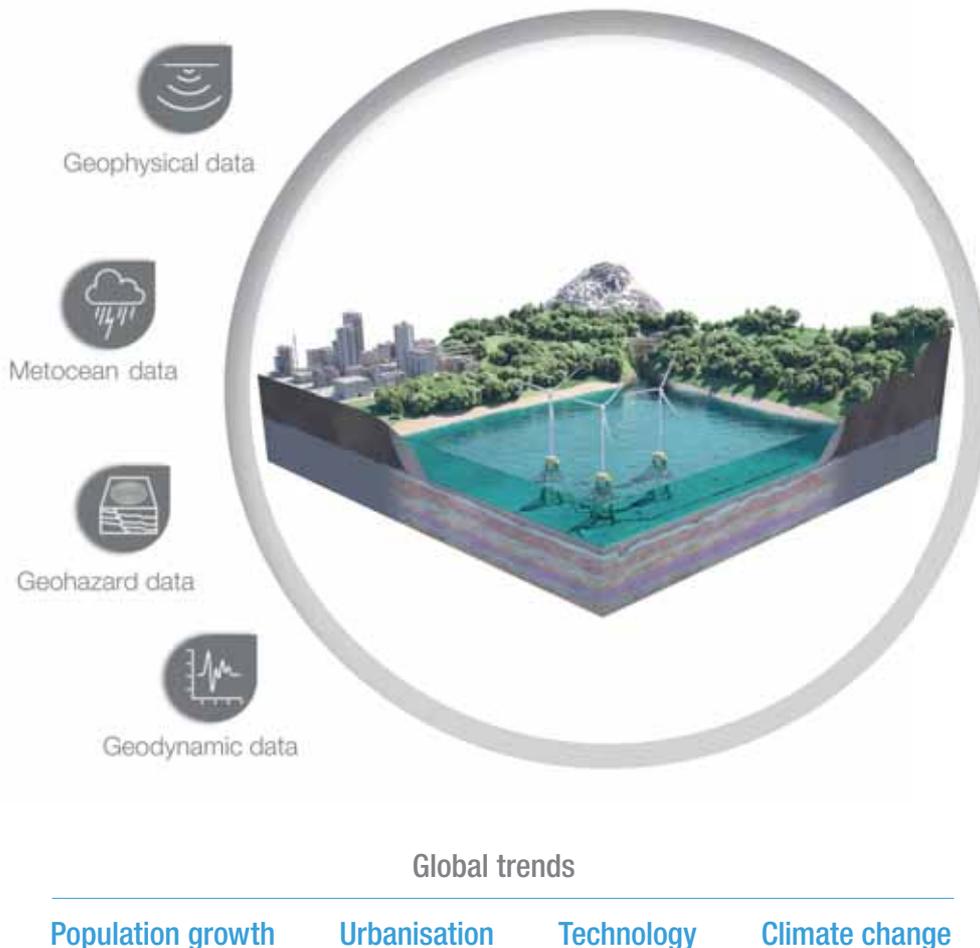


ENVIRONMENT

- Energy use
- Risk mitigation systems

Fugro's business

We unlock insights from Geo-data: information related to the Earth's surface, subsurface and structures built on it. With our unique 'triple-A' approach (integrated data acquisition, analysis and advice) we help our clients design, build and operate their assets in a safe, sustainable and efficient manner.



Value output

Value to society



FINANCIAL

- Wages, interest, taxes and dividends
- Share price performance



HUMAN

- Engaged employees with enhanced skills
- Health and safety performance



KNOWLEDGE

- Innovative site characterisation and asset integrity solutions
- Intellectual property (patents)



STAKEHOLDER RELATIONSHIPS

- Ethical business conduct
- Solutions advancing a safe and liveable world



PROVISION OF SERVICES

- Total value of acquisition, analytics and advisory services
- Safe and reliable delivery



ENVIRONMENT

- Reduced environmental impact
- Solutions contributing to the increased use of renewable energy

We contribute to sustainable development as a driver to help create a safe and a liveable world



**SUSTAINABLE
DEVELOPMENT
GOALS**



Global positioning data



Geospatial data



Geochemical data



Geotechnical data

SUSTAINABILITY

Over the coming decades, population growth, increasing wealth and urbanisation will lead to an increasing demand for energy, water, food, minerals, metals, buildings, industrial plants and infrastructure. These global trends lead to massive challenges for the world, most notably climate change. The energy mix, infrastructure and built environments must evolve if tomorrow's problems are to be tackled successfully.

Fugro is seeing increasing demand for environmental mapping, water management, geohazard data and analysis and studies to support development of built assets and natural resources with minimum environmental impact. Similarly, clients seek asset integrity solutions to ensure environmentally sound and safe operation of their assets and to increase longevity. Through our integrated and digital solutions we support clients managing with the challenges of today and tomorrow. Fugro's services are essential for the sustainable development and operation of large infrastructure, industrial plants, buildings and natural resources.

We are also increasingly involved in projects that directly target a low carbon economy. We contribute significantly to the development of sustainable energy, such as offshore

wind farms, and to projects that mitigate the impact of climate change such as flood and coastal protection and other geohazards.

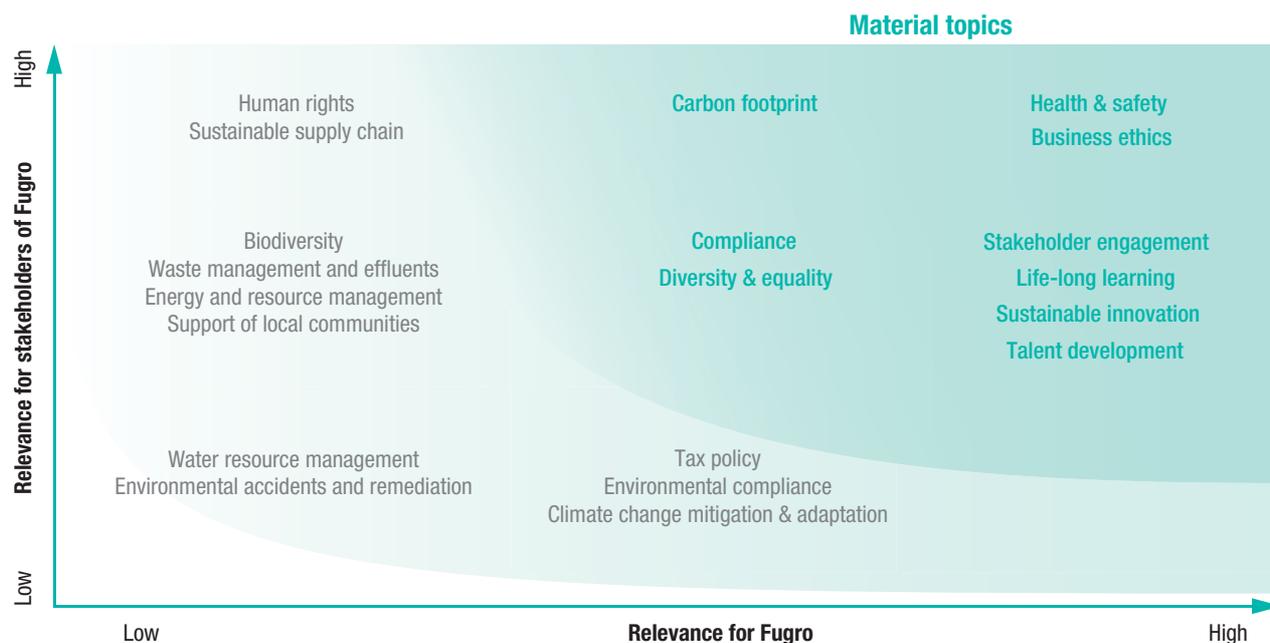
Even with the ongoing world-wide energy transition to combat climate change, oil and gas will remain an important part of the global energy mix and is expected to grow in the foreseeable future to replenish current reserves and meet global energy demands. Fugro continues to deliver sustainable solutions to these projects, targeting the safe and responsible development of these vital resources.

In addition, Fugro is committed to conducting its business ethically and responsibly. We strive to execute our projects with the highest regard for the safety and wellbeing of everyone who works for and with us, 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 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.

Fugro's materiality matrix



Sustainability framework

At the basis of the sustainability framework is a materiality assessment performed in 2016 to identify the most relevant topics for both the company and its stakeholders, covering social, environmental and compliance related topics.

The resulting nine material topics fully support Fugro's business objectives and our purpose. The topics are embedded in Fugro's values and 'Path to Profitable Growth' strategy 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.

In 2018 we worked on improving our policies, processes and monitoring of and reporting on the material topics. The main achievements in 2018 were the establishment of a groupwide diversity ambition, a first assessment of the application of living wages throughout the company, enhanced focus on working welfare principles, the implementation of a cloud-based global human resources system providing enhanced insight into diversity throughout the group, and a completion rate of the groupwide Code of Conduct training in excess of 90%.

In 2019, we will further focus on reducing our own environmental footprint. In addition, we will conduct a periodical review of the materiality matrix.

Operating safely and compliantly

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 employees and we take 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.

Fugro's sustainability framework, linked to UN sustainable development goals



Valuing 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 65 countries are predominantly staffed with local people, from over 100 nationalities.

Partnering for a sustainable world

The increasing global drive to reduce carbon emission caused by fossil fuel consumption is leading to growing investments worldwide in renewable energy. Fugro offers site characterisation and asset integrity services and continuously develops new and innovative solutions in support of renewable energy projects, such as offshore wind farms. We also offer environmental assessment services, and other solutions that assist clients and other partners in limiting the environmental impact of their operations and mitigating the consequences of rising sea-levels and severe weather events caused by global warming.

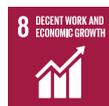
Fugro contributes to eight United Nations sustainable development goals



Fugro supports professional development of all its people, and has its own Fugro Academy with dedicated training facilities and extensive e-learning opportunities to facilitate this. The company has numerous academic partnerships with top universities across the world. Fugro employees are trained to abide by its Code of Conduct and work in accordance with its core values to promote human rights, gender equality, global citizenship and appreciation of cultural diversity.



In the ongoing global energy transition, Fugro provides innovative solutions for the development of a variety of clean energy resources, most notably through our strong position servicing the development of offshore windfarms world-wide. In addition, Fugro focuses on reducing its own carbon footprint, most notably from its vessel fleet, through a variety of technical innovations and programmes, and promotes the energy efficiency of its offices and fleet of vehicles.



Fugro treats people with dignity and respect and offers equal opportunities for all based on performance and development, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. Fugro works in parts of the world where equality and labour rights may be viewed differently. While recognising this, high business ethics in general and mandatory nature of the Code of Conduct in particular, ensure that all within the company abide by the core values.



Fugro's HSSE policies and programmes are focused on the wellbeing of its employees, by managing health and safety in the workplace. Fugro adheres to local and international guidelines and legislation, and applies and promotes (industry) best practises and initiatives in line with its human rights policy and core values.



Fugro's site characterisation and asset integrity solutions ensure the safe and sustainable development and management of a broad variety of infrastructure assets in the world.



Fugro actively contributes its expertise and vast knowledge of subsurface conditions to make invaluable and sustainable contributions to urban development and coastal protection initiatives to protect cities and communities from flooding.



Fugro contributes to the sustainable development of coastal and marine areas, by actively contributing data to Seabed 2030, aimed at a complete mapping of the ocean floor by 2030 for scientific, environmental and economic benefits. Also, Fugro is active with mapping coastal areas of vulnerable geographies, and identifying and mapping oil seepage from abandoned offshore well sites.



Fugro adheres to local and international guidelines and legislation and applies and promotes best practices in line with its human rights policy, core values and the objectives of SDGs 8 and 10. Fugro requires its suppliers and business partners to adhere to Fugro's 'Supplier and Partner Code of Business Principles'.

Reducing the environmental impact of our own activities also is an essential part of Fugro's sustainability approach. We are focused on limiting carbon dioxide emissions, mostly within our vessel fleet, as well as limiting the environmental footprint of our office buildings and vehicles.

Fugro is actively involved in the communities in which we work and our people engage and consult with a variety of stakeholders.

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 seventeen interconnected SDGs, Fugro's activities mainly contribute to eight, which are clearly linked to our purpose, strategy, sustainability framework, practices and culture.

Sustainability organisation and reporting

Fugro's policies, performance and ambitions regarding its sustainability focus areas are addressed in the chapter 'Group performance – sustainability'.

At Board of Management level, sustainability is part of the portfolio of the CEO. The Global Director QA and HSSE 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 Global Director Human Resources, General Counsel and Chief Compliance Officer and Global Director QA and HSSE. Fugro's business entities are responsible for local implementation of relevant practices within its policy framework set by the Board of Management.

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. The non-financial data of Seabed Geosolutions is not included in the sustainability performance data. 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 grow further over time.