

## REMUNERATION POLICY FOR THE BOARD OF MANAGEMENT 2020

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 policy targets 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, to which it contributes by including both financial and non-financial targets.

The current remuneration policy was first adopted by the AGM in 2014 and adjusted by the AGM in 2017, primarily to change the long-term incentive plan to performance shares only with the addition of a longer-term strategic target. Early 2020, the remuneration committee evaluated the remuneration policy, taking into account the Shareholders' Rights Directive, an updated benchmark analysis of the labour market reference group and feedback from stakeholders, including shareholders and their representatives. Based on that evaluation, the Supervisory Board decided not to adjust the remuneration policy, other than required by the Shareholder Rights' Directive. These adjustments included the addition of a derogation clause and increased transparency on target setting and achievements of the short-term incentive plan.

### 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.

### 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 taking into account social, environmental and governance (ESG) aspects of Fugro's business and operations, 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

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 and to non-financial (personal) targets. The non-financial targets give the possibility to take for example health and safety, ESG/sustainability and personal development goals into consideration.

At target level, the financial targets count for 75% of the bonus payment and the non-financial targets count for 25%. To ensure continued alignment of the STI with Fugro's strategy and to enable adequate responses to the challenges the company 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 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 zones determine:

- Threshold performance below which no pay-out is made
- Target performance at which 100% pay-out is made
- Excellent performance at which the maximum pay-out is made.

Between these levels, pay-out is based on linear interpolation. Overall, maximum pay-out is 1.5 times pay-out at target performance. As there is no overshoot possibility for the non-financial targets, maximum pay-out for the financial targets is 1.67 times pay-out at target performance. 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 relative weight are disclosed at the beginning of the financial year, in the remuneration report regarding the previous year. The incentive zones qualify as sensitive information and will not be disclosed. After the end of the financial year, the performance on each of the metrics will be disclosed in relation to the incentive zones that had been applied.

### Long-term incentive

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%

A new three year period started with the grant on 1 March 2021.

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.

<b>Total shareholder return ranking (weight: 37.5%) and applicable vesting (% of conditional award)</b>												
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%

Each year at granting, the Supervisory Board will determine the target and performance zones with respect to ROCE for the last year of the performance period. 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 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.

<b>Vesting percentage for ROCE (weight 37.5%) and strategic target (weight 25%)</b>				
Performance	Below threshold	Threshold	At target	Excellent
Vesting as % of conditional grant <sup>1</sup>	0%	25%	100%	175%

<sup>1</sup> Vesting in between performance levels as from threshold is based on linear interpolation

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 110,111 (2020). Members of the Board of Management are compensated by a non-tax deductible, age dependent pension contribution, which allows building up pension out of net salary, resulting in pension costs for Fugro at a similar level as before the legislative changes per 1 January 2015.

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.

### Derogation Clause

In exceptional circumstances the Supervisory Board may decide to temporarily deviate from its 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.

### 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 and the CFO in case of 'at target' performance.



### 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.