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# FUGRO GROUP

Tax Strategy 2019

**Version December 2019**



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# 1. Introduction

## 1.1 Context

Over recent years, taxation has become a topic of societal debate. Fugro believes a responsible approach to tax is an integral part of doing business sustainably and accordingly has adopted a set of [global tax principles](#). We believe these principles illustrate good corporate practice in the areas of tax management and tax transparency, balancing the interests of various stakeholders, including clients, investors and the governments and communities in the countries in which we operate. This document sets out the strategic tax objectives for the Fugro Group (the Group) and is reviewed on an annual basis.

## 1.2 Ownership and Approval

The owners of the tax strategy are the CFO and the Head of Tax. Approval of the tax strategy is the responsibility of the Board of Management and Audit Committee.

## 1.3 Audience

The tax strategy is primarily of relevance to the Tax Department, the Board of Management and to Senior Management within Finance, Business, Human Resources and Legal. The tax strategy is available to all Fugro employees and can be found on the Group intranet as well as publicly on the corporate website.

## 1.4 Scope

The strategic tax objectives are intended to apply across all subsidiaries, regardless of geographic location. It covers:

- All corporate income taxes, indirect taxes and employment taxes payable and reportable to fiscal authorities by the group globally.
- Tax financial reporting
- Tax forecasting

## 2. Tax Strategy

### 2.1 High Level Overview

Fugro's updated strategy "Path to Profitable Growth" was published in November 2018. The strategy is built on three objectives:

- Capture the upturn in energy & infrastructure
- Differentiate by integrated digital solutions
- Leverage core expertise in new growth markets

Fugro is well positioned to capture the upturn and is further differentiating itself by offering integrated digital solutions, In addition, Fugro is leveraging its core expertise and assets to expand in growth markets.

The tax strategy supports this strategy, within the boundaries of legal and tax frameworks.

The overall tax strategy is as follows:-

*To provide value to the Group through the delivery of high quality tax services. Tax is a significant factor in the Group's operations and we seek to manage the associated cost, risk and reputation impact in an effective and compliant manner.*

### 2.2 Strategic Tax Objectives and Delivery

Within the context of the commercial needs of the Group, the approach to tax is based on the following objectives:

- Being a **true business partner**, supporting the company in achieving its strategic goals and add value
- Seeking to be **compliant with global tax laws**, disclosure requirements and fiscal obligations
- Recognising that tax is both an integral part of doing business as well as a contribution to society; this is a fundamental part of our **corporate social responsibility** towards a wide range of stakeholders.
- Ensuring that the **corporate reputation** of the Group is considered when managing tax affairs
- Developing and fostering **good working relations with tax authorities**, government bodies and other related third parties

- Ensuring that tax implications are considered and understood in **major business decisions**
- Ensuring that tax implications of Group transactions are **correctly reflected in financial statements**
- Structuring tax affairs in a way that has legal, operational and commercial substance

These objectives will be delivered by:

- **Working together:** Tax becoming an integral part of the Group's operations, embedded in the business units, providing a consistent and cohesive approach to tax matters
- **Adding value:** Providing commercial and proactive tax advice, with focus on mitigating double taxation, optimisation of tax losses and use of tax deferral facilities
- **Management of tax risk:** Formalise a tax risk and governance framework to identify and track risks and manage compliance, avoiding unexpected tax issues.
- **Relationship with tax authorities:** Maintain appropriate professional relationships with tax authorities by complying with fiscal reporting requirements and responding to enquiries in a complete, transparent and timely manner
- **Tax compliance and tax reporting:** Build on existing tax processes and tax controls
- **People:** Attract, retain and develop high calibre staff capable of delivering on the tax strategy, such that the Tax Department is highly regarded by our peer group, advisors and other stakeholders
- **Use of advisors:** Maintain relationships with reputable, experienced tax advisers which are used as appropriate to provide specialist expertise in supporting the delivery of the Tax Strategy

## 3. Governance, Structure and Organisation

### 3.1 Governance

This strategy applies to all employees involved in the tax affairs of the Group, including all members of the tax team, relevant finance, business, legal and all other employees affecting tax matters of the Group.

The CFO and Head of Tax are responsible for the tax strategy. Group and Regional Tax will ensure compliance and will ensure that appropriate procedures and guidelines are established to support the tax objectives.

The success of the strategy depends on:

- The Business being fully engaged with tax
- Finance being fully engaged with tax
- The development of standardised business, tax and finance processes, procedures and controls that support the strategy
- Strong information systems and flow of information.

### 3.2 Structure and organisation

The structure and organisation for the overall provision of tax services for the Group is as set out below:

#### **Tax Department**

- The key focus of the tax organisation is to support both business and finance stakeholders in contributing to the overall Fugro strategy.
- This includes providing tax advice for business transactions, leading tax planning and compliance projects and advising senior management on any other tax issues.
- The composition and a detailed list of roles and responsibilities of the tax department is set out in the Tax Operating Model.

#### **Extended Tax Function**

The extended tax function comprises a broad group of individuals across Business, Finance, Human Resources and Legal, who all have a role in supporting the tax affairs of the Group. The extended tax function will take responsibility for routine tax compliance issues such as indirect taxes, employee tax compliance and monthly tax reporting as well as providing the relevant accounting support to enable the Tax Department to make accurate tax decisions.

**External Advisers**

The engagement of external advisers is under the overall management of the Regional Tax Managers. External advisers are used to provide tax compliance services and specialist tax advice when required.