

REMUNERATION REPORT

This report has been prepared by the remuneration committee of the Supervisory Board. The main function of this committee is to prepare the decision-making of the Supervisory Board regarding the remuneration policy for the Board of Management and the application of this policy to the remuneration of the individual members of the Board of Management. The current members of the remuneration committee are Anja Montijn (chair), Antonio Campo and Harrie Noy. Mrs. Montijn was appointed chair as of 1 January 2017. During 2016, Mr. Noy acted as chairman ad interim.

This remuneration report contains:

- Overview of the current remuneration policy and remuneration design for the Board of Management.
- Remuneration of the Board of Management in 2016, based on application of the policy in 2016.
- Overview of term of appointment of the members of the Board of Management.
- Remuneration of the Supervisory Board.
- Adjustments in the remuneration policy for the Board of Management to be presented to the AGM on 2 May 2017.

More information on remuneration and on option and share ownership of members of the Board of Management is available in note 5.62.2 of the financial statements in this annual report, while note 5.62.4 contains more information on remuneration of the Supervisory Board members. The remuneration policy and this remuneration report are available on Fugro's website.

Remuneration policy

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 focuses on long-term value creation for Fugro and its stakeholders. The current remuneration policy was adopted by the AGM in 2014 and took effect retroactively as of 1 January 2014. The policy was slightly amended by the AGM in 2015. Within the framework of the policy, the remuneration for the Board of Management is determined by the Supervisory Board on the advice of the remuneration committee. The remuneration

policy will be reviewed once every three years to verify its market conformity, potentially leading to adjustments.

Labour market reference group

In preparing the remuneration policy, the remuneration committee used external benchmark information to assess market comparability of the remuneration. The labour market reference group used in preparing the current remuneration policy consisted of 14 Dutch listed companies of comparable scope with highly international/global business activities. These are: Aalberts Industries, Aperam, Arcadis, ASMI, Boskalis, Brunel, Imtech, Nutreco, SBM Offshore, Ten Cate, TKH Group, TNT Express, Vopak and Wolters Kluwer. In addition, an international reference group has been used to assess market competitiveness within the sector. These reference groups have been reviewed and updated as basis for the proposed adjustment of the policy.

Analyses

In the design of the remuneration policy and in determining the remuneration of the members of the Board of Management, the Supervisory Board has taken into account possible outcomes of the variable remuneration elements and how they may affect the remuneration of the members of the Board of Management. The level and structure of the remuneration are designed by taking into account these scenario analyses, internal pay differentials and the performance indicators relevant to the long-term objectives of the company, as included in the strategic agenda. The remuneration structure and elements do not encourage risk taking that is not in line with the risk profile of the company.

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. As of 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 build-up period equals 5 years.

Adjustment of variable remuneration/claw-back/change-of-control

Within the principles of reasonableness and fairness, taking into account Dutch legal requirements and the Dutch corporate governance code ('the Code'), the Supervisory Board has the possibility and discretionary authority to: (a) adjust the value upwards or downwards of a variable

remuneration component if it would, in its view, result in an unreasonable and unfair outcome; and/or (b) take away (the benefits of) any variable remuneration in the event that such remuneration is directly or indirectly the result of incorrect financial information or incorrect assumptions. In addition, it is enacted that in case of a change-of-control event, a related increase in value of securities that have been granted to a member of the Board of Management as part of his/hers remuneration, will be deducted from the remuneration to be paid to the member of the Board of Management at the time of selling these securities or when his/hers board membership ends.

Remuneration design

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 and conditional performance options.
- 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 set in line with the median of the labour market reference group.

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.

Targets are set yearly by the Supervisory Board, based on the budget and taking into account the strategy aspirations. Financial targets determine 75% of the bonus, non-financial or personal targets determine the remaining 25%. For each of the financial targets, a performance zone is set, with no bonus below the threshold level and the maximum bonus when performance exceeds the upper end of the performance zone. There will be no overshoot possibility for personal targets. The maximum multiplier for financial targets is therefore 1.67. The Supervisory Board ensures that the targets are challenging, realistic and consistent with Fugro's strategy.

The measures used and their relative weight are as follows:

Financial targets	Earnings per share (EPS)	35%
	EBIT margin	20%
	Working capital	20%
Non-financial (personal) targets		25%

The non-financial targets give the possibility to include health and safety, corporate social responsibility, personal development goals, etc. as targets into the bonus programme.

Long-term incentive

To strengthen the alignment with shareholder's interests, the long-term incentive plan includes the annual grant of conditional performance shares and conditional performance options. The conditional shares and options are performance related and vest after three years, depending on the achievement of predetermined criteria, which are focused on long-term value creation. Vesting is also subject to continuous employment.

The number of conditionally granted shares/options is set for a period of three years. This was done for the first time per 31 December 2014, based on the average share price of the Fugro shares in the last quarter of 2014. The principle being that the expected value equals 100% of the fixed base salary of the members of the Board of Management. The ratio of the number of shares versus options at grant is 1 to 2. The second grant took place per 31 December 2015, the third grant per 31 December 2016.

The number of shares/options that vest after three years is dependent on the achievement of certain targets. The maximum number of shares and options that can vest equals 175% of the conditionally granted number of shares and options (only in the case that maximum performance is achieved on all criteria). The criteria to be used for vesting and their relative weight are as follows:

Return on capital employed (ROCE)*	50%
Total shareholder return (TSR)*	50%

* Refer to glossary for definitions.

The performance incentive zones for ROCE are shown in the table below.

ROCE (weight: 50%)	Below		Target	Maximum
	threshold	Threshold		
Target	< 9%	9%	12%	14%
Vesting as % of conditional award	0%	25%	100%	175%

Return on capital employed (ROCE) is defined as net operating profit after tax (NOPAT) as a percentage of average total equity plus net interest bearing debt, in the last year of the three-year period. Total shareholder return (TSR) is defined as the share price increase, including reinvested dividends. TSR is measured over a three-year period based on a three-month average 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, among others, in light of corporate events, but initially comprised of: Amec Foster Wheeler, Baker Hughes, Boskalis, Core Laboratories, Fluor, John Wood Group, Oceaneering, Schlumberger, Subsea 7, TechnipFMC and Transocean.

Total shareholder return ranking (weight: 50%)	Vesting (% of conditional award)
1	175%
2	150%
3	125%
4	100%
5	75%
6	50%
7	25%
8-12	0%

The conditional shares can become unconditional (i.e. may vest) three years after granting, based on the criteria mentioned above. Vested shares have a holding (lock-up) period of 2 years and may be partly sold only to cover taxes due as a result of the vesting. The holders of conditional shares are not entitled to shareholders' rights, including the right to dividends, during the period between granting and vesting. The option exercise price is equal to the closing price of the Fugro shares at Euronext Amsterdam on the last trading day of the year in which the grant is made. The vesting period is three years starting at the first day following the grant date. The option period is six years.

Performance shares and options are granted to the members of the Board of Management and other senior management in such a way that at any moment the maximum number of outstanding options and shares (including unconditional options granted to other employees) does not exceed the mandate of 7.5% of the issued ordinary share capital. In order to mitigate dilution, Fugro re-purchases shares to cover the options and shares granted, with the goal that effectively no new shares are issued when options are exercised and performance shares vest.

Pension and other benefits

The members of the Board of Management participate in the Fugro Dutch collective pension scheme. The contribution depends on age and is on Fugro's account. Due to new Dutch legislation that took effect as per 1 January 2015, tax deductible pension accruals are only possible for the part of salary up till EUR 100,000. The 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, such that the costs for Fugro are at a similar level as before. There are no specific early retirement arrangements in place.

Additional arrangements are commensurate with the position held and include expense and relocation allowances, a company car and health and accident insurance.

Fugro has not granted any loans, advances or guarantees to members of the Board of Management.

Remuneration Board of Management 2016

Fixed base salary

In 2016 (as well as in 2015), the fixed base salary of the members of the Board of Management was not increased.

Short-term incentive

2015 (paid in 2016)

In February 2016, the Supervisory Board evaluated the performance of the company in 2015 in relation to the financial criteria. This led to the conclusion that no bonus was granted on the financial criteria. Based on input from the remuneration committee, the Supervisory Board also evaluated the performance of the members of the Board of Management in relation to the personal targets set for each of them. This resulted in achievements of 60 – 90% of the personal targets and bonus pay-outs of 10 – 15% of base salary. Taking responsibility for the overall 2015 net result of

the company, the CEO declined his bonus. The Director Subsea Services did the same due to the poor results of his division.

2016 (to be paid in 2017)

Based on input from the remuneration committee, in February 2017, the Supervisory Board discussed the granting of bonuses to the members of the Board of Management. The Supervisory Board concluded – also based on advice of the Board of Management - that rewarding bonuses based on the performance of the company in relation to the financial criteria set for the year, would result in bonuses that would not be justifiable, given

the negative earnings per share and the still difficult market circumstances that the company is experiencing. In view of what has been achieved in 2016 despite these difficult circumstances, the Supervisory Board decided to grant a bonus based on achievement of 100% of the personal targets, leading to a bonus of 16.7% of base salary. In addition, 5% of base salary was added to reward the strong performance in working capital, resulting in a total bonus pay-out of 21.7% of base salary.

The following table provides an overview of the remuneration awarded to the members of the Board of Management who were in office in 2016 (excluding long-term incentive).

	P. van Riel		P.A.H. Verhagen		B.M.R. Bouffard ¹		M.R.F. Heine		S.J. Thomson	
(x EUR)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Fixed base salary	600,000	600,000	450,000	450,000	339,312	n/a	450,000	412,500	450,000	450,000
Short-term incentive (STI) ²	130,200	– ³	97,650	67,500	73,630	n/a	97,650	60,000	97,650	– ³
Pension compensation	95,135	95,550	75,708	69,930	40,674	n/a	58,545	215,238	89,908	87,885
Pension costs including disability insurance and related costs	41,315	36,129	42,362	39,367	34,057	n/a	27,335	1,274	34,268	11,249

¹ Mr. Bouffard joined Fugro as of 15 March 2016 and was appointed to the Board of Management as of 29 April 2016. The information shown above covers the period as of 15 March 2016.

² STI (bonus) 2015 was paid in 2016; STI (bonus) 2016 to be paid in 2017.

³ Both Mr. Van Riel and Mr. Thomson declined their bonus. See above.

Long-term incentive

Until 2014, the long-term incentive plan consisted of the annual granting of unconditional options with a vesting period of three years and a lifetime of six years. As of 2014, the members of the Board of Management and most senior managers participate in Fugro's long-term incentive plan

(LTIP) consisting of the annual grant of conditional performance shares and conditional performance options.

The following table shows an overview of unconditional options granted to the members of the Board of Management that are still outstanding under the "old" unconditional option plan.

	P. van Riel	P.A.H. Verhagen ¹	B.M.R. Bouffard	M.R.F. Heine	S.J. Thomson
Options outstanding on 31 December 2015	220,900	30,000	n/a	48,500	142,700
Exercised in 2016	0	n/a	n/a	0	0
Expired with no value on 31 December 2016	(52,900)	n/a	n/a	(6,000)	(31,700)
Total number outstanding on 31 December 2016	168,000	30,000	n/a	42,500	111,000

¹ When Mr. Verhagen joined Fugro as of 1 January 2014 he received 30,000 unconditional options (exercise price EUR 43,32) as a one-off compensation for rights with his former employer that he lost as a result of him joining Fugro. This was approved by the EGM held on 27 November 2013.

As per 31 December 2016, a total of 60,000 conditional performance shares and 120,000 conditional performance options were granted to the members of the Board of Management, in line with the remuneration policy. The exercise price of the options is EUR 14.545 (the closing price of the shares at Euronext Amsterdam on the last trading day of 2016).

The following table shows an overview of the conditional performance shares and conditional performance options granted to the members of the Board of Management who were in office in 2016.

	P. van Riel	P.A.H. Verhagen	B.M.R. Bouffard	M.R.F. Heine	S.J. Thomson
Shares					
Conditional shares outstanding on 31 December 2015	30,000	22,500	n/a	19,750	22,500
Conditional shares granted as per 31 December 2016	15,000	11,250	11,250	11,250	11,250
Total number of conditional shares outstanding on 31 December 2016	45,000	33,750	11,250	31,000	33,750
Options					
Conditional options outstanding on 31 December 2015	60,000	45,000	n/a	39,500	45,000
Conditional options granted as per 31 December 2016	30,000	22,500	22,500	22,500	22,500
Total number of conditional options outstanding on 31 December 2016	90,000	67,500	22,500	62,000	67,500

As of 31 December 2016, the members of the Board of Management held the following number of shares in Fugro:

	P. van Riel	P.A.H. Verhagen	B.M.R. Bouffard	M.R.F. Heine	S.J. Thomson
Number of shares on 31 December 2016	189,376	6,000 15,000 ¹	2,000	3,600	13,733

¹ When Mr. Verhagen joined Fugro per 1 January 2014 he received 15,000 unconditional restricted shares as a one-off compensation for rights with his former employer. This was approved by the EGM held on 27 November 2013. These 15,000 shares vested on 31 December 2016 and have a holding (lock-up) period of two years but may be partly sold only to cover taxes due as a result of the vesting. Mr. Verhagen has sold 7,020 shares on 2 January 2017 to cover taxes he has to pay. For the remaining 7,880 shares the lock-up period of two years is applicable.

Other benefits

The additional benefits remained unchanged in 2016.

Term of appointment of members of Board of Management

The members of the Board of Management are each (re) appointed for a maximum period of four years. Their appointments expire as follows:

P. van Riel (CEO)	AGM 2018
P.A.H. Verhagen (CFO)	AGM 2018
S.J. Thomson	AGM 2017
M.R.F. Heine	AGM 2019
B.M.R. Bouffard	AGM 2020

Mr. Thomson will not be nominated for reappointment.



Installation of instruments for Osterberg Cell load test, Lantau, Hong Kong.

Severance arrangement

The management service agreements with the members of the Board of Management do – in accordance with the Code – provide for a general severance compensation amounting to a maximum of one year's base salary which in principle is applicable in the event of termination or annulment of the agreement unless this is for cause. This severance compensation 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.

Remuneration Supervisory Board in 2016

The remuneration of the Supervisory Board was determined by the AGM in 2011 and comprises an annual fixed fee and an annual committee-membership fee. The remuneration is not dependent on the results of Fugro. Fugro has not granted any loans, advances, guarantees, shares or options

to its Supervisory Board members. None of the Supervisory Board members holds shares or options on shares in Fugro.

The fixed fee for the Chairman of the Supervisory Board is EUR 70,000 and EUR 55,000 for the vice-chairman. The other members of the Supervisory Board each receive a fixed fee of EUR 50,000. Audit committee, nomination committee and remuneration committee membership is awarded EUR 8,000 per member and EUR 10,000 for the chairman. In addition, Supervisory Board members that live or have business in the United States receive an attendance allowance of EUR 5,000 per physical meeting to compensate for the additional time commitment due to travelling when meetings are held outside the US.

No proposal to increase the annual remuneration for the members of the Supervisory Board will be submitted to the AGM in 2017.

The following table provides an overview of the remuneration awarded to the Supervisory Board in 2016.

(x EUR)	Fixed fee	Membership committee	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	8,000	–	58,000
D.J. Wall	50,000	8,000	30,000	88,000

Adjusted remuneration policy Board of Management as of 2017

When the revised remuneration policy was introduced in 2014, it was mentioned that the remuneration policy would be reviewed once every three years to verify its market conformity.

The remuneration committee has done this at the end of 2016/beginning of 2017. With the assistance of an external consultant (Korn Ferry Hay Group), the remuneration committee updated the labour market reference group and benchmarked current remuneration of the Board of Management against this reference group. The committee also looked at the international reference group. The overall conclusion is that remuneration levels are broadly in line with the market. Therefore, but also in view of the current market conditions, no proposal will be submitted to the AGM to adjust remuneration levels. Nevertheless, taking into account the experience with the application of the remuneration policy in the last three years, the remuneration committee concluded that some adjustments should be made.

It concerns (in headlines):

- More flexibility in the financial performance criteria for the STI in order to be able to focus the criteria on the specific challenges in a given year. This can be done by the introduction of a broader list of performance measures, of which in a given year a selection will be made.
- The introduction of a third performance measure in the LTIP (besides the current measures TSR and ROCE) to reflect Fugro's longer term challenge to develop more business opportunities outside the oil and gas market.
- Shift in the LTIP from a mix of conditional performance shares and options to a programme only consisting of conditional performance shares.
- Grants under the LTIP will be shifted to an open period in the first half year, instead of as per 31 December.

In line with the recommendations of the remuneration committee, the Supervisory Board will present an adjusted remuneration policy for Fugro's Board of Management at the AGM on 2 May 2017. Full details will be available in the explanatory notes to the agenda for the AGM.

Leidschendam, 23 February 2017

On behalf of the remuneration committee
Anja Montijn, Chair