

A photograph of three business professionals in a meeting. A woman with long blonde hair, wearing a white cardigan over a blue top, is leaning over a table and pointing at a document. To her left, a man with short dark hair, wearing a light-colored shirt, is looking down at the document. To her right, a woman with dark hair, wearing a grey cardigan over a white top, is also looking at the document and holding a pen. The background is a blurred office setting.

Tax strategy and principles

At Arcadis, our purpose is improving quality of life. We place sustainability at the heart of everything we do. Our ambition is to make significant, quantifiable and positive contributions to the achievement of sustainable development. We do this by maximizing not only economic benefits but also environmental and social benefits. We achieve this through our client solutions, business operations and engagement with people and communities.

We believe that taxes are an integral part of doing sustainable business, and our tax contributions play an important role for the communities in which we operate.

In living our purpose as a global company, we are committed to five core values in everything we do: People First, Client Success, Integrity, Collaboration, and Sustainability. These values inform the actions and behaviors of our employees at all levels, which enables Arcadis to work towards long term value creation.

The **Arcadis General Business Principles (AGBP)** further define our interpretation of business ethics. The AGBP set guidance for our business decisions and actions throughout the world at all levels, and they apply equally to company actions and to our employees' behavior in conducting Arcadis' business.

Our commitment to sustainability, our core values and the AGBP form natural and essential foundations of our approach to tax.

Our tax strategy and principles are set by the Executive Board and are applicable to all entities.

Tax principles

Business rationale

Our tax department is aligned with the business and its strategy. We follow the principle that tax should follow the business. This means that profits are recognized in the countries in which business value is created.

To ensure appropriate profit recognition, intercompany transactions within Arcadis are calculated in accordance with the arm's length principle.

Compliance

We strive to comply with relevant domestic and international tax rules and standards (such as the OECD Guidelines for Multinational Enterprises). We take a zero-tolerance approach to tax evasion. We prepare and file our tax returns and provide complete, accurate and timely disclosures to the relevant tax authorities.

We pay our taxes on time and in accordance with applicable laws and regulations. Further, we seek upfront certainty on tax positions from the relevant tax authorities, when suitable. If appropriate, we ensure that our tax position is confirmed by a third-party expert.

Relationships with tax authorities

We aim to build and maintain good, honest and open mutual working relationships with tax authorities in the countries where we operate. In the past, Arcadis has agreed to a tax horizontal monitoring covenant with the Dutch tax authorities; following the changed horizontal monitoring approach of the Dutch tax authorities, this covenant was replaced in 2021 by a so-called individual monitoring plan. We seek to establish certainty in advance on the applicable tax treatment, based on full disclosure of the relevant facts to the tax authorities.

Transparency

We are transparent about our approach to tax. We make tax-related disclosures in accordance with the relevant domestic regulations, as well as applicable reporting requirements and standards (such as IFRS and Country by Country Reporting). We aim to respond to relevant tax authority enquiries in a straightforward and timely manner.

Tax planning and incentives

We strive to comply with the letter and spirit of the law and do not apply aggressive tax planning. We aim to optimize our tax position and may make use of incentives promoted by government authorities, whereby due consideration is given to our legitimate interests, reputation, and corporate social responsibility. Where we claim tax incentives offered by government authorities, we will seek to ensure that this is done in a way that is consistent with statutory or regulatory frameworks.

We do not avoid tax through the use of secrecy jurisdictions or so-called 'tax havens' without commercial substance or for non-tax business reasons.

Tax risks & controls

We have rigorous tax risk management processes in place, including control measures to identify, assess and manage the tax risks to which Arcadis is exposed.

Throughout the year, (potential) tax risks are identified, monitored, and acted upon, to mitigate and preemptively avoid these risks. We seek to obtain third party tax assurance by among other measures having our material corporate income tax returns reviewed by a third-party expert.

Tax technology

We believe that tax technology is an effective means of improving the efficiency and robustness of our tax processes, and we aim to expand our use of appropriate technology.



Tax organization

We have established a globally organized tax function, consisting of appropriately qualified and trained professionals located in various countries, to ensure understanding of and compliance with tax laws and regulations in the countries where we operate. It maintains communications with tax authorities and advises management on tax-related topics. External advisors are involved in material transactions or when a specific area of expertise is required. The responsibility for tax, including this strategy and principles, ultimately rests at the Executive Board level, specifically with the Chief Financial Officer (CFO). The CFO is informed about tax topics on a regular basis by the Global Tax Director. Material tax topics are reported to the Audit and Risk Committee on at least an annual basis.

Tax Contribution

We believe that our tax contributions play an important role for the communities in which we operate. The Arcadis Group's weighted average Effective Tax Rate over the past five years confirms our responsibility to society in the domain of taxation. Information with respect to the reconciliation of the ETR to statutory tax rate can be found in the Consolidated Financial Statements in our Integrated Annual Report.

Arcadis. Improving quality of life

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