

ARCADIS N.V. AUDIT AND RISK COMMITTEE CHARTER

MARCH 2020

INTRODUCTION

The Arcadis Audit and Risk Committee (the “**AARC**”) is a committee of the Supervisory Board (the “**SB**”) of Arcadis N.V. (“**Arcadis**” or the “**Company**”). The primary function of the AARC is to assist the SB in fulfilling its responsibilities by reviewing and overseeing the:

- a) Financial and operational information provided by Arcadis to its Shareholders and others;
- b) Systems of internal controls regarding finance, accounting, legal compliance, claims and the Arcadis General Business Principles;
- c) Risk management;
- d) Policy of the Company on tax planning;
- e) Financing of Arcadis;
- f) Applications of information and communication technology (ICT/EDP);
- g) Accounting and financial reporting processes of Arcadis;
- h) Audits of the financial statements of Arcadis;
- i) Independence, qualifications and performance of the external auditor of Arcadis (the “**External Auditor**”); and
- j) Performance of the internal audit department (“**Internal Audit**”).

1 MEMBERSHIP AND MEETINGS

- (i) The AARC members and its chairperson will be appointed by and from within the SB. The duties and responsibilities of the members of the AARC are in addition to those as a member of the SB. The AARC shall not be chaired by the chairperson of the SB or by a former member of the Executive Board (the “**EB**”) or the Executive Leadership Team (the “**ELT**”) of Arcadis.
- (ii) The AARC consists of at least three members. In composing the AARC, the required expertise of the AARC as a whole that is relevant for the industry in which the Company is active, is taken into account. All members of the AARC shall have a basic understanding of finance and accounting and shall be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement. At least one member of the AARC shall have expertise in financial reporting or auditing of the financial statements. Each member must meet the independence requirements set forth in the Dutch Corporate Governance Code. No member of the AARC shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company during the past three years.
- (iii) Members of the AARC shall be appointed for a term that corresponds with their term of membership of the SB. Appointment and reappointment may be subject to a rotation schedule at the SB’s discretion. No member of the AARC shall accept any fee from the Company other than in connection with serving on the AARC or as a member of the SB.
- (iv) The AARC shall meet at least four times per year and the meetings will be minuted. If necessary, additional meetings can be scheduled. At each AARC meeting a quorum of two members is required. The EB, the Chief Financial

Officer and/or the External Auditor have the authority to convene an AARC meeting if in their opinion circumstances so require.

- (v) The Chief Financial Officer, the External Auditor and Arcadis' head of the Internal Audit ("**Head of Internal Audit**") shall attend each AARC meeting, unless determined otherwise by the AARC. The chairperson of the EB will also attend AARC meetings, unless the AARC decides otherwise. The AARC shall meet with the External Auditor as often as it considers necessary, but at least once a year, without the presence of the EB. The chairperson of the AARC can allow other members of the Supervisory Board to attend the meetings of the AARC in order to include their view in the decision making. The AARC may ask other members of management, members of the ELT or others (such as auditors, legal advisors) to attend meetings of the AARC in order to provide necessary and relevant information.
- (vi) The Company Secretary (or his or her deputy) will act as secretary for the AARC. The Company Secretary is responsible for circulating the meeting agenda and the supporting material to all AARC members, the EB, the Chief Financial Officer and representatives of the External Auditor. The distribution practices as applicable with regard to the SB meetings for minutes, agendas and supporting material, will apply.

2 **AUDIT AND RISK COMMITTEE AUTHORITIES, RESPONSIBILITIES AND DUTIES**

The AARC assists the SB in fulfilling its responsibilities and will prepare the plenary discussion and decision making by the SB about the major items within the AARC's scope of work. The AARC will carry out its work on the basis of delegation by the SB. The AARC will report its findings and actions to the SB and the EB or ELT, accompanied with appropriate recommendations.

2.1 **Engagement and functioning of External Auditor**

The External Auditor will report directly to the EB and SB. It is the task of the AARC to:

- (i) Determine the procedure for the selection of the External Auditor;
- (ii) Advise the SB regarding the nomination for appointment/re-appointment or dismissal of the External Auditor by the General Meeting of Shareholders and to prepare the selection of the External Auditor¹ whilst giving due consideration to any observations of the EB or ELT.
- (iii) Submit a proposal to the SB for the engagement of the External Auditor for purposes of auditing the annual accounts in accordance with section 2:393 of the Netherlands Civil Code. In formulating the terms of engagement, attention should be paid to the scope of the audit, the materiality to be used and the remuneration for the audit.
- (iv) Monitor the performance and independence of the External Auditor.

¹ In line with applicable legislation, which includes the EU audit regulation EU/537/2014, as may be amended.

- (v) Report annually to the SB on the functioning of, and the developments in, the relationship with the External Auditor, whilst giving due consideration to any observations of the EB or ELT;
- (vi) Prepare an External Auditor Independence Policy, which shall confirm what services the external auditor may and may not provide, and confirm related decision making, including the role of the AARC;
- (vii) Review and discuss annually with the External Auditor all significant relationships the External Auditor has with the Company that could impair the External Auditor's independence.

2.2 Reports of misconduct and irregularities by External Auditor

The chairperson of the AARC will act as the principal contact for the External Auditor if the External Auditor, during the performance of his/her duties, discovers or suspects an instance of misconduct or irregularity. At the same time, the External Auditor should inform the CFO and/or CEO. If the actual or suspected misconduct or irregularity pertains to the functioning of an EB member, the External Auditor should report this directly to the chairperson of the SB.

2.3 Review procedures: risk management and statutory audit

In meeting its responsibilities, the AARC shall:

- (i) Monitor the effectiveness of the internal risk management and control system related to, *inter alia*, financial reporting by the Company.
- (ii) Be informed by the EB or ELT and the External Auditor about significant (financial) risks or exposures, discuss with the EB or ELT the effectiveness of the design and operation of the internal risk management and control systems (risk assessment, implementation, monitoring of effectiveness) as referred to in best practice provisions 1.2.1 through 1.2.3 of the Code and assess the steps the EB or ELT has/have taken to monitor, manage, minimize and report such risks.
- (iii) Monitor the financial reporting process and make recommendations in order to ensure the integrity of the financial reporting process.
- (iv) Monitor the statutory audit of the financial statements and the consolidated financial statements, in particular, if applicable, whether the statutory audit is carried out in accordance with the assessment by the Dutch Financial Markets Authority pursuant to its monitoring role under EU regulation 537/2014.
- (v) Discuss with the External Auditor at least annually:
 - a. The scope and materiality of the audit plan and the principal risks of the annual reporting identified by the External Auditor in the audit plan;
 - b. The adequacy and integrity of the financial reporting processes and internal controls, including computerized information system controls and security;
 - c. Based on the documents from which the audit plan was developed, the findings and outcomes of the audit work on the financial statements and the management letter, related significant findings and recommendations of the Internal and External Auditor together with responses of the EB or ELT.
- (vi) Review with the External Auditor at the completion of the annual statutory audit:
 - a. The annual financial statements and related notes;
 - b. The statutory audit process and the subsequent report on the audit of the financial statements;

- c. All major accounting policy matters involved in the preparation of the annual financial statements and any deviations from prior practices;
 - d. Any significant changes that may be desirable in subsequent statutory audit plans;
 - e. Any serious difficulties or disputes with the EB or ELT encountered during the course of the audit;
 - f. Any matters relating to generally accepted accounting or auditing standards.
- (vii) Consider and review regularly:
- a. Significant audit findings (including the Management Letter) and responses by the EB or ELT;
 - b. Any changes required in the planned scope of future audit plans;
 - c. Application of significant accounting and auditing initiatives on the Company's financial statements, including new accounting standards as well as off-balance sheet structures.
- (viii) Annually obtain and review a report from the External Auditor which sets forth:
- a. All critical accounting policies and practices used by the Company;
 - b. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with the EB of the Company, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the External Auditor; and
 - c. Other material written communications between the External Auditor and the EB.
- (ix) Notify the EB or ELT and the SB about the results of the statutory audit, which shall include an explanation of how the statutory audit contributed to the integrity of the financial reporting as well as a description of the role of the AARC in that process.
- (x) Determine whether and, if so, how the External Auditor should be involved in the content and publication of financial announcements other than the annual financial statements.
- (xi) Review public documents prior to filing with applicable regulatory authorities, such as the financial statements, and consider whether the information contained in these documents is consistent with the financial information that is provided.

2.4 Review procedures: internal audit

The AARC shall conduct the following procedures with respect to Internal Audit:

- (i) Monitor the effectiveness of the internal audit system related to, *inter alia*, financial reporting by the Company.
- (ii) Review the appointment or dismissal of the Head of the Internal Audit department by the EB and issue a recommendation for approval to the SB related to any such appointment or dismissal.
- (iii) Be directly accessible for Internal Audit to allow it to execute the internal audit plan and to have access to information that is important for the performance of its work.
- (iv) Provide input to Internal Audit on the Company's draft internal audit plan and program.
- (v) Give its opinion to the EB on the way in which Internal Audit fulfils its responsibility.

- (vi) Review significant findings of the External Auditor and/or Internal Audit, as well as the EB's response and follow-up to these findings.
- (vii) Discuss with the EB the responsibilities of Internal Audit, budget and staffing and any recommended changes in the planned scope of the internal audit.

2.5 Other AARC responsibilities and duties

The AARC shall:

- (i) Review policies and procedures in relation to ELT discretionary expenditure, expense accounts, credit cards and other benefits, including any relevant use of corporate assets.
- (ii) Review the compliance with the Arcadis General Business Principles and ensure that the ELT has established a system to enforce these Principles.
- (iii) Review on an annual basis with the Company's legal counsel legal and regulatory matters that may have a material impact on the financial statements and the related corporate policies.
- (iv) Review all related-party transactions for potential conflicts of interest and approve those transactions not already approved by the SB.
- (v) Review, assess and, to the extent necessary, update the AARC charter when applicable.
- (vi) Provide the SB with a report on the deliberations and findings of the AARC, to be discussed by the SB. This report must, at a minimum, include:
 - a) The methods used to assess the effectiveness of the design and operation of the internal risk management and control systems;
 - b) The methods used to assess the effectiveness of the internal and external audit processes;
 - c) Material considerations regarding financial reporting; and
 - d) The way material risks and uncertainties have been analyzed and discussed, along with a description of the most important findings of the AARC.
- (vii) Periodically assess the performance of the AARC and its individual members.
- (viii) Ascertain that Arcadis has a protocol to address:
 - a) The receipt, retention and treatment of reports of actual or suspected misconduct or irregularities received by the Company or the AARC regarding accounting, internal control or auditing matters; and
 - b) The confidential, anonymous submission by Arcadis employees of reports of actual or suspected misconduct or irregularities regarding, *inter alia*, questionable accounting or auditing matters.
- (ix) Have the authority to conduct or authorize investigations into any matters within the AARC's scope of responsibility. The AARC is authorized to:
 - a) Retain independent counsel, accountants or others to assist in the conduct of any investigation it deems necessary in the performance of its duties, at the Company's expense;
 - b) Access all Arcadis offices and inspect all books, correspondence and other documents; and
 - c) Interview and request the assistance of employees of Arcadis and its relevant subsidiaries.

- (x) Provide appropriate funding, as determined by the AARC, for the payment of the compensation of the External Auditor, the compensation of any advisers engaged by the AARC and any ordinary administrative expenses of the AARC that are necessary and appropriate for carrying out its duties.
- (xi) Perform such other functions as assigned by law or the SB.

Approved by:
Arcadis Audit and Risk Committee
March 2020

Revision Date	Reason for Change
Oct. 2013	Update
Feb. 2015	Update for changes in legislation
Oct. 2016	Adjustments and name change to AARC
Dec. 2017	Implementation of corporate governance code 2016
June 2018	Update
March 2020	Update