

# ARCADIS N.V. SUPERVISORY BOARD REGULATION

MAY 2020

## CONTENTS

	Page
Article 1: Status and contents of the SB regulation	3
Article 2: Responsibilities of the SB	3
Article 3: Composition, expertise and independence of the SB	6
Article 4: SB chairperson, SB vice-chairperson and company secretary	7
Article 5: SB committees	8
Article 6: (Re)appointment, term of office and resignation	9
Article 7: Remuneration	9
Article 8: Introduction program and ongoing training and education	10
Article 9: SB meetings (agenda, teleconferencing, attendance, minutes)	10
Article 10: SB resolutions (quorum, votes, items to be considered)	11
Article 11: Conflict of interests. Transactions with related parties	12
Article 12: Disclosure and reporting of irregularities and issues	13
Article 13: Information, relationship with the ELT	13
Article 14: Relationship with the shareholders and other related parties	14
Article 15: Confidentiality	14
Article 16: Non-compliance, amendment	15
Article 17: Governing law and jurisdiction	15

### Annexes

A.	Diversity policy Supervisory Board
B.	Profile Supervisory Board
C.	Re-appointment schedule Supervisory Board
D.	Remuneration policy Supervisory Board
E.	Arcadis NV Audit and Risk Committee Charter
F.	Arcadis NV Selection Committee Charter
G.	Arcadis NV Remuneration Committee Charter
H.	Arcadis NV Sustainability Committee Charter
I.	Arcadis NV Supervisory Board approval list

This Supervisory Board regulation (the "**SB regulation**") was originally adopted by the Supervisory Board (the "**SB**") of Arcadis N.V. ("**Arcadis**" or the "**Company**") in its meeting on 11 May 2005, and was most recently amended in May 2020.

## **ARTICLE 1**

### **Status and contents of the SB regulation**

- 1.1 The SB and the SB members shall act in compliance with applicable legislation, regulations, the Articles of Association of Arcadis (the "**AoA**") and the Dutch Corporate Governance Code (the "**Code**"), the latter as far as applicable to Arcadis.
- 1.2 This SB regulation is established pursuant to article 16.11 of the AoA and is complementary to the rules and regulations applicable to the SB under Dutch law and the AoA. This SB regulation only has internal effect with respect to the functioning of the SB and the relation between the SB members. Third parties cannot derive any rights by or from this SB regulation.
- 1.3 Where this SB regulation is inconsistent with Dutch law or the AoA, the latter shall prevail. Where this SB regulation conforms to the AoA but is inconsistent with Dutch law, the latter shall prevail. If one or more provisions of this SB regulation are or become invalid, this shall not affect the validity of the remaining provisions.
- 1.4 The following annexes are attached to, and form an integral part of, this SB regulation:
  - Annex A: the diversity policy for the SB.
  - Annex B: the SB profile.
  - Annex C: the re-appointment schedule for SB members.
  - Annex D: the remuneration policy for the SB
  - Annex E: the Arcadis Audit and Risk Committee charter.
  - Annex F: the Arcadis Selection Committee Charter.
  - Annex G: the Arcadis Remuneration Committee Charter.
  - Annex H: the Arcadis Sustainability Committee Charter.
  - Annex I: the SB approval list (article 14.4 of the AoA).
- 1.5 This SB regulation is posted on the website of Arcadis ([www.arcadis.com](http://www.arcadis.com)).

Where in this SB regulation reference is made to:

- 'Rules', this means the Executive Board and Executive Leadership Team Rules
- 'SB', this includes its individual members, if and as the context requires
- the 'Company' or 'Arcadis', this means the Company, or the Company and its group companies, as the context requires

## **ARTICLE 2**

### **Responsibilities of the SB**

#### *General duties*

- 2.1 The SB shall be responsible for supervising the management policy of the Arcadis Executive Leadership Team (the "**ELT**") and the general affairs of the Company and its affiliated enterprise, and for advising the ELT. In performing its duties, the SB shall be guided by the interests of Arcadis and its business; it shall take into account the relevant interests of the stakeholders of the Company. The SB is responsible for the quality of its own performance.

#### *Supervision and advice to ELT*

- 2.2 The responsibilities of the SB shall include:

- a) supervising and monitoring, and advising the ELT on:
  - i. performance;
  - ii. the creation of a culture aimed at long-term value creation for the Company;
  - iii. the adoption of values for the Company that contribute to a culture focused at long-term value creation for the Company;
  - iv. formulating the strategy for realizing the long-term value creation,
  - v. the manner in which the ELT implements the strategy for long-term value creation;
  - vi. the effectiveness of the Company's internal risk management and control systems;
  - vii. the integrity and quality of the financial reporting;
  - viii. compliance with legislation and regulations; and
- b) disclosing, complying with and enforcing the corporate governance structure;
- c) advising on the annual accounts and approving annual budgets and major capital expenditures; and
- d) approving, as required, decisions of the ELT, including but not limited to the decisions of the Executive Board of the Company (the "EB") listed in Annex I to this SB regulation.

*Internal Audit, Risk & Control, External Audit*

2.3 The responsibilities of the SB shall include:

- a) approving the appointment or dismissal by the ELT of the Head of Internal Audit;
- b) approving the audit plan drawn up by the Head of Internal Audit after approval by the ELT;
- c) discussing items reported on by the Audit and Risk Committee ("AARC");
- d) selecting and recommending the nomination for the appointment of the External Auditor to the Arcadis General Meeting ("GM") based on the advice of the AARC;
- e) resolving on the terms of engagement for the External Auditor to audit the financial statements (audit scope, materiality to be used and remuneration of the audit) as proposed by the AARC;
- f) maintaining regular contact with the External Auditor;
- g) inform the External Auditor on reports regarding the External Auditor's functioning; and
- h) reviewing the most important points of discussion arising between the External Auditor and the EB based on the draft management letter or the draft audit report.

*Selection, appointment, evaluation and remuneration of EB members, ELT members that are not EB members, and SB members*

2.4 The responsibilities of the SB shall include:

- a) drawing up a diversity policy for the composition of the ELT and a diversity policy for the composition of the SB. The policy should address the specific targets relating to diversity and the diversity aspects relevant to the Company such as nationality, age, gender, and education and work background;
- b) ensuring that a formal and transparent procedure is in place for the appointment and reappointment of ELT members and SB members, as well as a sound plan for succession of ELT and SB members. Due regard shall be given to the applicable profile and diversity policy;
- c) selecting and recommending the appointment of EB members;
- d) designating one of the EB members as CEO and chairperson of the EB. The CEO is also member of and the chairperson of the ELT, or of the EB, as the case requires;

- e) designate one of the EB members as CFO. The CFO is also member of and the vice-chairperson of the ELT and of the EB as the case may be;
- f) if the CEO is unable to fulfill his duties as CEO for a longer period, decide about his (temporary) replacement as CEO and/or chairperson;
- g) approve the number of ELT members as determined by the CEO;
- h) approve the appointment, suspension or dismissal of ELT members by the CEO. The SB can (also) resolve to suspend an ELT member;
- i) presenting the remuneration policy for the EB to the GM for adoption;
- j) determining the remuneration (in accordance with the said remuneration policy for the EB) and contractual terms and conditions for EB members;
- k) considering and approving the remuneration of ELT members (other than the EB members), as provided to the SB by the EB;
- l) presenting the remuneration policy for the SB to the GM for adoption;
- m) submit a proposal for the remuneration of individual SB members (in accordance with the remuneration policy for the SB), to the GM for adoption;
- n) selecting and recommending the appointment of the SB members and proposing the remuneration of the SB members;
- o) evaluating and assessing the functioning of the EB and the ELT (including the dynamics of, and the relationship between, the EB and the ELT) and of the individual EB members;
- p) evaluating and assessing the functioning of SB, and of the individual SB members, including the evaluation of the SB's profile and the induction, education and training program (see articles 3.1. and 8 of this SB regulation);
- q) handling, and deciding on, reported (potential) conflicts of interests within the meaning of article 11 of the Rules and article 11 of this SB regulation;
- r) handling, and deciding on, reported alleged irregularities that relate to the functioning of the EB within the meaning of article 12.2 of this SB regulation; and
- s) reviewing remunerated and non-remunerated positions of ELT members outside Arcadis and, at least annually, discussing those positions at the SB meeting.

### *Supervisory Board report*

- 2.5 The SB shall prepare and publish an annual report on its functioning and activities during the preceding financial year ("**SB report**"). The SB report, which shall be included in the annual report of Arcadis, shall in any case include:
- a) a description of its involvement in the development of the strategy aimed at long-term value creation and the way in which its implementation is monitored;
  - b) the information on SB members as referred to in article 3.7 of this SB regulation;
  - c) a statement that, in the opinion of the SB, the independence requirements referred to in articles 3.3 (sub e, f and g) of this SB regulation have been fulfilled and, if applicable, which SB member(s), if any, the SB does not consider to be independent;

- d) in the event of a re-appointment of an SB member after an eight-year period, the reasons for such re-appointment;
- e) how the SB and the SB committees are functioning, how the evaluation of the SB, the SB committees, the individual SB members, the EB and the individual EB members and the ELT has been carried out, and what has been or will be done with the conclusions from the evaluations;
- f) the manner in which the SB committees carried out their duties, the composition of the committees, the number of committee meetings and the main items discussed at the meetings; and
- g) the number of SB and SB Committee meetings during the year, the most relevant items that were addressed in these meetings, and the absenteeism rate from SB and SB committee meetings of each SB member.

### **ARTICLE 3**

#### ***Composition, expertise and independence of the SB***

- 3.1 The SB consists of natural persons, with a minimum of three members, as fixed in accordance with the AoA. The SB shall prepare the SB profile, taking into account the nature of the business and the activities of the Company. The profile should address the desired expertise, background and independence of the SB members. The profile shall furthermore address the size of the SB and (aspects of) diversity as referred to in the diversity policy for the SB. The diversity policy for the SB is attached as Annex A. The profile of the SB is attached as Annex B.
- 3.2 The composition of the SB shall be such that the combined experience, expertise, background, competencies and independence of its members meets the profile attached as Annex B and enables the SB to best carry out the variety of its responsibilities and duties to Arcadis and all others involved in Arcadis (including its shareholders), consistent with applicable law and regulations (including the rules of any exchange on which Arcadis shares may be listed).
- 3.3 In composing the SB, the following requirements must be observed:
  - a) each SB member should have the specific expertise required for the fulfilment of his/her duties;
  - b) each SB member should be capable of assessing the broad outline of the overall management policy.
  - c) each SB member must match the profile attached as Annex B and, taking into account the participation of the respective SB member in the SB (at (re)appointment, but also thereafter), the SB as a whole must be composed in accordance with article 3.2 of this SB regulation;
  - d) at least one of the SB members must have relevant expertise in financial administration and accounting for listed companies or other large companies;
  - e) a maximum of one SB member may be non-independent as meant in article 3.4 under (a) through (e) of this SB regulation;
  - f) less than half of the SB members is non-independent within the meaning of article 3.4 of this SB regulation;
  - g) for each shareholder or group of affiliated shareholders, who directly or indirectly hold more than 10% of the shares in the Company, there is a maximum of one SB member who can be considered to be affiliated with or representing that shareholder as stipulated in article 3.4 sections (f) and (g) of this SB regulation;
  - h) SB members shall have sufficient time available for the proper performance of their duties as SB member;
  - i) the SB chairperson may not be a former ELT member and should be independent within the meaning of article 3.4 of this SB regulation.
- 3.4 SB members are deemed independent if none of the following criteria apply to him/her. An SB member is not independent if the SB member or his/her spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree:

- a) has been an employee or ELT member or has been a member of the executive board of an affiliated company (meaning attributed to it in section 5:48 of the Financial Supervision Act (*Wet op het financieel toezicht/Wft*) in the five years prior to his/her appointment;
  - b) receives personal financial compensation from Arcadis other than the compensation received for the work performed as an SB member and in so far as this is not in keeping with the normal course of business;
  - c) has had an important business relationship with Arcadis in the year prior to his/her appointment. This will include the situation where an SB member, or the firm of which is a shareholder, partner, associate or advisor, has acted as advisor to Arcadis (consultant, external auditor, civil notary and lawyer) and the situation where an SB member is an executive board member or an employee of any bank with which Arcadis has a lasting and significant relationship;
  - d) is a member of the executive board of a company, of which a member of that company's executive board that he/she supervises, is a supervisory board member;
  - e) has temporarily managed Arcadis during the preceding twelve months while EB members were absent or unable to perform their duties;
  - f) holds at least ten percent of the shares in Arcadis (including the shares held by natural persons or legal entities that co-operate with him/her under a legal, tacit, oral or written agreement); or
  - g) is a member of the executive or supervisory board - or is a representative in some other way - of a legal entity that holds at least ten percent of the shares in Arcadis, unless such entity is a member of the same group as Arcadis.
- 3.5 SB members shall report any other positions to the SB in advance and, at least annually, the other positions shall be discussed in the SB meeting.
- 3.6 The SB may appoint one or more SB members as "delegated" SB members. Delegated SB members are SB members with a special task. The delegated authority may not exceed the duties of the SB (member) and it therefore does not include managing Arcadis; it entails more intensive supervision, assistance and advice and more frequent consultation with the ELT. The delegation shall be of a temporary nature only. The delegation may not detract from the function and power of the supervisory board. Delegated SB members remain members of the SB and shall report regularly on the execution of their special duty to the full SB.
- 3.7 Each SB member shall be required to submit to the SB chairperson such information as is necessary to record or update, as the case may be, his/her:
- a) gender;
  - b) age;
  - c) principal position;
  - d) nationality;
  - e) date of initial appointment; and
  - f) current term in office.
- The SB chairperson shall procure that such information is published in the SB report.

#### **ARTICLE 4**

##### ***SB Chairperson, SB vice-chairperson and company secretary***

- 4.1 The SB shall elect an SB chairperson and an SB vice-chairperson from among its members. The SB vice-chairperson shall replace and assume (the) powers and duties of the SB chairperson in the latter's absence or if the SB chairperson so requests.
- 4.2 The SB chairperson determines the agenda, chairs the meetings of the SB, monitors the proper functioning of the SB and its committees, arranges for the adequate submission of information to the SB members, ensures that there is sufficient time for decision taking, arranges for the induction and training program for SB members, acts on behalf of the SB as main contact for the EB and of the ELT (chairperson), initiates the evaluation of the functioning of the SB, the EB and the ELT, and as chairperson ensures the orderly and efficient conduct of the GM.
- 4.3 The SB chairperson ensures:

- a) the co-ordination of the SB's decision-taking process;
  - b) the adequate and timely submission of information to the SB members as necessary for the proper performance of their duties;
  - c) that there is sufficient time for deliberation, consultation, consideration and decision-taking by the SB;
  - d) the steering, and procuring the adequate performance of, the committees of the SB;
  - e) the annual evaluation and assessment of the functioning of the EB members and the SB members;
  - f) that the contact with the EB and the GM is productive and that the results thereof are timely and prudently communicated to the other SB members;
  - g) receiving, and deciding on, reported potential conflicts of interests within the meaning of article 11 of this SB regulation;
  - h) that the SB recognizes signs from the organization and ensures that any (suspicion of) material misconduct and irregularities relating to the functioning of the Company are reported to the SB without delay;
  - i) that the SB elects an SB vice-chairperson;
  - j) the proper functioning of the SB and its committees;
  - k) that the SB and EB members follow their induction program;
  - l) that the SB and EB members follow their education or training program;
  - m) that the SB is involved closely, and at an early stage, in any merger or takeover process;
  - n) that effective communication with shareholders is assured;
  - o) that the GM is conducted in an orderly and efficient manner;
  - p) that the ELT performs the activities in respect of culture as meant in article 2.2 under (a) sub (ii) and iii) of this SB regulation; and
  - q) that ELT members observe the applicable procedure for accepting positions in other companies.
- 4.4 The SB shall be assisted by a company secretary, who shall be appointed and dismissed by the EB subject to the prior approval of the SB. The company secretary shall be primarily responsible for:
- a) overseeing that that the proper procedures are followed and that the statutory obligations and obligations under the AoA are complied with;
  - b) facilitating the provision of information from or to the ELT, EB and/or the SB;
  - c) assisting the SB chairperson in the organization of the affairs of the SB, including the provision of information, meeting agenda's and evaluations and training programs.

## **ARTICLE 5**

### **SB committees**

- 5.1 In case the SB comprises more than four members, it shall have at least three standing committees, *i.e.*, the AARC, the Arcadis Selection Committee ("**ASC**") and the Arcadis Remuneration Committee ("**RemCo**"), to be appointed by the SB from among its own members. The full SB remains collectively responsible for its decisions even if they were prepared by one of the SB's committees.
- 5.2 The SB may institute other committees.
- 5.3 The SB shall prepare rules governing the respective committee's practices and principles (responsibilities, composition, meetings, etc.). The present rules of the AARC, ASC, RemCo and Sustainability Committee are attached as Annexes E, F, G and H.
- 5.4 The rules governing the respective committee's practices and principles and the composition of its respective members shall be placed on the Arcadis website as referred to in article 1.5 of this SB regulation.
- 5.5 Should one or more committees as referred to in article 5.1. of this SB regulation not be instituted, their respective practice and principles as set forth in the relevant annex shall apply *mutatis mutandis* to the SB.



- 5.6 The SB shall receive from each of the committees before/during their SB meeting a report of its deliberations and findings.

## **ARTICLE 6**

### ***(Re)appointment, term of office and resignation***

- 6.1 The SB members shall be nominated and appointed in the manner as provided in the AoA. For the nomination or recommendation of new SB members, the SB shall take into account the limitations on the appointment of supervisory board members as set out in section 2:142a Dutch Civil Code. The recommendation for appointment shall state the reasons for it. On re-appointment, the manner in which the candidate fulfilled his/her duties as SB member shall be taken into account.
- 6.2 In accordance with best practice provision 2.2.2. of the Code, an SB member shall be appointed for a period of four years and shall thereafter be eligible for re-appointment for another four-year period. The SB member may then subsequently be re-appointed for a period of two years, which appointment may be extended by at most two years.<sup>1</sup>
- 6.3 Nominated SB members shall attend the GM at which votes will be cast on their nomination.
- 6.4 The SB shall prepare a re-appointment schedule to prevent, to the greatest extent possible, re-appointments occurring simultaneously. The present re-appointment schedule of the SB is attached as Annex C. Subject to article 6.5 of this SB regulation, SB members shall resign in accordance with the re-appointment schedule.
- 6.5 SB members shall retire early in the event of inadequate performance, structural incompatibility of interests, and other instances where retirement is deemed necessary at the discretion of the SB. In the event of early retirement of an SB member, the Company issues a press release mentioning the reason for the departure.
- 6.6 SB members who take on the management of Arcadis temporarily, where the EB members are absent or unable to discharge their duties, shall (temporarily) resign from the SB in order to do so.

## **ARTICLE 7**

### ***Remuneration***

- 7.1 The remuneration of the SB members shall be determined by the GM within the scope of the remuneration policy for the SB adopted by the GM. The SB shall submit to the GM a proposal in respect of the remuneration to be paid to the SB chairperson and other SB members, and the SB members as members of the SB committees.
- 7.2 The remuneration, reimbursement of expenses and other agreed terms and conditions, including the date as of which such payments shall be made, shall be agreed in writing between Arcadis and each individual SB member.
- 7.3 Arcadis will, subject to the terms and conditions of an Indemnification Agreement to that effect, indemnify SB members against all costs (including lawyers fees, fines, settlement amounts, etc.) incurred by them in connection with any civil, criminal or administrative proceedings in which they are involved on account of their (former) membership of the SB. Arcadis shall (where possible) take out a liability insurance for the benefit of the SB members to cover these costs.
- 7.4 The SB shall adopt a set of regulations containing rules governing the ownership interest of, and transactions in, securities other than issued by Arcadis by the SB members and comply with these rules. Such regulation shall be placed on the Arcadis website. An SB member shall periodically, at

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<sup>1</sup> Best practice provision 2.2.2 does not apply to SB members who:

- i. as of 1 January 2017, have already held office for more than eight years, provided that best practice provision III.3.5 of the Code adopted in 2008 is being complied with; and
- ii. were nominated for reappointment for a third four-year term at a general meeting in 2017, provided that best practice provision III.3.5 of the Code adopted in 2008 is being complied with.

least every quarter, notify the compliance officer of Arcadis (or if no such officer has been appointed the SB chairperson) of any changes in his or her ownership interest in securities in Dutch listed companies. SB members that invest solely in listed investment funds, or, in case of investment in other funds, only if they have entrusted an independent third party with the management of their securities portfolio pursuant to a written (agency) agreement are exempted from this latter provision.

## **ARTICLE 8**

### ***Introduction program and ongoing training and education***

- 8.1 Once appointed, each SB member shall follow an introduction program, prepared and sponsored by Arcadis, addressing:
- a) general financial and legal affairs;
  - b) financial reporting by Arcadis;
  - c) specific aspects unique to Arcadis and its business activities;
  - d) the Company culture; and
  - e) responsibilities of SB members.
- 8.2 The SB shall evaluate the introduction program annually to identify any other specific aspects in respect of which further training and education is required.

## **ARTICLE 9**

### ***SB meetings (agenda, teleconferencing, attendance, minutes)***

- 9.1 The SB shall meet according to a predetermined schedule, which is to be fixed once a year (no later than at the December meeting of the preceding year) and whenever one or more of its members have requested a meeting. SB meetings are generally held at the offices of Arcadis, but may also take place elsewhere. In addition, meetings may be held by telephone or videoconference provided that all participants can hear each other simultaneously.
- 9.2 SB members shall attend SB meetings and the meetings of the committees of which they are a part. If SB members are frequently absent from these meetings, they shall be asked by the chairperson of the SB to explain their absence.
- 9.3 Unless the SB Chairperson decides otherwise, meetings of the SB shall be attended by the EB members, as well as the other ELT members, save for meetings concerning:
- a) the evaluation of the functioning of the EB, ELT or of the individual ELT members, and the conclusions to be drawn from that evaluation;
  - b) the evaluation of the functioning of the SB and its individual members, and the conclusions to be drawn from that evaluation;
  - c) the desired profile, scope and composition of the SB;
  - d) the potential conflicts of interests of ELT members within the meaning of article 11 of the Rules.

The External Auditor of Arcadis shall attend the SB meeting at which the examination, adoption and, if applicable, approval of the financial statements are discussed. The External Auditor shall receive the financial information underlying the adoption of the quarterly or half yearly accounts and other interim financial reports and shall be given the opportunity to respond to all information.

- 9.4 Meetings shall be convened by the company secretary on behalf of the SB member(s) requesting the meeting. Where this is practically possible, notices convening a meeting and the agenda of items to be considered and discussed therein shall be dispatched 7 days before the meeting and sent to each SB member and the ELT members.
- 9.5 Minutes of the meeting shall be prepared by the secretary of the meeting. They shall generally be adopted in the next meeting. If all SB members agree on the contents of the minutes, they may be adopted earlier. The minutes shall be signed for adoption by the SB chairperson and the SB vice-

chairperson and shall be dispatched to all SB members as soon as practically possible. The company secretary may issue and sign extracts of the adopted minutes.

## **ARTICLE 10**

### ***SB resolutions (quorum, votes, items to be considered)***

- 10.1 The SB can only validly adopt resolutions if at least the majority of its members participated, either in person or by proxy, in the discussion and voting, with the proviso that SB members who have a conflict of interests as referred to in article 11 of this SB regulation shall not be taken into account when calculating this quorum.
- 10.2 The SB may also adopt resolutions outside a meeting, provided that (i) the motion in question has been submitted to all of its members and none of the SB members entitled to vote has objected to this form of decision-taking, and (ii) each of the SB members entitled to vote participated in the voting (provided that SB members that have a conflict of interest as referred to in article 11 of this SB regulation shall not vote). The SB chairperson or the company secretary shall prepare and sign a report of the resolution adopted in this manner, enclosing any written replies received. The adoption of resolutions outside a meeting must be reported at the next meeting.
- 10.3 Subject to article 11 of this SB regulation, the SB can only adopt valid resolutions in or outside a meeting if the majority of the SB members entitled to vote has voted in favor of the resolution. In the event of a tie vote, a new meeting shall be convened within two weeks. If again there is a tie vote, the proposal shall be rejected.
- 10.4 The ongoing items to be considered and discussed at SB meetings include reviewing the Arcadis budget and financial results, approving major decisions requiring SB action, discussing and approving corporate strategy (and changes thereto) with the EB (e.g. the strategy for long-term value creation, capital expenditures in excess of the Arcadis budget, long-term capital structures, new lines of business, major acquisitions and divestments) and receiving reports from the SB's committees.
- 10.5 At least once a year, the SB shall discuss:
  - a) the functioning of the SB and its individual members, the functioning of its various committees, and the conclusions to be drawn on the basis thereof. In doing so, attention should be paid to substantive aspects, the interaction within the SB, with the EB and with the ELT, events that occurred in practice from which lessons may be learned, and the desired profile, composition, competencies and expertise of the SB;
  - b) the functioning of the EB, the ELT and the individual EB members, and the conclusions to be drawn on the basis thereof;
  - c) the evaluation of the introduction, education and training program as referred to in article 8 of this SB regulation;
  - d) the (corporate) strategy, the implementation of the strategy and the principal risks associated with it; and
  - e) the result of the evaluation by the ELT of the structure and operation of the internal risk management and control systems, as well as any significant changes thereto;
- 10.6 If all EB members have a direct or indirect personal conflict of interest with Arcadis and as a result thereof no resolution can be adopted by the ELT or EB, such resolution will be adopted by the SB.

## **ARTICLE 11**

### ***Conflict of interests. Transactions with related parties***

- 11.1 An SB member shall not participate in the discussions and/or decision-making process on a subject or transaction in relation to which has a direct or indirect personal conflict of interests with Arcadis (a "**conflict of interests**").

- 11.2 Transactions in which there are conflicts of interest with ELT members or SB members shall be agreed on terms that are customary in the market. Decisions to enter into transactions in which there are conflicts of interest with ELT members or SB members that are of material significance to the Company and/or to the relevant ELT members or SB members require the approval of the SB.
- 11.3 The SB chairperson shall procure that transactions in which there were conflicts of interest with EB members or SB members that are of material significance to the Company and/or to the relevant EB members or SB members are included in the management report in the annual report, together with a description of the conflict of interest and a confirmation that best practice provisions 2.7.3 and 2.7.4 of the Code have been complied with.
- 11.4 Pursuant to section 2:169 of the Dutch Civil Code, a material transaction between the Company and a related party<sup>2</sup> may require prior SB consent and a public announcement at the moment such transaction is entered into. In accordance with section 2:168 of the Dutch Civil Code, the SB will twice a year review material transactions with related parties that were entered into in the ordinary course of business and on terms customary in the market and were therefore excluded from the obligations referred to in section 2:169 of the Dutch Civil Code. Purpose of this review is to confirm that the conditions for such exclusion have been fulfilled.
- 11.5 SB members are alert to conflicts of interests and an SB member shall refrain from the following:
- a) competing with the Company;
  - b) demanding or accepting substantial gifts from the Company for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
  - c) providing unjustified advantages to third parties at the Company's expense;
  - d) taking advantage of business opportunities to which the Company is entitled for themselves or for their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.
- 11.6 An SB member may have a conflict of interest:
- a) if the Company intends to enter into a transaction with a legal entity in which the SB member personally has a material financial interest;
  - b) if the Company intends to enter into a transaction with a legal entity which has a member of the management board or supervisory board who is related under family law<sup>3</sup> to the SB member.
- 11.7 An SB member has in any event a conflict of interests if:
- a) Arcadis intends to enter into a material transaction with a legal entity in which an SB member has a managerial or supervisory position;
  - b) the SB member is a national, citizen or resident of the USA and the decision making of the SB is related to (any discussion regarding) approval of (i) a project contract for work in the Middle East, or changes thereto, which is obtained through the involvement of an Agent –as defined in the Arcadis General Business Principles- in the Middle East if the U.S. could consider the Agent to be a non-U.S. public official, (ii) the contract terms applicable to such Agent regarding his/her work, or changes thereto, and/or the payment, or offering of payment, in any form, to such Agent.
- 11.8 The External Auditor shall in any event have a conflict of interests with Arcadis, if:
- a) the independence of the External Auditor with respect to its (supervision of) financial reporting is compromised by the non-audit activities for Arcadis;
  - b) under applicable law, including the rules of any exchange on which Arcadis shares or depositary receipts thereof) are listed, such conflict of interests exists or is deemed to exist;

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<sup>2</sup> "Related party" as defined in section 2:167.2 of the Dutch Civil Code

<sup>3</sup> (*familierechtelijke verhouding*) Meant are: Spouses, registered partners or other life companions, foster children or relatives by blood or marriage up to the second degree.

- c) the SB at its sole discretion has ruled that such conflict of interests exists or is deemed to exist.
- 11.9 Each SB member shall forthwith report any potential conflict of interest in a transaction that is of material significance to the Company and/or such SB member to the SB chairperson. If the SB chairperson has a potential conflict of interest, he/she shall forthwith report this to the SB vice-chairperson. The SB member/the SB chairperson shall provide all relevant information in that regard.
- 11.10 The SB shall decide, outside the presence of the SB member concerned, whether there is a conflict of interest. The SB will further determine if other measures must be taken to resolve it.

## **ARTICLE 12**

### ***Disclosure and reporting of irregularities and issues***

- 12.1 The SB is responsible for stimulating openness and accountability within the SB and between the ELT and SB.
- 12.2 The EB shall inform the SB chairperson without delay of signs of actual or suspected material misconduct or irregularities within the Company. If the actual or suspected misconduct or irregularity pertains to the functioning of an EB member, employees can report this directly to the SB chairperson.
- 12.3 The arrangements for employees disclosing or reporting irregularities and issues are included in the Arcadis General Business Principles which are posted on the Arcadis website.
- 12.4 The SB monitors the functioning of the procedure for reporting actual or suspected misconduct or irregularities, appropriate and independent investigations into signs of misconduct, and, if an instance of misconduct or irregularity has been discovered, an adequate follow-up of any recommendations for remedial actions. In order to safeguard the independence of the investigation in cases where the ELT itself is involved, the SB shall have the option of initiating its own investigation into any irregularities that have been discovered and to coordinate this investigation. See also article 2.4 sub(r) of this SB regulation.

## **ARTICLE 13**

### ***Information, relationship with the EB and ELT***

- 13.1 Team Rules shall be established for the EB and ELT to establish and confirm applicable governance. Material content or changes thereto shall be approved by the SB.
- 13.2 The SB, and its individual members, have their own responsibility for obtaining the information from the ELT, the Internal Audit department and the External Auditor that the SB needs to be able to properly carry out its duties as a supervisory body properly. If the SB considers it necessary, it may obtain information from officers and external advisors of Arcadis. The EB shall provide the necessary means for this purpose. The SB may require that certain officers and external advisors attend the SB meetings.
- 13.3 The EB should ensure that internal procedures are established and maintained which safeguard that all relevant information is known to the EB and the SB in a timely fashion. The SB shall supervise the establishment and implementation of these procedures.
- 13.4 The EB shall timely provide the SB with information (if possible, in writing) on all facts and developments concerning Arcadis, which the SB may need to function as required and to properly carry out its duties.
- 13.5 The EB shall quarterly provide the SB with a report prepared in a format as agreed from time to time and setting out detailed information on *inter alia* finance, marketing, investments and staff.

This periodic report shall be accompanied by a letter from the EB containing an explanation of, and comments on, the above as well as information concerning its policies.

- 13.6 Each year, without prejudice to the above, the EB shall provide the SB with a budget for the following year, and periodically with an up-to-date version of its long-term plans, the main features of the strategic policy, the general and financial risks, the management and control systems of Arcadis and the compliance with all relevant laws and regulations. The budget will be provided in time so as to enable the SB to give its approval by December of the then current year.
- 13.7 If an SB member should receive information or indications materially relevant to the SB in the proper performance of its supervisory and advisory tasks, he/she shall make this information available to the SB chairperson as soon as possible. The SB chairperson shall subsequently inform the entire SB.

#### **ARTICLE 14**

##### ***Relationship with the shareholders***

- 14.1 In accordance with the AoA, a GM may be convened at the request of the EB and/or the SB. The person(s) convening the meeting shall ensure that it is held in due time and that the shareholders are informed of all facts and circumstances relevant to the item(s) on the agenda. The relevant documentation will be placed on the website of Arcadis, referred to in article 1.5 of this SB regulation.
- 14.2 The EB and SB members shall participate in a GM, unless they are prevented from attending on serious grounds. In conformity with the AoA, the SB chairperson shall chair the GM, and shall decide on the contents of resolutions. The ruling pronounced by the SB chairperson in respect of the outcome of a vote in a GM shall be decisive subject to the provisions of section 2:13 of the Dutch Civil Code.
- 14.3 The SB shall provide the GM with any information it may require concerning an item on the agenda, unless important interests (*zwaarwegende belangen*) of Arcadis or any law, rules or regulations applicable to Arcadis prevent it from doing so. The SB shall specify the reasons for invoking such important interests.
- 14.4 The EB and the SB shall be responsible for the Arcadis corporate governance structure and shall render account for the structure to the GM and explain any deviations from the Code. The annual report shall give a broad outline of the Arcadis corporate governance structure in a separate chapter of the annual accounts. That chapter shall also specify where the best practice provisions of the Code were followed. If best practice provisions have been deviated from, the chapter shall specify to what extent and for what reason. Each significant change in the Arcadis corporate governance structure or compliance with the Code shall be addressed in a separate item on the agenda for consideration by the GM.
- 14.5 Decisions to enter into transactions with legal or natural persons who hold at least ten percent of the shares in the company which transaction is of material significance to the Company and/or to such persons require the approval of the SB.<sup>4</sup>

#### **ARTICLE 15**

##### ***Confidentiality***

SB members shall treat all information and documentation acquired within the framework of their membership with the necessary discretion and, in the case of classified information, with the appropriate secrecy.

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<sup>4</sup> Such transactions shall be published in the management report, together with a declaration that best practice provision 2.7.5 of the Code has been complied with

## **ARTICLE 16**

### ***Non-compliance, amendment***

- 16.1 Without prejudice to the provisions of articles 1.3 and 14.4 of this SB regulation, the SB may occasionally decide at its sole discretion based on specific circumstances not to comply with and adhere to this SB regulation pursuant to an SB resolution to that effect.
- 16.2 Without prejudice to the provisions of articles 1.3 and 14.4 of this SB regulation, this SB regulation may be amended by resolution of the SB to that effect. Such resolutions shall be referred to in the SB's report.

## **ARTICLE 17**

### ***Governing law and jurisdiction***

- 17.1 This SB regulation shall be governed by and construed in accordance with the laws of the Netherlands.
- 17.2 The courts of the Netherlands shall have exclusive jurisdiction to settle any dispute arising from or in connection with this SB regulation (including any dispute regarding the existence, validity or termination of this SB regulation).

## ANNEX I

### **ARCADIS NV**

#### **SB approval list**

*(article 14.4 Articles of Association)*

The approval of the SB shall be required for the following resolutions of the EB:

- a. issue and acquisition of shares in the company and debt instruments issued by the company or of debt instruments issued by a limited partnership or a general partnership of which the company is the general partner with full liability;
- b. co-operation in the issue of depositary receipts for shares;
- c. the application for admission of the securities referred to in paragraphs a and b to the trade on a regulated market or multilateral trading facility as referred to in section 1:1 of the Financial Markets Supervision Act, or on a system from a non-member state comparable to a regulated market or multilateral trading facility, or the application of a withdrawal of such an admission;
- d. entry into or termination of a continuing direct co-operation by the company or a dependent company with another legal person or company or as general partner with full liability in a limited partnership or a general partnership if such co-operation or the termination thereof is of far-reaching significance for the company;
- e. acquisition of a participating interest by the company in the capital of another company the value of which equals at least the sum of one-quarter of the issued capital and the reserves of the participating company, as shown in its balance sheet with explanatory notes as well as a far-reaching change in the size of any such participating interest;
- f. investments requiring an amount equal to at least the sum of one-fourth of the issued capital and the reserves of the company as shown in its balance sheet with explanatory notes;
- g. a proposal to amend the articles;
- h. a proposal to wind up the company;
- i. application for involuntary liquidation and for a moratorium of payments;
- j. termination of the employment contract of a considerable number of employees of the company or of a dependent company at the same time or within a short timespan;
- k. a far-reaching change in the working conditions of a considerable number of employees of the company or of a dependent company;
- l. a proposal to reduce the issued capital;
- m. a proposal for a legal merger or a legal demerger as meant in section Title 7 of Book 2 Dutch Civil Code;

The lack of approval by the SB for a resolution referred to above shall not affect the representative authority of the EB or the EB members.

The resolutions referred to above in subparagraphs a, d, e, f, g and h, shall also require the approval of the Arcadis NV Priority Foundation.