ARCADIS

Climate Transition Plan 2024

Accelerating a planet positive future

Sustainable project choices | Digital and human innovation | Powered by our people

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Letter to Stakeholders

"In my early years as Chief Executive Officer, I am delighted to continue reinforcing our commitment to sustainability and climate impact. In 2023, we published our 2024-2026 business strategy, Accelerating a Planet Positive Future, which responds to evolving market dynamics and changing client needs. Arcadis has been pioneering solutions to protect, restore, and enhance our planet since our inception. I am proud to present Arcadis' inaugural Climate Transition Plan (CTP), which focuses on our Net Zero targets, climate-related risks and opportunities, and the integration of climate issues into our business strategy."

It's humbling to be part of an organization celebrating its 136th anniversary, and it's inspiring to see that our founding principles—creating thriving communities and preserving natural habitats—are as integral to our work today as they were in 1888.

These are principles I will continue to champion in my leadership, and they clearly resonate with our people. Arcadis has evolved, and so have our clients' needs. Over the past three years, we have navigated a global pandemic that reshaped society and markets, witnessed extraordinary technological advancements, and observed the strain that mass migration places on cities. The demand for climate action is accelerating, as we saw with some of the hottest temperatures on record last summer. The megatrends guiding our previous strategy have intensified, and our clients increasingly seek fresh support and advice. In response, we were thrilled to launch our new three-year business strategy, Accelerating a Planet Positive Future, in November 2023. This strategy builds on our robust foundation in the built and natural environment, and we aim to accelerate growth in markets with the highest client need. This includes supporting clients in advancing their energy transition, decarbonizing their assets, and optimizing operations through digitization.

Through this strategy, we will partner with clients on sustainable project choices that benefit their businesses, communities, and the global ambition to limit warming to the 1.5°C target by 2050. To achieve this, we will refine our project and business selection criteria to focus on those that accelerate a planet-positive future and deliver maximum value. This approach will be bolstered by an expanded key client program aimed at delivering holistic solutions and enhancing profitability.

I am proud to share that Arcadis is committed to achieving Net Zero across our value chain by 2035. Our near-term objectives are to reduce absolute Scope 1 and Scope 2 market-based greenhouse gas (GHG) emissions by 70% by 2026 from a 2019 base year and to reduce absolute Scope 3 GHG emissions by 45% by 2029 from the same base. We are pleased to be on track with our emission reduction pathway toward these goals.

The CTP serves as a comprehensive roadmap, outlining our approach to reducing GHG emissions, enhancing innovation and technology, and embedding sustainable solutions across our products and services. This plan reinforces our dedication to achieving Net Zero, moving toward a planet-positive future, and making a meaningful impact.

Over the next three years, I am committed to advancing our efforts to reach Net Zero by 2035 across our value chain and empowering Arcadians to help our clients address their sustainability challenges through our cutting-edge, sustainability-focused products and services.

- Alan Brookes, CEO

Introduction

Climate change stands as the paramount challenge of our era. Within this monumental task lies the built environment, which is responsible for nearly 40% of global emissions. This task also holds the key to both mitigating climate change and fortifying our resilience against its most extreme events. Today, we find ourselves uniquely positioned to create the built environment for generations to come.

At Arcadis, we are not mere spectators to this transition; we are active participants, driving the shift towards a low-carbon economy through the breadth of our greenhouse gas emissions reduction initiatives. We are continuously redefining our client engagements, products and services, as well as how we reduce our emissions in alignment with a 1.5°C world. We are in a unique position to positively affect the built environment today with lasting consequences far into the planet's future.

Our Climate Transition Plan (CTP) demonstrates our commitment and plan for action and outlines our approach to meeting the climate goals we have set to accelerate a planet-positive future supported by sustainable project choices. We publish this CTP due to evolving market demands, stakeholder interests, voluntary reporting requirements of the Carbon Disclosure Project (CDP), and the current regulatory landscape. To develop this plan, we conducted a maturity assessment based on the CDP technical guidance on Climate Transition Plans[1] and the Assessing low-Carbon Transition (ACT)[2] guidance. We are also aware of the European Financial Reporting Advisory Group's (EFRAG) forthcoming transition plan guidance (November 2024) and plan to monitor and incorporate any new elements or information from that guidance in future iterations. As part of our CTP, we will continue to reduce our emissions through our carbon reduction initiatives such as renewable energy procurement, fleet electrification, purposeful business travel policies, and employee commuting initiatives. We also commit to serving our clients by helping them combat their carbon reduction challenges through the adoption of digital innovation and other cutting-edge technologies. We do this by continuously improving our capabilities and proprietary tools.

1 https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/101/original/CDP_technical_note_-_Climate_transition_plans.pdf?1643994309

2 https://actinitiative.org/

To accompany this CTP, Arcadis is pleased to present a comprehensive summary in the form of an Executive Summary. The Executive Summary is specifically tailored to focus on a single, detailed climate scenario to streamline our strategic vision. This approach highlights the critical sections of the full CTP and provides a straightforward, accessible narrative that is easy for non-technical readers to understand. Our summary communicates the pivotal aspects of the plan, emphasizing actionable steps, timelines, and measurable outcomes to foster an inclusive understanding of our commitment to address climate change.

Arcadis publishes an Annual Integrated Report, where we highlight our business strategy, financial performance, and sustainability integration into our operations, products and services, and in our engagement with clients and suppliers. Sustainability disclosures are embedded in this report.

Members of the Executive Leadership Team (ELT) and other officers. From left to right: Juud Tempelman (GBA Officer for Places), Nick Bellew (Global Group Controller), Heather Polinsky (GBA Officer for Resilience), Edel Christie (Chief Growth Officer), Hans Dekker (Chief Delivery Officer), Mark Cowlard (Chief People Officer), Sandra Bolder (former Chief People Officer), Greg Steele (GBA Officer for Mobility), Alan Brookes (Chief Executive Officer)

Governance

Board-level Oversight and Expertise

At Arcadis, sustainability is central to how we conduct business and is embedded in our organizational structure. To align our sustainability efforts with the overall Arcadis strategy, we have several functional governance bodies that oversee climate-related issues, including approval, oversight, and accountability. Management of climate-related issues is performed by the Executive Leadership Team and their designees. Oversight of climate-related issues is provided by Arcadis' Supervisory Board (SB) and the Executive Leadership Team in Sustainability (ELTS). ELTS is the Executive Leadership Team (ELT) member accountable for Sustainability. Inside our SB, there are two committees involved with sustainability, including climate-related issues—the Sustainability Committee and the Arcadis Audit and Risk Committee.

Sustainability Committee (SusCo)

To further institutionalize sustainability-related discussions at the Board level, the SusCo meets every quarter at a minimum and comprises four SB members. The CEO, the ELTS, and the Global Sustainability Directors (GSD) are permanent attendees. The SusCo advises the SB in sustainability, assists the SB in fulfilling its responsibilities, and prepares the plenary discussion and decision-making by the SB about the major items within the SusCo's scope of work. The members of the SusCo may directly liaise with and advise other people in the organization.

The SusCo focuses on:

- The Sustainability approach and culture of the Company
- Sustainability as a fiduciary duty
- The linkage between the Company strategy and sustainability
- Review of sustainability metrics
- Sustainability as an element of remuneration
- The enhancement of sustainability in the Company's organization and delivery
- External positioning and the further development of positioning as a sustainable business in the market through thought leadership and otherwise, and getting the related recognition
- The impact for clients of the Company through provision of services
- Opportunities and risks in the area of sustainability
- The relationship with other 'related topics' such as Governance and Integrity

Arcadis Audit and Risk Committee (AARC)

The AARC has oversight on risk management, among other topics, and comprises four SB members. Arcadis uses an Enterprise Risk Management (ERM) system, the Arcadis Risk and Control (ARC) Framework, to identify 16 key risks and opportunities, divided into three categories: Strategic, Operational, and Compliance. Sustainability is included as an operational risk area and is described as the risk that Arcadis does not contribute effectively to advancement of sustainable development either for its clients or within its own business. The board monitors whether the ARC framework is functioning effectively through yearly review and Executive Leadership Team (ELT) members take ownership of mitigating identified key risks and pursuing opportunities. On a quarterly basis an update on the key risks and opportunities is provided to the AARC.

The SusCo further assists and advises the SB on sustainability, defined as the ESG topics that demonstrate or measure Arcadis' commitment to improving quality of life. The SusCo prepares plenary discussion and decision-making for the SB on items within the SusCo's scope. The Arcadis Executive Board and ELT are committed to sustainable long-term value creation, which has been integrated into our strategy. The Arcadis Global Sustainability team, led by the GSD, is responsible for the global Sustainability Program. The GSDs report directly to the ELTS, while the ELT and the SusCo provide guidance and direction.

The Executive Board and ELT, under the supervision of the SB, have overall responsibility for Arcadis' business strategy and risk management and control systems, and have full accountability for strategic risks, including climate-related issues. The Executive Board, AARC and the SB review the identified strategic, operational, and compliance risks.

The Arcadis SB and SusCo meet every quarter at a minimum to verify that sustainability and climate-related issues are well-integrated into the company's strategy and performance. The ELT, GSDs, and the Global Sustainability Team work together to identify, assess, and integrate sustainability topics and climate issues into periodic ELT and Executive Board meetings. Examples of those topics include the review of sustainability strategy creation and targets, sustainability program development and implementation, sustainability-driven opportunities and directed business growth, including a focus on climate adaptation and mitigation as well as energy transition in our Global Business Areas, Resilience, Places, Mobility, and Intelligence. Similarly, possible risks and the management thereof are also monitored, including topics such as possible failure to measure and manage our environmental impact, reputational damage, and not being able to be at the cutting edge of designing and delivering appropriate and effective sustainable solutions for clients.

Our Executive Board and ELT members have various expertise and years of experience in sustainability. Six out of nine ELT members possess sustainability expertise through current and prior professional experience. On the ELT, Mr. Dekker has experience as the Chair of the Sustainability Committee from a past professional role. Moreover, one of our ELT team members, Mr. Steele, is currently the chair of the World Business Council of Sustainable Development's (WBCSD) Transport and Mobility pathway, strengthening his expertise and experience in sustainability. We further encourage and support Executive Board and ELT members to enhance their expertise in climate-related issues. Table 1 below identifies the expertise of each ELT member.

Table 1. Members of the ELT with Sustainability Expertise

	International Experience	Professional service/engineering and consulting experience	Legal/Tax/Risk Management	Finance	People and Culture	Sustainability	Digital
Mr. Brookes	●	●	●				
Ms. Duperat-Vergne	●	●	●	●			
Ms. Christie	●	●	●			●	●
Mr. Dekker	●	●	●			●	●
Mr. Steele	●	●				●	
Mr. Cowlard	●	●				●	
Ms. Polinsky	●	●	●		●	●	
Ms. Tempelman	●	●			●	●	●
Ms. Barker	●		●		●	●	

Management-level Oversight

The responsibility for the CTP is shared between the Chief Executive Officer (CEO) and the ELTS. Their roles, responsibilities, and feedback mechanisms are summarized in Table 2.

Table 2. Summary of Management-level Oversight Responsibilities

Management Level	Description	Feedback Mechanism
Chief Executive Officer (CEO)	The CEO is primarily responsible for developing and integrating the CTP into the company's overall strategy. This includes setting climate-related corporate targets, monitoring progress against these targets, and assessing associated risks and opportunities.	The CEO reports to the Supervisory Board (SB) and interacts frequently with its members, attending each meeting of the Sustainability Committee (SusCo). Additionally, the CEO reports to shareholders on sustainability matters during the annual General Meeting.
Executive Leadership Team (ELT) member accountable for Sustainability (ELTS)	The ELTS, who reports to the CEO, plays a key role in managing and being accountable for climate-related aspects of the company's operations. This includes managing climate-related acquisitions, mergers, and divestitures, as well as actively participating in the development and implementation of the CTP. The ELTS also sets climate-related corporate targets, monitors progress, and assesses risks and opportunities.	Like the CEO, the ELTS attends each SusCo meeting and maintains regular contact with both the CEO and SusCo members. Sustainability is discussed by the ELT periodically.

These designated roles and responsibilities foster effective development, implementation, and integration of the CTP into the company's strategic priorities and operational activities. The CEO and the ELTS collaborate with internal and external stakeholders to develop adaptive responses to climate challenges, leveraging the company's resources and expertise to enhance resilience and drive sustainable value creation. Additionally, they collaborate with other members of the ELT to incorporate sustainability considerations into business planning and investment decisions.

Arcadis commits to reviewing and updating the CTP periodically for relevance, efficacy, and alignment with regulations like the Corporate Sustainability Reporting Directive (CSRD).

Executive management accountability & feedback mechanisms

Management monitors progress against climate-related targets on an ongoing basis. The CEO receives regular updates from the ELTS, ELT, and other relevant stakeholders, assessing the effectiveness of mitigation efforts and identifying areas for improvement. The ELTS plays a key role in tracking progress against climate-related targets, using performance metrics and key performance indicators (KPIs) to measure outcomes. They report findings to the CEO, the SB, and other stakeholders, providing transparency and accountability. Management proactively identifies and addresses emerging climate-related risks and opportunities, adapting strategies and initiatives as needed. This may involve revising corporate targets, implementing new mitigation measures, or seizing opportunities for innovation and market leadership.

Our ARC framework is updated annually and approved by the Executive Board and supported by ELT members. Members of the ELT own specific risks to oversee mitigation in line with our risk appetite and integrate the three pillars from Arcadis' 2024-2026 Strategy: Sustainable Project Choices, Digital + Human Innovations and Powered by Our People.

In summary, management, led by the CEO and the ELT, takes a proactive approach to assessing and managing climate-related risks and opportunities. By integrating sustainability considerations into strategic decision-making processes, monitoring progress against targets, and adapting responses to changing conditions, Arcadis demonstrates leadership in addressing climate change and advancing sustainable business practices.

Executive Incentives & Climate Performance Indicators and Long-term Senior Executive Compensation Planning

Sustainability is further integrated into our business operations through remuneration programs and financing structures. For the past several years, one third of the variable long-term incentives (LTI) of the Executive Board and Executive Leadership Team members has been dependent on a sustainability target measured by our Sustainalytics ESG (Risk) Rating score. Sustainalytics is a leading independent global ratings and research firm that provides a robust analytical framework addressing a broad range of ESG issues and trends that have significant, material impacts on industries and companies. Beginning in 2024, both the LTI and the short-term incentives program, open to a broader group of Arcadis senior leadership, now include a GHG emissions reduction target.

ESG Ratings & Rankings

Aligned with our Global Sustainability Policy, Arcadis measures, monitors, and communicates its sustainability performance in a manner that is transparent and responsive to the needs of its stakeholders. Progress is reflected in several ESG performance benchmarks and assessments, including Sustainalytics, CDP, Morgan Stanley Capital International (MSCI), Institutional Shareholder Services (ISS), and EcoVadis. We take a proactive approach in disclosing our policies, programs, actions, and results. We welcome feedback from these ESG rating agencies on our journey to continuously improve and maximize our positive impact to society, through the projects we undertake for our clients, the way we interact with suppliers, in our own business operations, and through the way we engage with people and communities. Table 3 below shows our scores for several key ESG-related rating agencies over the last two years. In July 2023, Arcadis issued €225m ESG-linked Schuldschein loan, a privately placed hybrid debt instrument sold under German law. Next to this, the ESG-linked €133m Schuldschein loan (originally €150m issued in October 2020) and the ESG-linked €500m Revolving Credit Facility (October 2021) were outstanding. Both are linked to (improving) the Management risk score of Sustainalytics.

Table 3. Arcadis Performance in ESG Ratings and Rankings

	Score 2023		Score 2022	
	Score	Rank	Score	Rank
Sustainalytics (Lower ESG Risk Rating Score = lower risk)	ESG Risk Rating: 15.5	Top 2% (3rd place) in industry Top 12% of all companies	ESG Risk Rating: 14	Top 1% (1st place) in industry Top 8% of all companies
EcoVadis	Overall Score: 77/100 points Platinum Medal	Top 1% of industry Top 1% of companies globally	Overall score: 77/100 points Platinum Medal	Top 1% of industry Top 1% of companies globally
MSCI	AA 'Leader'	N/A	AA 'Leader'	N/A
ISS ESG Corporate Rating	C+ 'Prime' status	Within top 10% (1st decile) of industry	C+ 'Prime' status	Within top 10% (1st decile) of industry
CDP Climate Change questionnaire	B	Management category	A-	Leadership category

Scenario Analysis

In 2022, we conducted a qualitative and quantitative assessment of the potential impacts on Arcadis from four climate-related transition risks and opportunities under two climate scenarios and three time horizons to align with the Task Force for Climate-Related Financial Disclosure (TCFD) guidance. Following this analysis, we also evaluated physical climate risks that could potentially impact our business. This analysis included the largest Arcadis offices by number of full-time equivalents (FTEs) (124 offices), the then recently acquired IBI offices (44 offices) as well as 86 of the largest project sites by net revenue generated. In 2023, we expanded the assessment to include the offices of newly acquired companies DPS, Giftge, and Hydronet. Arcadis plans to update the climate scenario analysis in the future.

Transition Scenario Analysis Approach

To explore potential transition risks and opportunities from climate change we used two scenarios "Net Zero 2050" and "Current Policies" from the Network for Greening the Financial System (NGFS) climate scenarios framework. The NGFS framework provides a set of harmonized transition pathways and includes metrics that are key to understanding the prolonged impacts of climate change on Arcadis' regions of operations.

In this analysis, Arcadis picked two scenarios: Net Zero 2050 from the Orderly category and Current Policies from the Hot house world category (Figure 1). The Orderly scenarios assume climate policies are introduced early and become gradually more stringent, and both physical and transition risks are relatively subdued. The Hot house World scenarios assume that some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming. The Hot house scenarios result in severe physical risk impacts including irreversible impacts like sea-level rise.

Figure 2 below illustrates the differences among NGFS climate scenarios' pathways between 2020 and 2050.

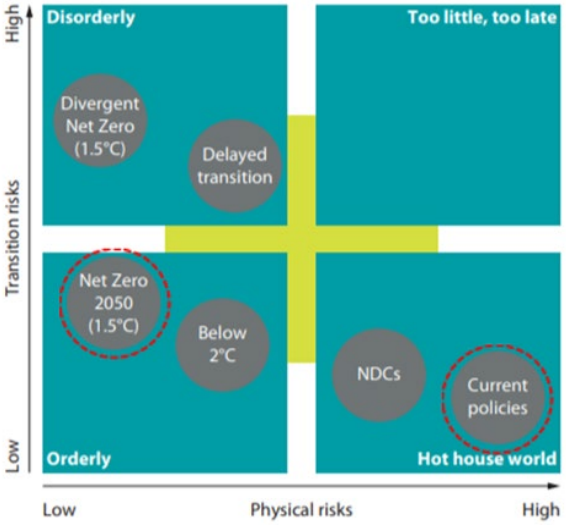
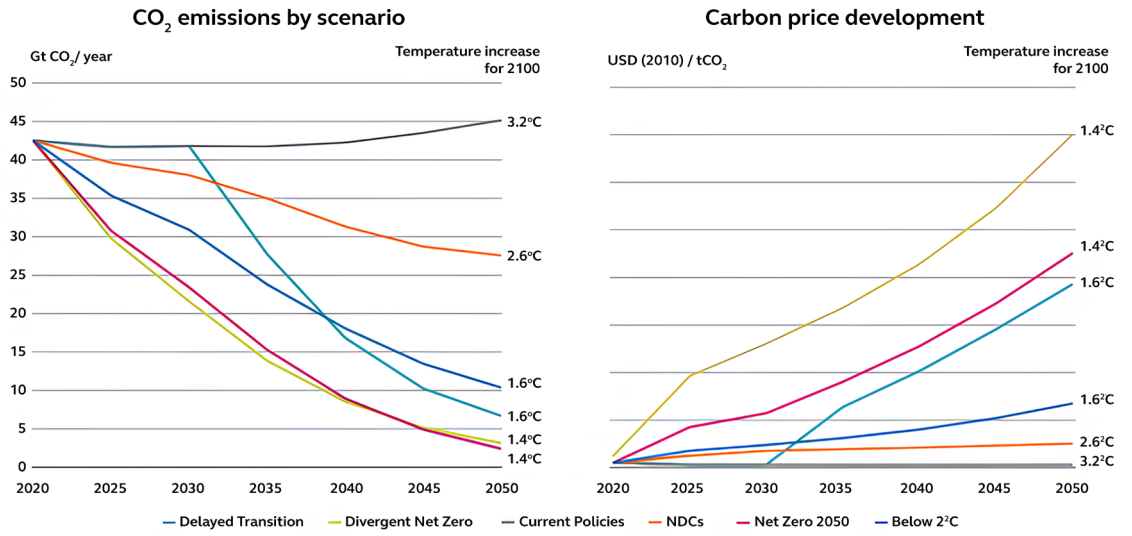


Figure 1. NGFS Scenarios Framework3[1]



World aggregates mask strong differences across sectors and jurisdictions. Regionally and sectorally granular information is available on the IIASA database. End of century warming outcomes shown. 5-year time step data.
Source: IIASA NGFS Climate Scenarios Database, REMIND model.

The chart represents shadow carbon prices, which is a measure of policy intensity. Carbon prices are weighted global. Regionally and sectorally granular information is available on the IIASA database.
Source: IIASA NGFS Climate Scenarios Database, REMIND model.

Figure 2. CO2 Emissions by Scenario and Carbon Price Development.

Source: NGFS Scenarios for Central Banks and Supervisors (hyperlinked)

1 *Source: NGFS Scenarios for Central Banks and Supervisors: Objectives and Framework*

The analysis findings showed Arcadis' business model to be largely resilient to climate change effects, with the financial impacts on operational cost being limited or even positive depending on the scenario as Arcadis mitigates these impacts. With regard to revenue, the integration of sustainability into Global Business Area activities and our Sustainability Advisory service offering makes the opportunities outweigh the risks. This is driven by global demand for climate change mitigation and adaptation services.

Scenario Analysis Details

Defining substantive risks

Arcadis identified risks and opportunities across the risk categories using the Arcadis Risk & Control (ARC) framework. The ARC framework currently identifies 16 risk categories, divided into three types: Strategic, Operational, and Compliance. The framework also includes business controls supported by policies, standards, procedures, and guidelines that target risk mitigation following Arcadis' risk appetite and the successful pursuit of the Arcadis strategy. The ARC framework is the cornerstone of Arcadis' risk management approach and supports Arcadis in embedding a more risk-conscious way of working in the organization. Annually, Arcadis assesses the enterprise-wide risk landscape and the associated ARC framework, considering advancements in technology, societal trends, regulatory changes, geopolitical factors, market conditions, client dynamics, and internal business process changes and adapts them as conditions evolve. These changes are reviewed and approved by the Executive Board and communicated to the broader leadership team.

Key risks and opportunities are assessed based on either their financial impact with respect to profit or liquidity, or the broader impact on strategy and business reputation. Financial impact is assessed based on the estimated impact on Earnings Before Interest, Taxes, and Amortization (EBITA). Impact ratings are then combined with Probability Assessments for each risk/opportunity to derive probability-adjusted estimated impacts, which are used to prioritize key risks and mitigation strategies. Below are the parameters used as a basis for the impact ratings.

- 5 (Very High) = EBITA impacted by more than the equivalent of a change of 1.5% in net margin
- 4 (High) = 1-1.5%
- 3 (Medium) = 0.5-1%
- 2 (Low) = 0.2-0.5%
- 1 (Very Low) = <0.2%

Scope of scenario testing

The scope of this analysis includes Arcadis operations in Germany, the United States, Netherlands, the United Kingdom, and Australia. We have picked these regions as these are our top 5 earning countries. Table 4 below breakdown the net revenue for full year 2023 per region based on project location.

Table 4. Arcadis Net Revenue in Full Year 2023

Region	Percentage of Net Revenue
United States	35.5%
Germany	4.1%
Netherlands	8.0%
United Kingdom	22.6%
Australia	5.3%

Table 5 below shows the company-wide transition risks and opportunities covered in the analysis.

Table 5. Climate-related Transition Risks and Opportunities

Transition Risk/ Opportunity		Definition	TCFD Risk / Opportunity Category
1	Risk: Carbon pricing	Impacts of carbon pricing policies on operating costs	Policy and legal risk
2	Risk: Energy Cost	Impacts of changes of energy prices on operating costs	Market risk
3	Risk: Reputational	Impacts of our climate actions and commitments on relationships with clients, investors and shareholders, communities, and employees	Reputation
4	Opportunity: Shift to lower carbon energy sources	Avoided costs from meeting our climate targets and reducing energy consumption	Resource efficiency
5	Opportunity: Growth drivers	Opportunities for revenue growth from increase in demand for services that support low-carbon economy and climate resilience	Products and services

Time horizons

Arcadis updates its strategy based on identified risks. Currently, risk is monitored on the following timescales:

Table 6. Scenario Analysis Time Horizons

Time Horizon	Definitions
Short-term	2022 - 2025
Medium-term	2026 - 2030
Long-term	2031 - 2050

Key assumptions and parameters from scenarios chosen

Transition Scenarios

Net Zero 2050 Scenario – Low-carbon Scenarios (1.5°C/2°C)

The Net Zero 2050 scenario assumes a world that limits global warming to 1.5°C, aligning with the IPCC Shared Socioeconomic Pathway (SSP) SSP1-RCP2.6 through stringent climate policies and innovation, reaching global net zero CO2 emissions around 2050. In this scenario, some jurisdictions such as the United States, European Union, and Japan reach net zero for all GHGs.

Arcadis chose this scenario because it supports Arcadis' ambition of aligning with the 1.5°C pathway and represents the rapid decarbonization needed to avoid the worst impacts of climate change. In this scenario, the effects of transitioning to a low-carbon economy are likely to be most impactful as governments worldwide commit to driving down emissions. Under this scenario, the likelihood of experiencing higher carbon prices and greater business regulation would be higher.

Current Policies Scenario – High-carbon Scenarios ('Business-as-usual'/4°C)

The Current Policies scenario assumes that only currently implemented policies are preserved, leading to high physical climate risks. This aligns with IPCC SSP5-RCP8.5 in which global temperatures are expected to rise at least 4°C by 2100.

Arcadis chose this scenario as it is 'business as usual' with no policy changes and leads to emissions growth, causing the acute and chronic physical effects of climate change to be felt with greater severity. This scenario includes physical effects of climate change that are likely to be most impactful (e.g., high temperatures, high rates of sea level rise, and increased frequency and intensity of extreme weather events).

Assumptions

Arcadis included an energy price sensitivity model in its transition risk and opportunity analysis, which includes the following parameters and assumptions:

- Arcadis' offices included in this analysis are in Germany, United States, Netherlands, United Kingdom, Australia.
- Energy and Emission Sources Covered: Electricity and natural gas consumption, Scope 3 Business Travel category.
- Headcount Growth: The total consumption of electricity and natural gas is assumed to be driven by the workforce. Therefore, headcount growth is incorporated within the model at 0.5% growth per annum.
- Within Office Energy Intensity per Employee: This baselines against 2019 (pre-pandemic) and returns the average employee to the baseline level of energy consumption per annum by 2030, which is a variable to show a return to office-based working.
- Scope 3 Covid Correction Factor: Much like energy intensity per employee, the Scope 3 items (air and car travel) saw significant decreases from 2020-2022 due to Covid disruption. The model assumes the average travel per FTE returns to the 2019 level by 2030.
- Country Grid Carbon Intensity: The level of carbon emissions associated with the production and consumption of a unit of electricity. This is then applied to the energy consumption to calculate total emissions (and differs by Current Policy and Net Zero Policy Scenarios).
- Country-Level Electricity and Gas Price: The retail cost of a unit of electricity and gas. This is then applied to total consumption to calculate total cost of consumed energy.

Evaluation

Materiality of the climate related risks and opportunities

Arcadis determined the materiality of climate-related risks and opportunities using the transition scenario analysis. Based on two scenarios, the Net Zero 2050 and Current Policies scenarios, we evaluated gross climate-related risks and opportunities.
For risks, Arcadis considered impact and vulnerability. Impact measures the unmitigated financial or non financial consequence if the risk were to materialize for Arcadis. Vulnerability evaluates whether the inherent and residual mitigating activities would sufficiently manage the climate risk. Impact measures the unmitigated financial or non-financial consequence if the risk were to materialize for Arcadis. Vulnerability evaluates whether the inherent and residual mitigating activities would sufficiently manage the climate risk. For opportunities, Arcadis considered impact and readiness, which evaluates how Arcadis is strategically positioned to maximize the opportunity.
Each component was used to identify net material risks and opportunities.

Description of how the scenario analysis informed the climate transition plan

Our strategy has been influenced by the climate scenario analysis, which played an integral part in shaping our CTP. The insights drawn from this process influence our business in the following ways:

- **Products and services:** Opportunities for revenue growth from increased demand for services that support low-carbon economy and climate resilience. This focuses on the impact on revenue from a shift in demand for products and services. Arcadis is growing its global Sustainability Advisory and Energy Transition practices to accelerate our clients' ambitions and cater to clients' needs resulting from climate change. To accelerate a planet positive future, our Sustainable Project Choices strategic pillar embodies:
    - **A deliberate focus on projects that contribute to our strategic ambition.** Arcadis has committed to increasing the robustness of our project selection process by selecting projects that align with planet positive, sustainability, and economic criteria.

- **An enhanced, next-generation key client program.** Through growing our share of wallet within key clients, we're aiming to increase GBA cross collaboration. Arcadis also intends to expand this program by 50% to target a broader group of clients and drive success in our growth markets, which anchor our sustainable project choice ambitions. As we introduce a more tailored and target-driven approach, we can address the need of our clients more effectively, including through increased advisory lead client engagements.

- **An evolution of our commercial models.** We're shifting our commercial models to gradually adapt to our changing role with clients. As we embrace value-based pricing and incentive-based models, we're reflecting the value we offer to clients, including through advisory services that further our clients' climate ambitions as well as our own. Through this approach, we're also building models to incorporate increased solutions engaging our Intelligence business area.

- **Supply chain and/or value chain:** Responsible and sustainable procurement has been recognized as a material theme and area for further development for Arcadis. We are incrementally growing our Sustainable Procurement Program and building an impact-based approach while we are continuing to assess our operational readiness from a supply chain perspective to address our Scope 3 emissions reduction target. Core principles that guide Arcadis' Sustainable Procurement practices are represented in our publicly available Arcadis Global Procurement Policy Statement and the Arcadis Global Supplier Code of Conduct, which outline the collaborative approach we aim for with our supply base. These also detail Arcadis' expectations that suppliers need to meet regarding ESG topics.

- **Investment in R&D:** Arcadis has made significant investment in market research, client interviews, industry-wide network organizations, internal teams and capability development, business development, and digital and innovation to drive sustainability innovation in the services we deliver. The Imagine Awards is our annual program geared toward sharing solutions that drive innovation at Arcadis through the creativity, innovation, and entrepreneurial spirit of Arcadians. In 2024, seven out of eight of our award finalists are developing solutions focused on climate risks, climate mitigation, renewable energy, and ESG due diligence. Furthermore, in partnership with the Lovinklaan Foundation, Arcadis launched a program called Ignite that is dedicated to enhancing the skills of both seasoned innovators as well as budding talents within Arcadis. This program includes a virtual training experience focused on developing value propositions, designing business models, and testing business ideas. A smaller group of Arcadians who complete the virtual training will be invited to an in-person innovation masterclass experience, facilitated by Arcadis' Global Innovation and Ecosystems team.

- **Operations:** Climate-related risk management is embedded in our Global Environmental Management System Standard (EMSS). The system monitors and tracks identified environmental risks or opportunities. In particular, physical risks identified through physical climate risk assessment have been incorporated into our Business Continuity Plans, as appropriate, at the country level.

Scenario Analysis Findings

In the Net Zero 2050 scenario, Arcadis will face major impacts from transition risks due to carbon pricing and energy costs that come from the shift to lower carbon energy sources which are almost certain to occur. Arcadis will likely experience low to moderate vulnerability in this risk category because our business model has no substantive energy consumption and is not operating in an industry with significant exposure to carbon pricing mechanisms, even considering our exposure to the European market. In comparison, under the Current Policies scenario, the carbon pricing risk will have a minor impact because carbon pricing is unlikely to be in place in the US market, where we have a large presence. As energy systems decarbonize at a steady rate in this scenario, electricity prices remain broadly stable and thus bring the impact of energy cost-related risks to a low-moderate level.

Arcadis is expected to face a minor impact of being exposed to reputational risks which is likely to occur in the Net Zero 2050 scenario. Since changes in product and service demand are likely to significantly affect revenue generation in a low-carbon environment, Arcadis' vulnerability to this risk is low to moderate. The impact under the Current Policies scenario will be reduced to an insignificant level; however, the likelihood will remain the same as the world decarbonizes at a steady rate. Table 7 below summarizes the findings of the transition risk and opportunities analysis.

Net Zero 2050					
Risk / Opportunity		**Impact**	**Likelihood**	**Speed of Onset / Time Horizon**	**Vulnerability / Readiness**
Risk	Carbon Pricing	Major	Almost certain	Medium to long term	Low-Moderate
	Energy Cost	Major	Almost certain	Medium to long term	Low-Moderate
	Reputational	Minor	Likely	Medium to long term	Low-Moderate
Opportunities	Shift to lower carbon energy sources	Major	Almost certain	Medium to long term	Low
	Growth drivers	Moderate	Likely	Medium to long term	Low-Moderate
Current Policies					
Risk / Opportunity		**Impact**	**Likelihood**	**Speed of Onset / Time Horizon**	**Vulnerability / Readiness**
Risk	Carbon pricing	Minor	Likely	Medium to long term	Low-Moderate
	Energy Cost	Moderate	Likely	Medium to long term	Low-Moderate
	Reputational	Insignificant	Likely	Medium to long term	Low
Opportunities	Shift to lower carbon energy sources	Moderate	Likely	Medium to long term	Low
	Growth drivers	Minor	Likely	Medium to long term	Low-Moderate

Table 7. Transition Risk & Opportunity Analysis Findings

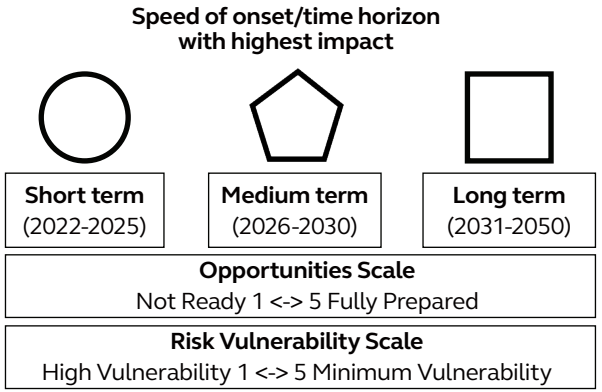


Figure 5. Speed of Onset / Time Horizon Key

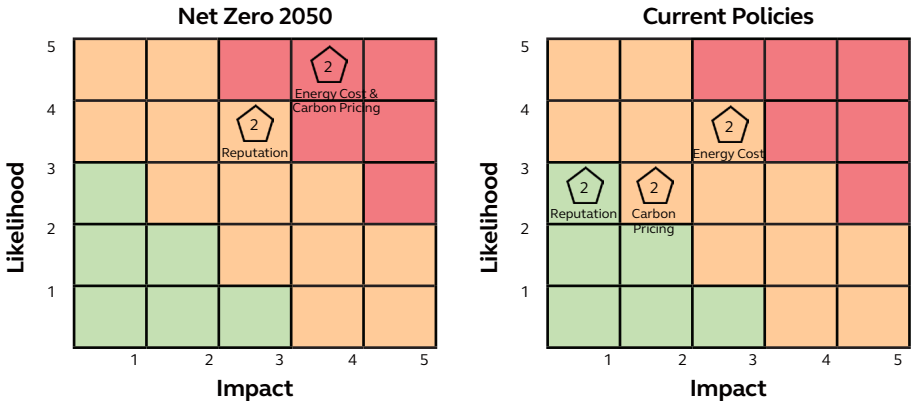


Figure 3. Risk Heat Map Summary

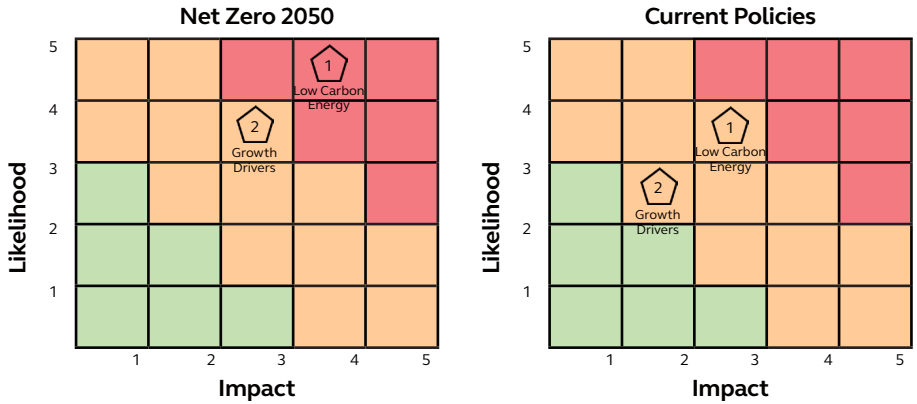


Figure 4. Opportunity Heat Map Summary

Risks & Opportunities

Arcadis conducted a transition scenario analysis to identify and assess climate-related risks and opportunities that have a substantive financial and strategic impact on our business. Transition scenario analysis directly influences how we think about risks and opportunities that will affect our business strategy, shape our business, and impact our financial planning. We are integrating these climate risks into relevant ERM risk categories to holistically bring climate risk into our strategy (preparedness), our risk management function, and our risk-mitigating actions. As we continuously review, monitor, and evaluate our climate-related risks and opportunities, we will continue to consider more opportunities to decarbonize our value chain.

Process for Identifying Climate-related Risks and Opportunities

At Arcadis, our proactive approach to climate-related risks and opportunities is led by the ELT. The ELT, responsible for determining risk appetite and setting policies and procedures, plays a crucial role in addressing risks and opportunities appropriately. This includes designing effective, sustainable client solutions, winning client work, and achieving energy efficiency and greenhouse gas reduction targets in our own operations and value chain. In 2023, we launched a new strategy which demonstrates our commitment to staying ahead of climate-related risks, underlining the ELT's leadership and instilling confidence in our stakeholders. Arcadis has completed a double materiality assessment (DMA) compliant with CSRD, as described in our Annual Integrated Report. This assessment has enabled us to subsequently identify impacts, risks, and opportunities across our operations.

Substantive risks have been identified and defined across the 16 categories in the Arcadis Risk & Control (ARC) framework. The ARC framework is the cornerstone of Arcadis' risk management approach and supports Arcadis in embedding a more risk-conscious way of working in the organization. One of the risk categories is sustainability (including climate-related risks). The ARC framework captures the critical risks for sustainability with mitigating controls that need to be applied across the business. The effectiveness of the controls is reviewed on an annual basis. We have integrated the results of our qualitative and quantitative Climate Scenario Analysis (CSA) into our ARC framework and the development of our growth strategy.

As described in the Governance section, The SusCo, formally established in May 2020, includes three SB members and is responsible for high-level oversight of Arcadis' performance against the sustainability and climate strategy, including identifying and managing key risks in these areas.

Arcadis has two key committees that are crucial in overseeing risk management. The Risk Management Committee, chaired by the CFO, advises the EB and the ELT on strategic, operational, and global risk matters, aligning them with Arcadis' risk appetite. The ARC, comprising four SB members, reviews and oversees the critical risks identified across the 16 categories. In addition to these committees, our climate-related risk management is integrated into our global Environmental Management System Standard, which requires that identified risks or opportunities are tracked and monitored. For instance, greenhouse gas emissions and energy consumption are monitored through this system.

Finally, through regular improvement of our non-financial reporting, Arcadis has established a dedicated non-financial reporting team within its Finance function and has implemented a non-financial reporting system to enhance the quality and assurance of its non-financial reporting. We have also increasingly improved our management of environmental targets, climate-related risks, and opportunities over the past few years through alignment with the ISSB IFRS S2 and CSRD. We have committed to developing a climate-related management plan that includes environmental targets across our business operations. Below is a summary of our steps in 2023-2024 and critical work planned.

To continuously evaluate, monitor, and manage our process in identifying climate risks and opportunities, we are planning for continuous improvement through the following actions:

- Further formalize roles and responsibilities around climate-related risks and opportunities in alignment with our organizational structure and business model.
- Conduct periodic updates of our environmental risk registers and business continuity plans to continue to incorporate climate-related risks.
- Complete the review process for our near-term and net zero targets with the Science-Based Target Initiative under the new Net-Zero Standard, considering our recent acquisitions and updated Scope 3 inventory.

These actions are part of our ongoing commitment to enhancing our risk management practices and maintaining the long-term sustainability of our operations.

Climate-Related Risks

Energy and Carbon Price

Description of Risk

Implementing external carbon-pricing policies – such as taxes on aviation, energy, or fuel suppliers to drive the low-carbon transition or eliminating fuel subsidies – could impact Arcadis' expenses. Quantifying these risks helps Arcadis make better-informed investment decisions and enhances our management of financial and regulatory risks. The potential financial impact is associated with the costs of carbon price exposure and a shift in energy prices. Outside energy-intensive sectors, economies are not directly exposed to carbon tax or market-based carbon prices. This analysis assumes the remit of those markets expands to cover all emitters.

Approach & Evaluation

Arcadis identified the energy policy and market conditions, as well as the latest carbon price in geography where we have footprints and reviewed key regulatory environments relevant to our operations. Subsequently, we conducted an analysis of our emissions projection and energy price forecast to assess how this could impact our long-term planning in 2022.

The decarbonization of electricity grids, even at a steady rate in the Current Policy Scenario, helps to decrease total emissions and leaves business travel as the dominant driver of emissions in the future. Under a Net Zero Scenario, whereby the electricity supply decarbonizes quickly, the peak in emissions post the Covid recovery in 2030 is 17% lower than business as usual (BAU)[1]. If Arcadis continues along a BAU approach concerning Scope 1 (stationary energy) and Scope 3 (business travel) emissions, the company will still produce a significant portion of existing total emissions. Shown in Figure 6 below, this is because even with zero contribution from Scope 2, total emissions would only be four percent lower in 2050 compared to the Current Policy Scenario.

1 Projected emissions used in the presented scenario analysis are based on Arcadis' GHG inventory as reported in 2022. In 2023, Arcadis revised its GHG inventory using updated methodology and to include its recent acquisitions. Revised GHG inventory information will be used to update Arcadis' scenario analysis when it is next updated.

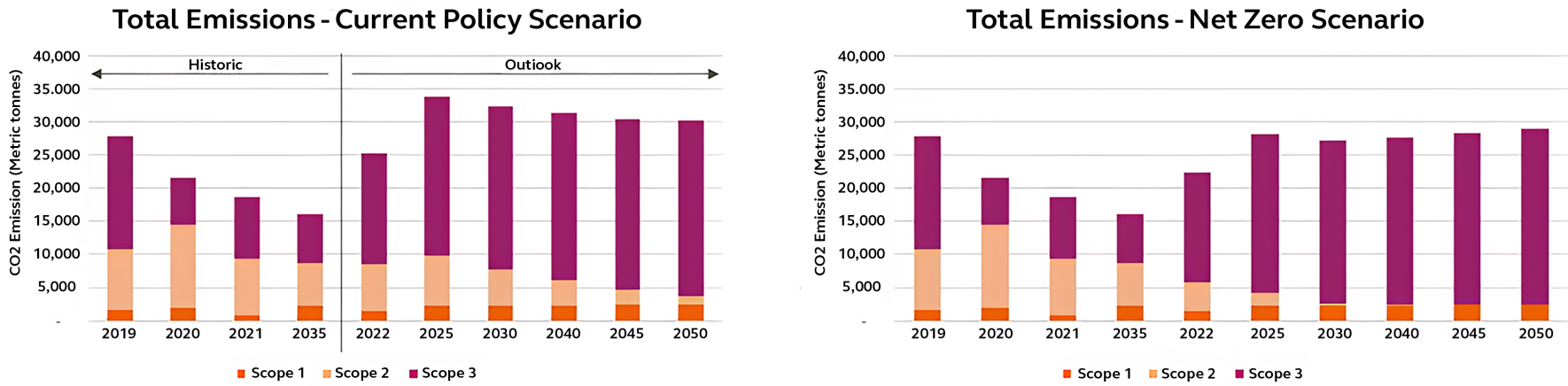


Figure 6. Total Emissions Forecast in Current Policy and Net Zero Scenario

In the Current Policy Scenario, electricity prices remain broadly stable as energy systems decarbonize at a steady rate (Figure 7). Gas prices incrementally increase across each territory as demand stays robust due to less electrification of heat and renewable energy deployment. In a Net Zero Scenario, prices are more volatile and divergent. Electricity prices decrease (significantly in the US) due to the removal of fossil fuels from the electricity system. However, natural gas prices rise strongly, peaking in 2040, attributed to a decline in upstream investment affecting production.

Figure 8 shows the outlook of energy cost per country in some of the key markets where Arcadis operates.[1] Australia experiences little exposure to rising energy cost up to 2050, largely due to having no reported gas consumption data and stable electricity prices in the Current Policy Scenario. As the energy intensity per employee dropped considerably in the UK due to Covid (~75%), the recovery from the pandemic will result in an increased energy cost. Falling electricity prices due to decarbonization and rising natural gas prices are significant impacts under the Net Zero Scenario, and, therefore, the markets with the greatest exposure to gas consumption show the largest modelled increases in energy cost between the two scenarios (e.g., US and UK). Given that Australia reports no gas consumption, only electricity, the energy cost for this territory is modelled to decrease in a Net Zero Scenario.

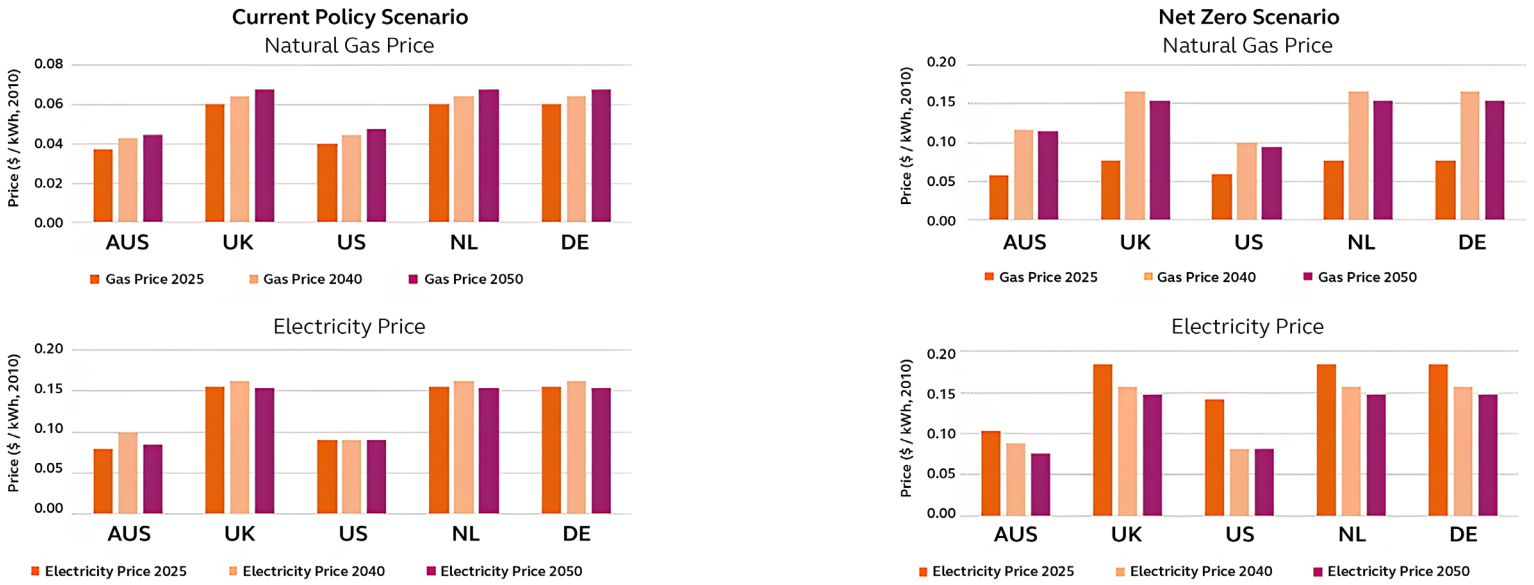


Figure 7. Natural Gas and Electricity Across Current Policy and Net Zero Scenarios

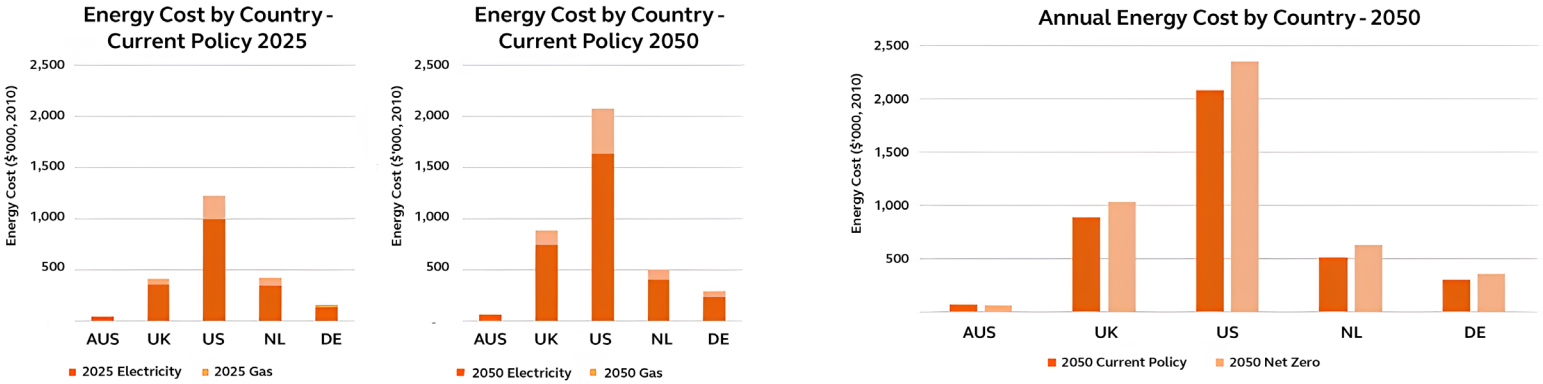


Figure 8. Energy Cost per Country in Current Policy and Net Zero Scenarios

In the Current Policy Scenario, there is no carbon price/taxation for the US and Australia given there is not an active, national, or regulated market for carbon (Figure 9). Where carbon is subject to a price (e.g., in Europe), within this Scenario, the emissions are not aggressively taxed and, therefore, in combination with decreasing Scope 2 emissions, there is little exposure to Arcadis. Despite Scope 2 emissions reducing to zero by 2040 as grids aggressively decarbonize, a high carbon price, reaching up to €832/MT in 2050 in some geographies, means Scope 1 and 3 emissions are exposed to up to €15.7 million of annual cost[2]. The US accounts for most emissions, which is driven by a large workforce coupled with a high energy intensity per full time equivalent employee (around 5x than of the UK) and high Scope 3 business travel emissions.

1 Energy cost by country projection used in the presented scenario analysis are based on Arcadis NV Energy Price Sensitivity Modeling conducted in 2023, using internal Arcadis data and NGFS Integrated Assessment Modeling.

2 Projected emissions used in the presented scenario analysis are based on Arcadis' GHG inventory as reported in 2022. In 2023, Arcadis revised its GHG inventory using updated methodology and to include its recent acquisitions. Revised GHG inventory information will be used to update Arcadis' scenario analysis when it is next updated.

The US in the Current Policy Scenario also retains the highest degree of carbon intensity of grid supplied electricity due to the relatively slower decarbonization of the electricity system, especially when compared to European territories. In the Current Policy Scenario, the US and Australia are not subject to a carbon price and European carbon pricing is weakly applied. If Arcadis was subject to aggressive carbon pricing, as per the Net Zero Scenario, the exposure is more intense in the US due to the high level of emissions, but the UK is also exposed because of Scope 3 emissions and the aggressively modelled carbon price, which is due to wide ranging net zero ambitions.

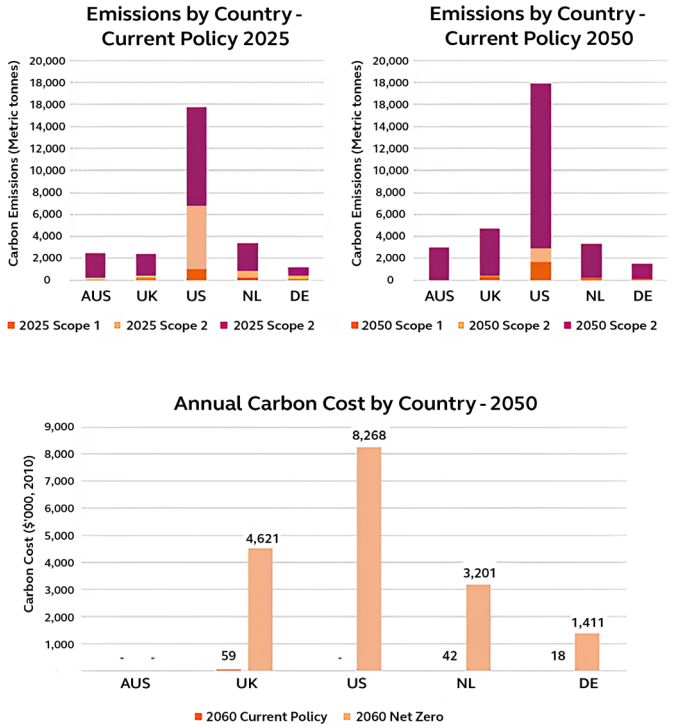


Figure 9. Emissions by Country in Current Policy and Net Zero Scenarios

Under this risk, potential financial costs might occur from increasing carbon price exposure, and shift in energy prices especially under the Net Zero scenario. Arcadis' potential increase in costs from carbon price exposure could be in the range of €3.8 million per annum in 2030 to €16.6 million per annum in 2050 under a Net Zero scenario, with Scope 3 (business travel) accounting for most of the increase[1]. Moreover, incurring costs from shift in energy prices exposure, both electricity and natural gas, could reach €4.6 million per annum in 2030 and remain high at €4 million per annum in 2050. Meanwhile, under the Current Policies scenario, Arcadis' potential increase in costs from carbon price exposure could peak in 2030 at €138,615 per annum in 2030, falling to €110,892 in 2050. As for the energy price exposure, Arcadis may be exposed to additional costs in the range of €3.7 million per annum and holding steady at this level until 2050.

1 Projected emissions used in the presented scenario analysis are based on Arcadis' GHG inventory as reported in 2022. In 2023, Arcadis revised its GHG inventory using updated methodology and to include its recent acquisitions. Revised GHG inventory information will be used to update Arcadis' scenario analysis when it is next updated.

Energy and Carbon Price Risk – Results & Potential Impacts				
Net Zero Scenario				
Context	**Impact**	**Likelihood**	**Timescale**	**Vulnerability**
Costs from carbon price exposure	Major - Where carbon is aggressively taxed, increase in carbon price exposure could incur additional major cost to Arcadis.	Almost certain	Medium term	Low—moderate – current management methods adequately address the risks. Additionally, the industry where Arcadis operates is not significantly affected by carbon pricing mechanisms.
Costs from shift in energy (electricity and gas) prices exposure	Major - Where energy mixes are rapidly changing, increase in energy costs could incur potential high cost to Arcadis.	Almost certain	Medium term	Low—moderate – current management methods adequately address the risks. Additionally, Arcadis' business model is not significantly influenced by energy prices.
Current Policies Scenario				
Context	**Impact**	**Likelihood**	**Timescale**	**Vulnerability**
Costs from carbon price exposure	Minor - Where carbon is not effectively taxed, increase in carbon price exposure could incur additional minor cost to Arcadis.	Likely	Medium term	Low—moderate – current management methods adequately address the risks. Additionally, the industry where Arcadis operates is not significantly affected by carbon pricing mechanisms.
Costs from shift in energy (electricity and gas) price exposure	Moderate - Where energy mixes gradually decarbonize, increase in energy costs could incur potential cost to Arcadis.	Likely	Medium term	Low—moderate – current management methods adequately address the risks. Additionally, Arcadis' business model is not significantly influenced by energy prices.

Table 8. Energy and Carbon Price Explanation of Results & Potential Impacts by Scenario

Conclusion

Arcadis could incur costs associated with future external carbon-pricing policies as well as shifts in energy prices. The financial implications from these risks are categorized as major impact under the Net Zero 2050 scenario and decrease to moderate to minor impact under the Current Policies scenario. However, due to the nature of Arcadis' business and where our business is largely situated, the shift in energy prices and carbon pricing policies are not a significant influence on our operations—meaning our vulnerability towards these risks is well managed.

Growth Drivers

Description of Risk

Given current and prospective clients' increased focused on projects and solutions with clear sustainability benefits, sustainability is integrated into client pursuits through our five sustainability themes of carbon and energy, social value, water stewardship, nature and biodiversity, and circularity. This includes our solutions that support growth in both technical advisory and digitally empowered management. Potential client loss risk is possible due to client association with high-emitting sectors, client inability to adapt to a rapid transition associated with a Net Zero scenario, and client infrastructure facing harmful impacts from acute and chronic physical risks.

Approach & Evaluation

Under the Net Zero 2050 scenario, Arcadis risks losing revenue from clients who fail to or negatively react to the rapid transition to a low-carbon economy, especially clients in high-emitting sectors such as energy and natural resources or industrial and manufacturing industries. There is also a risk of growing our services appropriately or fast enough to meet clients' needs, allowing existing or new competitors to take greater market share. Under the Current Policies scenario, Arcadis could be negatively impacted by clients that lose economic viability due to physical risk impacts. Additionally, if Arcadis does not have sufficient resources and trained talent to deliver our work to support the transition and meet sustainable business growth, we could incur market share losses and reputational risks, which will likely happen under both scenarios. In terms of potential financial impacts under both scenarios, Arcadis could face lost revenue from potential client loss and an inability to grow fast enough to meet the growing market demand.

Products and Services Risk - Results & Potential Impacts by Scenario				
Net Zero Scenario				
Context	**Impact**	**Likelihood**	**Timescale**	**Vulnerability**
Growth drivers	Moderate – Potential loss of clients based on the work or perceived work done with heavy emitting sectors, and from clients who fail or contract because of the rapid transition.	Likely	Medium to Long Term	Low – moderate. Current products and services offerings adequately capture the opportunities.
Current Policies Scenario				
Context	**Impact**	**Likelihood**	**Timescale**	**Vulnerability**
Growth driver	Minor – Potential loss of clients from clients who lose economic viability due to physical risks.	Likely	Medium to Long Term	Low – moderate. Current product and service offerings adequately capture the opportunities.

Table 9. Products and Services Risk - Explanation of Results & Potential Impacts by Scenario

Conclusion

Arcadis has the potential to be negatively impacted by both scenarios due to the industries in which our clients operate. For example, fossil fuel-dependent clients may be exposed to substantial revenue loss due to a lack of transitioning to a low-carbon economy or unfortunate investments that result in a high amount of stranded assets. While not directly impacting Arcadis' ability to operate, these sectors' revenue is substantial and key to our healthy revenue stream. Under the Net Zero 2050 scenario, Arcadis' service offerings focused on aiding and guiding our clients through the transition to a low-carbon economy, such as Energy Transition and Smart Sustainable Buildings, could face market share risks if we fail to grow these services fast enough to meet clients demand—allowing existing and new competitors to take more significant market share. Nevertheless, Arcadis stands by its commitment to embedding sustainability in everything we do, and our ELT stays abreast of market and regulatory movements that could pose a risk to our revenues but also, if well managed, are an opportunity for strategic growth.

Brand Reputation

Description of Risk

Reputational risks related to not achieving our climate actions and commitments could impact our relationship with clients, investors, shareholders, communities, and employees and affect our ability to attract talent. As our ability to deliver our sustainability and climate services depends on attracting the right talent, failure to do so will result in further operational costs to our business. This connection underscores the interplay between brand reputational risk and the growth driver risk, as a strong, positive brand reputation is essential for attracting and retaining the talented employees needed to support clients in their transition to a low-carbon economy.

Approach & Evaluation

Brand reputational risk exists under both scenarios. Whether or not we can meet our net zero targets and contribute to finding solutions and providing services that enable the net zero economy will either improve our brand reputation or potentially damage it—impacting our client relationships and talent retention. Our ability to demonstrate the integration of forward-looking climate resilience into our advisory, engineering, and design services (e.g., climate adaptation, water optimization, nature-based solutions, and resilient ports) will improve our brand reputation.

Arcadis faces the risk of "greenwashing" if we do not deliver on our climate commitments, which could impact our brand reputation and revenue. Every 1% increase or reduction in global revenue is worth approximately €31 million based on 2021 revenue[1]. Also, brand risks could arise from being associated with companies perceived as not taking appropriate climate action or not complying with climate disclosure rules and regulations. Based on our latest customer experience survey, we discovered that delivering sustainability solutions has become an essential topic among our employees and customers.

1 https://www.arcadis.com/en-us/news/global/2023/2/arcadis-fourth-quarter-and-full-year-results-2022#:~:text=Amsterdam%2C%2016%20February%202023%20%E2%80%93%20Arcadis,EBITA%20margin%20improved%20to%209.8%25.

Reputational Risk – Results & Potential Impacts by Scenario				
Net Zero Scenario				
Context	**Impact**	**Likelihood**	**Timescale**	**Vulnerability**
Brand Reputation	Minor – Under this scenario, we are facing potential scrutiny if we fail to meet our net zero targets as well as providing sustainability services to our clients. We are also facing the risk of attracting and retaining talent to deliver our services.	Likely	Medium to Long Term	Low – moderate. Current products and services offerings adequately capture the opportunities.
Current Policies Scenario				
Context	**Impact**	**Likelihood**	**Timescale**	**Vulnerability**
Brand Reputation	Insignificant – We are also facing the risk of attracting and retaining talent to deliver our services.	Likely	Medium to Long Term	Low – Moderate - Current business strategy and strong market interest address the risks.

Table 10. Reputational Risk - Explanation of Results & Potential Impacts by Scenario

Conclusion

Under the Net Zero 2050 scenario, Arcadis would face significant pressure to achieve our net zero goals and provide sustainability solutions to our clients. Failure to do so will result in scrutiny and impact our brand reputation. Under Current Policies Scenario, our service offerings related to forward-looking climate resilience and advisory as well as engineering and design will improve our brand reputation. Under both scenarios, we are facing constant challenges to attract and retain talent with strong knowledge and experience in delivering sustainability-focused solutions to our clients. In turn, this challenge would lead to increased costs to attract and retain talent with sustainability expertise as well as employee turnover costs.

Climate-Related Opportunities

Climate related opportunities identified to have a substantive financial or strategic impact on business-opportunities, potential financial impact and response strategy

Our commitment to climate-related opportunities extends beyond mere mitigation and adaptation efforts. It's a strategic endeavor aimed at positioning Arcadis for competitive advantage while fostering positive impact. By capitalizing on these opportunities, we enhance operational efficiency and tailor our offerings to meet the evolving low-carbon needs of our clients, creating mutual benefits.

Aligned with our recognition of the imperative to limit global warming to 1.5°C, we see this commitment as pivotal for our leadership in sustainability and as a gateway to growth and innovation in a transitioning economy. Our approach to maximizing these opportunities is collaborative and innovative, grounded in partnerships with clients, industry experts, and stakeholders. Through co-creation, we develop tailored solutions that address specific challenges, advancing both our sustainability agenda and the collective responsibility toward a more sustainable future.

Through proactive investments in research, talent, and technology, we not only maintain our leadership in the transition to a low-carbon economy but also inspire others to join us. This strategic approach propels meaningful change, creating value for our clients, stakeholders, and the planet we share.

Lower Carbon Energy Sources

Description of Opportunity

Arcadis has the opportunity to reduce its energy expenses by meeting its net zero targets and reducing its energy use. Reducing our real estate footprint in a post-pandemic, return-to-work world could also change portfolio efficiency depending on which facility leases are terminated or not renewed. Termination of these leases would reduce our emissions and we could experience potential financial benefits such as cost savings from avoided operational and capital expenses.

Approach & Evaluation

Under the Net Zero 2050 scenario, changes in renewable energy versus fossil fuel prices could increase the cost of renewable electricity procurement in the short to medium term due to increased electricity and renewable energy demand to meet electrification needs. In the long term, renewable energy prices could continue to decrease with renewable energy market growth and expected technological improvements and battery storage solutions. Meanwhile, under the current policies scenario, our current renewable energy strategy will reduce our exposure to potential future fossil fuel price fluctuations. Operating costs will be stable under Current Policies, but we will face higher operating costs under Net Zero in 2050.

In a Net Zero 2050 future, our efforts to reduce emissions and energy use and shift to renewables could not only reduce our exposure to potential fossil fuel price fluctuations and changes in the cost of carbon but also lead to significant operational savings. If we manage to reduce our global electricity consumption 25% by 2050, this could translate into estimated operational savings of approximately €1.4 million per annum across five key markets (Australia, Germany, Netherlands, United Kingdom and United States) under Net Zero 2050 and €1.8 million per annum across same five key markets under the Current Policies. These potential savings underline the financial benefits of our strategies, giving us confidence in our path forward.

Energy Source Opportunity – Results & Potential Impacts by Scenario				
Net Zero Scenario				
Context	**Impact**	**Likelihood**	**Timescale**	**Vulnerability**
Shift to lower carbon energy sources	Major – Shift in low carbon energy sources and reduced energy use and GHG emissions will hedge risk from fossil fuel price fluctuation and cost of carbon.	Almost certain	Medium to Long Term	Low – Current management methods adequately address the risks. On top of that, Arcadis' business model is not significantly influenced by energy prices.
Current Policies Scenario				
Context	**Impact**	**Likelihood**	**Timescale**	**Vulnerability**
Shift to lower carbon energy sources	Moderate - Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon.	Likely	Medium to Long Term	Low – Current management methods adequately address the risks. On top of that, Arcadis' business model is not significantly influenced by energy prices.

Table 11. Energy Source Opportunity - Explanation of Results & Potential Impacts by Scenario

Arcadis could reduce costs by avoiding carbon prices and saving energy when it meets emissions reduction targets. Phasing out natural gas could result in operational savings of approximately €1.85 million per annum by 2050 under a Net Zero Scenario, assuming replacement electricity heating sources are 300% efficient (e.g., a heat pump) compared to a boiler at 70% efficiency. If natural gas combustion (for commercial heat) becomes subject to an aggressive carbon price, phasing out the fuel source could also avoid €1.48 million per annum of carbon cost. These potential savings would be realized as Arcadis' offices concurrently execute local carbon reduction strategies and implement energy efficiency initiatives.

Conclusion

Reducing energy consumption and GHG emissions consistently reduces the risk from potential fossil fuel price fluctuations and the cost of carbon under both Net Zero 2050 and Current Policies scenarios. By reducing energy use, minimizing our real estate footprint, and implementing energy-efficiency programs, Arcadis can reduce energy expenses and GHG emissions to progress toward achieving net zero goals. These actions could lead to operational and capital expense savings.

Growth Drivers

Description of Opportunity

Arcadis has the opportunity to grow our service offerings in sustainability solutions as clients increasingly focus on projects and solutions with clear sustainability benefit. We have gathered information regarding sustainability strategy, plans, and progress for key clients. This information supports account teams to build account plans with sustainable outcomes at the front and center, guides client conversations around sustainability, and provides data to support key pursuits. As a result, our GBAs have prioritized sustainable solution areas such as energy transition, climate adaption, and sustainable infrastructure design. These changes to our project pursuit, selection, and management processes demonstrate that we have continuously maximized the opportunity to capture the shift in market demand, while engaging in accelerating planet positive growth through our project-related processes.

Approach & Evaluation

Under the Net Zero 2050 scenario, our business stands poised to seize growth opportunities as clients in high-emitting sectors like energy, natural resources, and industrial manufacturing seek support in navigating business transformation. This increased demand for assistance presents a chance for us to expand our services and provide tailored solutions, such as climate risk assessments and adaptation solutions, to help these clients transition to more sustainable practices. Moreover, the surge in activity within sectors spearheading low-carbon innovation opens avenues for further growth. By aligning ourselves with these sectors and offering innovative services, such as net zero program management, digital transformation, energy transition, sustainable operations, smart sustainable buildings, and climate adaptation, we position ourselves to capitalize on this growing market and drive additional revenue.

In a 1.5°C scenario, sectors heavily reliant on carbon-intensive operations, such as energy, transportation, utilities, and materials, face substantial policy risks that could lead to a significant loss in enterprise value. However, amidst these challenges, our business is not just a bystander, but a leader in the transition to a low-carbon future. For instance, the potential for a 67% loss in enterprise value for an average energy company[1] highlights the urgency for them to transition to cleaner alternatives, and we are here to lead them through this process. Similarly, the utility sector benefits from a 41% potential revenue increase through transition or technology adoption[2], and we can offer value-added services that facilitate their transition. Additionally, sectors like automobiles and components have the potential for climate upside, driven by innovations in low-carbon technologies aimed at greening the economy. By leveraging our expertise in these emerging technologies, we can position ourselves as key players in driving this transition and capturing the associated growth opportunities.

Through increased demand of tailored solutions supporting a low-carbon economy transition, our ability to expand our services, capture this growing market, and deliver quality work would improve our competitive position and potential financial impacts would include revenue growth. Moreover, integration of sustainability, climate resilience, and low-carbon solutions in our projects will strengthen our market differentiation

1 Stress Testing Climate-Change Scenarios, MSCI Jan 2021. Available online: Stress Testing Climate-Change Scenarios - MSCI
2 Stress Testing Climate-Change Scenarios, MSCI Jan 2021. Available online: Stress Testing Climate-Change Scenarios - MSCI

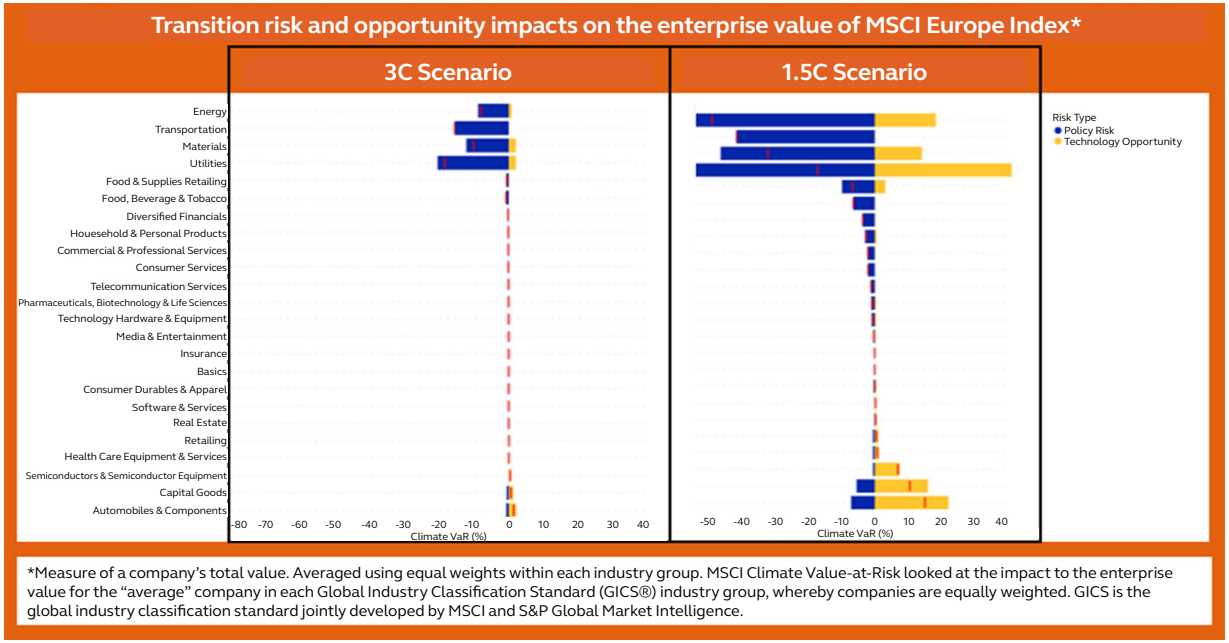


Figure 10. Transition Risk and Opportunity Impacts on the Enterprise Value of MSCI Europe Index

As part of the analysis, we have conducted high-level financial impact assessment of how Arcadis' solutions could grow by 2050 under each scenario. Tables 12 to 15 below elaborate on our findings per Arcadis' sustainability-focused service offerings.

High positive revenue impact	Medium positive revenue impact
+++	++

Table 12. Key Legend on Growth Potential Revenue Impact

Our Solutions		Growth Potential	
		Net Zero	Current policies
Connected Highways	In working with our clients across the globe and considering technology innovations like connected, autonomous and electric vehicles, we rethink how highway infrastructure is designed, built, operated, and maintained so future demand can be met.	+++	++
Integrated Airports	Building the net zero carbon and customer-centric airports of tomorrow starts by changing how we think. Our teams leverage best practices from around the world to deliver sustainable solutions for airport owners and operators, multi-modal hubs, aerotropolis developments, passenger terminal transformations, and post-pandemic recovery.	+++	+++
Intelligent Rail and Transit	With passenger and freight demand predicted to double by 2050 and commitments to net zero carbon, rail transit is the preferred modal choice for many countries. Arcadis' intelligent rail and transit solutions harness our global experts to deliver cost-effective, safe, and sustainable mobility and logistics throughout the life cycle of rail transit assets.	+++	+++
New Mobility	Mobility options and technology are flourishing. These must be optimized, connected, and sustainable to best meet the current and future needs of people and a net zero carbon world. From first and last mile challenges to hydrogen and electric vehicles, our new mobility solutions deliver results using the most advanced technologies and digital solutions from around the globe.	+++	++
Resilient Ports	Ports are critical to the global economy, serving as both trade and population centers. The impacts of climate change make ports particularly vulnerable, requiring special attention in this regard. Our resilient port infrastructure solutions are built on strong foundations developed from our Dutch heritage. In partnering with some of the largest port owners and operators around the world, our teams provide digitally enabled, practical solutions in port technology, transport logistics, energy transition and decarbonization.	+++	+++

Table 13.1. Our Solutions - Revenue Impact in Net Zero and Current Policies Scenario

Our Solutions		Growth Potential	
		Net Zero	Current policies
Energy Transition	Reducing global warming by transitioning towards low-carbon and renewable sources of energy across utilities, urban areas, and future market entrants of emerging technologies, considering energy transmission, distribution, and storage.	+++	++
Sustainability Advisory	Enabling sustainability ambitions by front end environmental, social, and governance advisory services for strategy, operations, products, reporting and supply chain.	+++	+++
Climate Adaptation	Ensuring our communities continue to thrive in the face of climate uncertainty by providing services in water management, flood protection, urban heat and water, ports, and wildfires.	++	+++
Environmental Restoration	Restoring the environment with specialized expertise in global portfolio execution and emerging contaminants, using our cutting-edge science & technology at all stages – from site characterization and cleanup to closure and redevelopment.	++	+++
Water Optimization	Supporting public and private clients to manage water resources in a sustainable way so it is 'fit for future', offering a full breadth of services throughout the entire water sector.	++	+++
Enviro-Socio Permitting	Providing a license to operate by ensuring that capital projects and the use of resources are protective of the environment and focus on embedding and upscaling equity in alignment with societal needs.	+++	+++
Sustainable Operations	Ensuring safe, reliable, compliant, and sustainable operations, supported by data driven insights and digital tools to manage operational risks, enable business continuity and meet social and environmental needs for future generations.	+++	+++
Advanced Industrial Facilities	The next phase of industrial progress is setting new benchmarks for productivity and efficiency. Unlocking and connecting the potential of big data, people and skills, sustainability, services, and systems, we help clients transform their assets to meet customer demand.	+++	+++
Optimized Asset Portfolios	The way we work is changing. As the priorities, needs, and expectations of people evolve, we recognize that the workplace must be reshaped and reimagined to help our clients, their businesses, and their people thrive.	+++	+++
Smart Sustainable Buildings	With the clock ticking on climate change, we can help organizations, asset owners and communities reach their net zero goals, designing and delivering a sustainable future in a way that improves quality of life for all.	+++	++
Social Infrastructure	Our data-rich digital products and tools provide valuable insights that help inform sustainable investment planning and decision making at every stage of a project lifecycle.	+++	++
Urbanism	Whether planning, creating, redefining, or recycling an asset, our suite of tools, applications and products use data to provide greater control and visibility around specific points in the asset lifecycle.	+++	+++

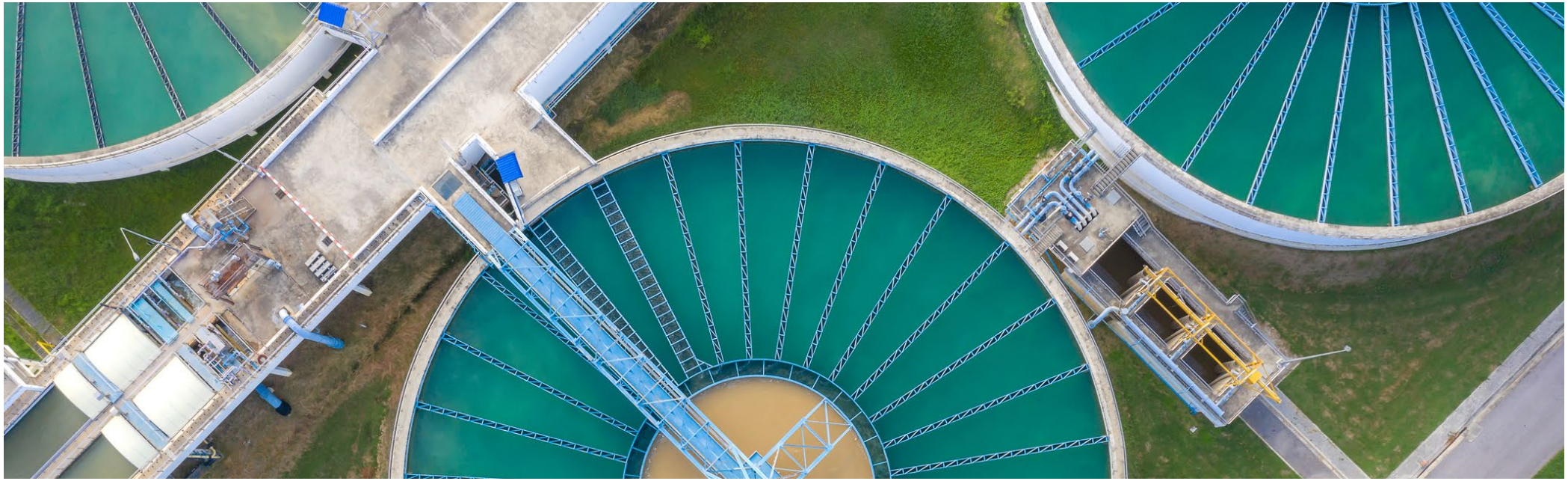
Table 13.2. Our Solutions - Revenue Impact in Net Zero and Current Policies Scenario

Conclusion

Under both scenarios, we anticipate a surge in demand for services geared toward bolstering resilience against physical climate risks, encompassing areas such as climate adaptation, environmental restoration, water optimization, and resilient infrastructure. However, in the Net Zero 2050 scenario, our strategic focus on service offerings tailored to the low-carbon economy, such as energy transition and smart sustainable buildings, positions us to capitalize on emerging opportunities and revenue streams from businesses and sectors at the forefront of the energy transition. This strategic alignment not only enhances our competitive standing but also underscores our commitment to innovation and sustainability, reinforcing our market differentiation. Conversely, in the Current Policies scenario, our strategic emphasis shifts towards showcasing the integration of forward-thinking climate resilience into our services, particularly within engineering and design offerings. By demonstrating our capability to seamlessly incorporate climate resilience measures, such as climate adaptation, water optimization, and nature-based solutions, we bolster our market position and gain a competitive advantage, positioning us as leaders in addressing current and future climate challenges.

Products and Services Opportunity – Results & Potential Impacts by Scenario				
Net Zero Scenario				
Context	**Impact**	**Likelihood**	**Timescale**	**Vulnerability**
Growth driver	Moderate – increase in demand for service offerings in low carbon economy, such as energy transition, net zero facilities and communities, integrated with climate resilience services.	Likely	Medium to long term	Low – moderate. Current products and services offerings adequately capture the opportunities.
Current Policies Scenario				
Context	**Impact**	**Likelihood**	**Timescale**	**Vulnerability**
Growth driver	Minor – increase in demand for service offerings in climate resilience services.	Likely	Medium to long term	Low – moderate. Current products and services offerings adequately capture the opportunities.

Table 14. Products and Services Opportunity - Explanation of Results & Potential Impacts by Scenario



Greenhouse Gas Accounting & Verification

Since 2010, Arcadis has reported on global emissions and energy consumption using the Greenhouse Gas (GHG) Protocol. The tracking and reduction of global emissions and energy consumption is implemented and monitored via Arcadis' Global Environmental Management System Standard (EMSS), which requires Arcadis to report metrics on topics material to the organization's environmental impact. Arcadis' carbon footprint is centrally reported based on local information where available and reviewed by sustainability professionals—including a comparison to other entities and historical performance for quality purposes.

The 2023 carbon footprint and energy consumption presented in our Annual Integrated Report is a projection based on the months for which measured data is available through November 2023 for electricity and mid-December 2023 for other data related to Scope 1, 2, and Scope 3 Categories 3, 6 and 7. The availability of actual measured data differs per country and office, and in our non-financial reporting platform we capture whether an actual value was available or an estimation was made for each data point. Arcadis' carbon footprint (in MT CO2eq per FTE) received limited assurance verification from our external auditor, and we will continue to complete third-party GHG inventory verification to maintain transparency and credibility. For more details, please see our Annual Integrated Report and our website for inventory updates.

Please see the table below for our Organizational & Operational Boundaries:

Boundaries	Definitions
Geographic	Australia, Belgium, Bahrain, Brazil, Chile, China, Hong Kong SAR, Czechia, France, Germany, India, Ireland, Malaysia, Netherlands, Oman, Philippines, Poland, Qatar, Romania, Singapore, Slovakia, Spain, Saudi Arabia, Thailand, UAE, UK, USA, Viet Nam, Italy, Turkey, Switzerland, Portugal, Serbia, Panama, Canada, Mexico
Greenhouse gas types	Carbon Dioxide (CO2), Methane (CH4), Nitrous Oxide (N2O), HFCs (refrigerants). PFCs and SF6 are not relevant for Arcadis.

Table 15. GHG Emissions Organizational & Operational Boundaries

Comprehensive and third-party verified emissions accounting

Figure 11 below shows Arcadis global total emissions from base year 2019 to the latest year 2023. The main contributor to our total carbon footprint is our Scope 3 emissions, which mainly consisted of Category 1: Purchased Goods and Services (PG&S).

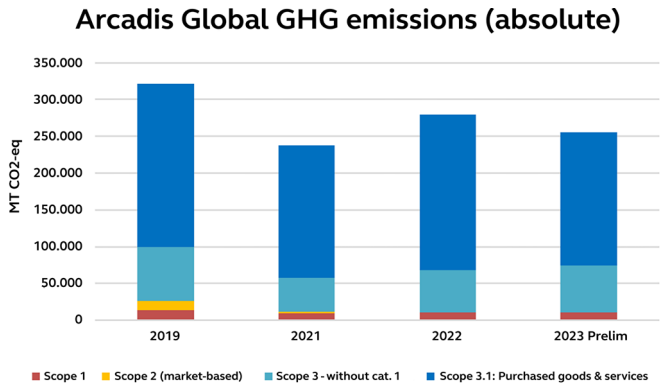


Figure 11. Arcadis Global GHG Emissions (absolute), with scope 3 being split into category 1: purchased goods & services, and all other relevant categories.

Table 18 shows the detail of our global carbon footprint.

Arcadis global carbon footprint in MT CO_2eq (MT = metric tons)
(absolute values are rounded to 10, and in scope 3 to 1000)

	2023	2022	2019 (base year)
Scope 1	10,140	10,260	13,290
Scope 2 (market-based)	710	670	12,900
Scope 2 (location-based)	*9,680*	*11,180*	*17,320*
Scope 3 (all categories)	249,000	269,000	295,000
Scope 3.1: Purchased goods & services	181,000	212,000	222,000
Scope 3.2: Capital goods	3,000	2,000	Included in cat 1
Scope 3.3: Fuel-and-energy-related activities	3,000	3,000	4,000
Scope 3.4: Upstream transportation and Distribution	1	5	Included in cat 1
Scope 3.5: Waste generated in operations	3,000	4,000	3,000
Scope 3.6: Business travel	32,000	27,000	46,000
Scope 3.6: Air travel only (included in Scope 3.6 Business Travel	*23,000*	*16,000*	*31,000*
Scope 3.7: Employee commuting (incl. working from home)	26,000	20,000	20,000
Scope 3.7a: Employee commuting	*13,000*	*7,000*	*17,000*
Scope 3.7b: Working from home	*13,000*	*14,000*	*3,000*
Total Absolute Footprint (all scopes, market-based)	**259,000**	**279,000**	**321,000**
Relative GHG emissions (MT CO_2e/ FTE)			
Scope 1 + 2 (market-based)/ FTE	0.32	0.33	0.98
Scope 1/ FTE	0.30	0.31	0.50
Scope 2 (market-based)/ FTE	0.02	0.02	0.48
Scope 3/ FTE	7.3	8.2	11.0
Scope 3.6: Business travel/ FTE	0.94	0.83	1.73
Scope 3.6: Air travel only/ FTE	0.67	0.50	1.14
Total relative Arcadis Footprint (all scopes. market-based)	**7.6**	**8.6**	**12.0**

Table 16. Arcadis Global Carbon Footprint in MT CO2eq (ending 31 December 2023)

Figure 12 presents the decrease in Scope 1 PG&S over time. Meanwhile, Figure 13 shows emissions from the other relevant Scope 3 categories. Among the remaining Scope 3 categories, most emissions are due to our people traveling to meet with clients and work on projects, which is captured in Category 6: Business travel.

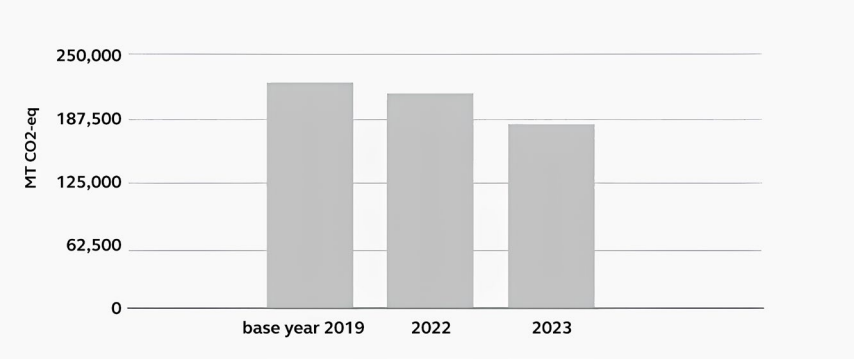


Figure 12. Arcadis Global Scope 3 Category 1 Emissions - Purchased Goods and Services

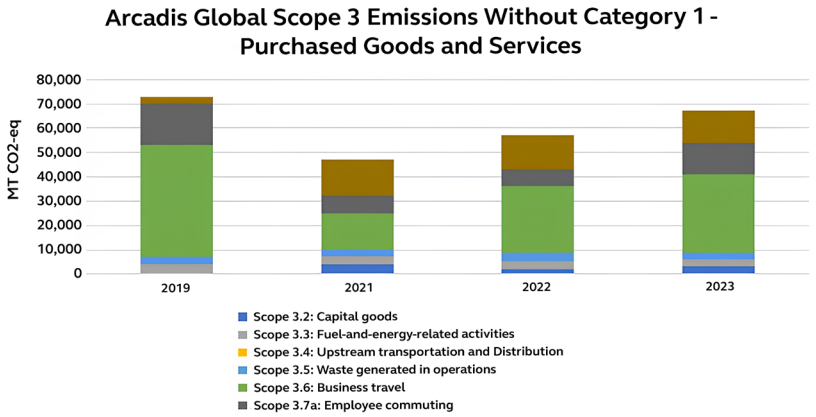


Figure 13. Arcadis Global Scope 3 Emissions Without Purchased Goods and Services

Our Scope 1 emissions are dominated by the greenhouse gas emissions related to our company-owned/leased vehicles and to a smaller extent to stationary energy (mostly natural gas) used by some of our offices. Moreover, we are also a company with more than 350 offices, so our energy use in those spaces continues to be a significant focus point. Starting from 2022, we are purchasing green electricity for 100% of our offices, which reduces our market-based Scope 2 to a relatively small remainder from district heating in the Netherlands and Germany, see Figure 15.

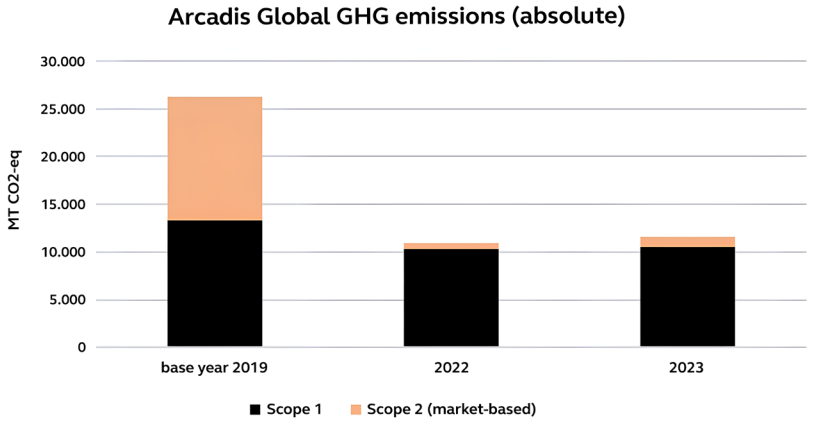


Figure 15. Arcadis Global Scope 1 and 2 GHG Emissions per FTE

In 2023 we updated our detailed review of both the relevance of all Scope 3 categories to our business and our methodologies for calculating relevant categories. As a result of this review, we have updated our inventory to also include the companies Arcadis acquired in late 2022. We have used a spend-based methodology to estimate these emissions. We calculated and are reporting the results for the GHG emissions related to Scope 3, Categories 1, 2, 4 and 5, including for years 2022 and 2019.

As required by the GHG Protocol, the comparative emissions and our 2019 baseline have been updated from previously reported greenhouse gas emissions due to acquisitions, data improvements, estimation updates and for Scope 3 Category 1, mainly methodology changes. The biggest change is to our Scope 3 Category 1 PG&S. The emissions published in our previous annual report for 2022 were based on an extrapolation of a high-level assessment of spend categorization with knowledge available at that point in time, whereas in 2023 we used a more robust approach: we have improved data granularity in our spend which has enabled better allocation to EEIO (Environmentally Extended Input Output) emission factors from the US Environmental Protection Agency; we have switched to the most recently available EEIO v1.2 emission factors; and, for a smaller part, we have for the first time used primary supplier data through the CDP Supply Chain program where available.

The Science-based Targets Initiative (SBTi) provides a framework for companies to set greenhouse gas reduction targets that align with the latest climate science to ensure they are contributing to global efforts to combat climate change effectively. In February 2022, our science-based target was approved by the SBTi. Since that time, Arcadis acquired several companies (including IBI and DPS) and conducted relevance assessment to our Scope 3 categories. Since this triggered updating our baseline emissions and targets, Arcadis took this as an opportunity to make our science-based targets more ambitious. As part of our 2024-2026 strategy, we publicly announced our new near-term targets that are aligned with the new SBTi Net-Zero standard and were submitted for approval by SBTi in January 2024.

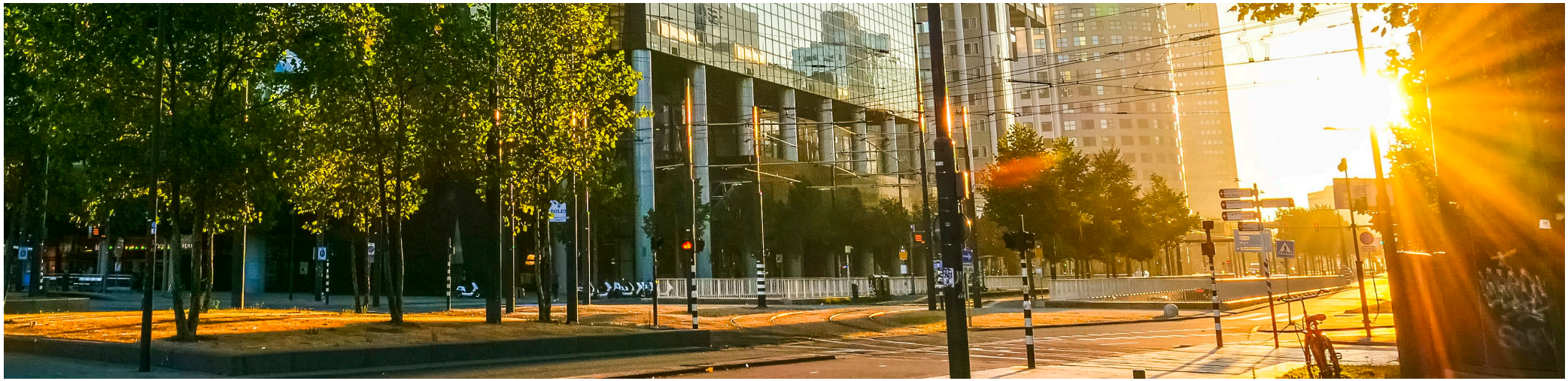
To reduce our electricity-related emissions, we have purchased green electricity via certificates, such as Renewable Energy Certificates (RECs) and Guarantees of Origin (GOs) for each office which does not yet have direct green electricity contracts to cover 100% of our office electricity consumption. For the first time, we have additionally purchased certificates covering the electricity consumption of our electric company-owned/leased vehicles, electric private vehicles used for business travel, as well as for the electricity for working from home (workstations and lighting) and for employee commuting with electric vehicles.

For Scope 3 Category 3 - Fuel-and-Energy-Related Activities (not included in Scope 1 or 2), consumption is captured in our non-financial reporting (NFR) platform by each country and calculated according to the mapped emission factors (from Defra and IEA).

For Scope 3 Category 6 - Business Travel, data is collected by an external provider directly from our travel management companies, and in cases where travel is not booked via these providers either data are completed using local reporting tools or via estimates. Business travel includes emissions from private vehicles, air travel, public transportation, rental/hired vehicles, and taxis.

For Scope 3 Category 7 - Employee commuting including working from home (WFH) data were collected via a global employee survey (overall response rate of 31% that was scaled based on headcount). Then, emissions were calculated outside our NFR platform using the same Defra emission factors for employee commuting by transportation type and fuel type. For WFH emissions, we calculated the average WFH days per country from our survey data and applied the country-specific emission factors by Ecometrica. Ecometrica provides factors for emissions per homeworker-day from their global homeworker model[1]. Absolute emissions have been divided by FTEs to calculate the intensity figures (GHG emissions per FTE).

1 https://ecometrica.com/knowledge-bank/insights/the-ecometrica-homeworker-methodology



Targets

Net zero targets

Arcadis demonstrates unwavering support for the Paris Agreement and Glasgow Accords, anchoring our commitment to combating climate change. As part of our forward-looking 2024-2026 strategy, we proudly unveiled our revamped near-term targets, now approved by SBTi in August 2024 with the goal of aligning our science-based targets with the rigorous standards of the SBTi Net-Zero framework. This strategic alignment underscores Arcadis' proactive stance in driving sustainable progress and reinforces our commitment in the global fight against climate change. In 2023, Arcadis set a net zero by 2035 target and has set several interim targets on the path to net zero.

Our absolute targets cover Scope 1 and Scope 2 (market-based) combined, and Scope 3 emissions separately. The details for our targets are as follows:

Target Type	Target Year	Scope	Target Description	Reduction to date (as of Feb 2024)
Near Term	2029	Scope 1 + 2	Reduce absolute Scope 1 and 2 (market-based) GHG emissions by 71% (Operations), from base year 2019	-59%
		Scope 3	Reduce absolute Scope 3 GHG emissions by 45% (Supply Chain), from base year 2019	-16%
Net Zero	2035	Net Zero	Net zero by 2035, which represents a 90% reduction from 2019. Residual emissions will be offset following SBTi requirements for removals-based projects.	-19%

Table 17. Arcadis Net Zero Science-Based Targets

Figure 16 below shows our emissions reduction targets pathway and the average linear reduction to achieve those targets.

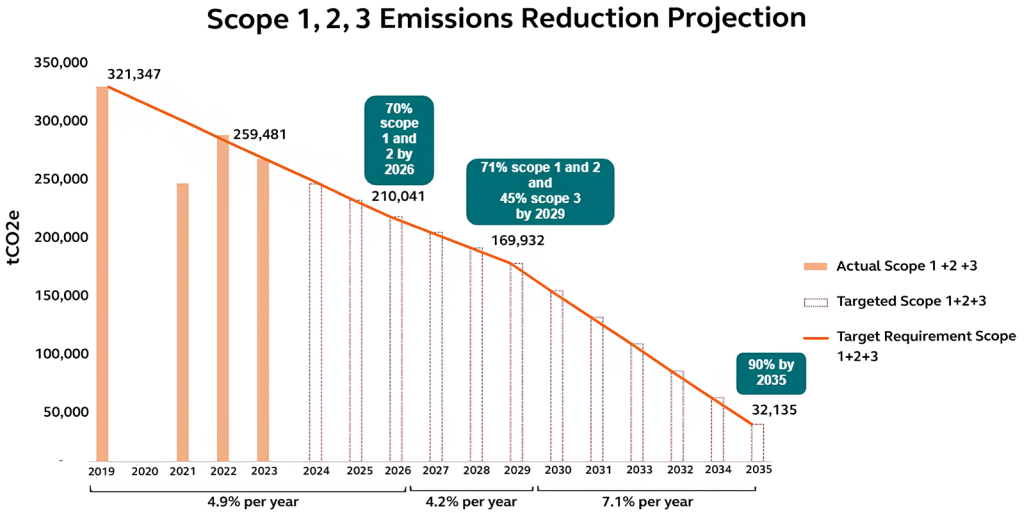


Figure 16. Net Zero Target Pathway

To support our net zero goal, as of 2023, Arcadis has transitioned about 23% of its fleet to electric vehicles. To reduce electricity-related emissions, Arcadis has been purchasing green electricity certificates (RECs & GOs) for each office that does not yet have direct green electricity contracts to cover 100% of our office electricity consumption and the electricity consumption of our electric company-owned/leased vehicles, electric private vehicles used for business travel and commuting, as well as for the electricity for working from home (workstations and lighting). Arcadis also joined a third-party supply chain management platform in 2023 to begin collecting and using supplier emissions data in its Scope 3 emissions calculations.

Emissions Intensity Reduction Target

Along with our absolute emissions targets, Arcadis has set a science-based targets to reduce greenhouse gas emissions intensity, which has been approved by the Science-based Targets Initiative. Arcadis commits to reduce Scope 1 and 2 GHG emissions 74% per full time employee by 2035 from a 2019 base year. To demonstrate our commitment to achieve this target, we have set an interim target to increase annual sourcing of renewable electricity from 6.8% in 2019 to 100% by 2022 for historical Arcadis offices, excluding 2022 acquisitions. Moreover, we commit to reduce Scope 3 GHG emissions from fuel and energy related activities, business travel, and employee commuting 74% per full time employee by 2035 from a 2019 base year.

In 2023, we successfully decreased our Scope 1 and 2 emissions to 0.32 MT CO2eq per FTE, which is approximately 67% reduction from a 2019 base year of 0.98 MT CO2eq. The scope of this target includes Arcadis global for all operating countries. Our Global Sustainability team has worked on approximately 10 emissions reduction measures associated with each country's operations to cover relevant emission sources.

Other climate related targets

Low-carbon vehicles, target by 2030

Arcadis has committed to become a net zero business by 2035. Our fleet makes up a significant portion of our Scope 1 emissions, and so to achieve our target we need to take significant action to decarbonize our fleet. We have therefore set a target at a corporate level to transition to 100% electric vehicles by 2030. Not only will fleet decarbonization help us to achieve our own commitments, but it also showcases to our clients and the communities we serve that we 'walk the talk' and further enhances our reputation and environmental credentials. Currently, we have achieved 23% of this target, as we already have 329 zero emission vehicles in our fleet today.

This target covers our entire fleet of company-owned vehicles, which includes long-term hired cars (>6 months). The baseline value (given as 0%) and the percentage in reporting year (23%) have been calculated based on surveying our local legal entities in the context of our net zero reduction models (for the 2019 baseline) and in the context of our electric vehicle transition initiative. We are working together with fleet managers and people directors in each country to achieve this target.

Offsetting our Carbon Footprint, target by 2030

As an interim measure on the way to our ultimate net zero target, we have set a separate target to buy carbon offsets covering Scope 1, 2 and Scope 3 Category 6 (business travel) for Arcadis globally. This target was reported last year as "achieved" for 2020, 2021, and 2022 and can again be considered "achieved" in 2023. In 2019, Arcadis set this target for purchasing offsets by 2030. Overall, in 2020-2023 our carbon footprint (Scope 1, 2 and Scope 3 Category 6 (business travel)) has been offset through the purchase of high-quality carbon offsets. Since 2021, we offset the emissions from commuting and working from home, which were previously not included in our carbon footprint. Since 2022, we also offset the emissions from our Scope 3 Categories 2, 3 and 5.

We invest in high quality Gold Standard and VCS-certified offsets that protect and restore ecosystems in Cambodia and improve quality of life to help mitigate climate change. The Keo Seima Wildlife Sanctuary (KSWS), in Cambodia, helps restore and protect the home of over 950 wild species, including 75 globally threatened species. The project is vital in the preservation of the region's vulnerable wildlife and the sustainable development of its local communities through the securing of legal title to their traditional lands.

Sustainability Strategy

Climate change is the paramount challenge of our era, one that demands strategic foresight and proactive measures. The built environment, accounting for approximately 40% of global emissions, plays a dual role: both a significant contributor to the challenge and a pivotal player in crafting solutions to mitigate climate change and enhance resilience against its impacts. At Arcadis, we recognize our unique position to enact positive change within the built environment today, thereby shaping a sustainable legacy for future generations.

Through rigorous climate scenario analysis, we have assessed the resilience of Arcadis' business model to climate change effects, revealing encouraging results. Our proactive measures not only mitigate potential financial impacts on operational costs, fostering resilience, but also, in some instances, yield positive outcomes, depending on the scenario. This demonstrates our ability to not just weather the storm, but to thrive and adapt in a changing climate landscape.

Moreover, Arcadis has completed a comprehensive Double Materiality Assessment (DMA) compliant with CSRD. This assessment has enabled us to identify impacts, risks, and opportunities from both an inside-out and outside-in perspective. By adopting this holistic approach, we strive to uphold the highest environmental stewardship and corporate responsibility standards, driving meaningful progress toward a more sustainable future.

Arcadis has been instrumental in addressing our clients' sustainability needs in the past three years with innovative solutions that transcend geographical boundaries. Collaborating closely with recognized organizations such as the regional Green Building Councils and the World Business Council for Sustainable Development, we've pioneered new approaches across the built and natural environment. These efforts have garnered recognition from leading rating agencies, including EcoVadis and MSCI, affirming our position at the forefront of sustainable innovation. Looking ahead, Arcadis remains steadfast in its commitment to advancing sustainability, fostering resilience, and driving positive change on a global scale.

Existence of a "1.5°C world" aligned transition plan within business strategy & shareholder feedback

Our CTP is intrinsically woven into the fabric of our sustainability efforts and climate action, reflecting our commitment to the transition to a low-carbon economy. It adheres to stringent criteria and best practices, providing alignment with a 1.5°C world. It is publicly available and supplies transparency and accountability to stakeholders seeking insights into Arcadis' climate strategy and goals.

In tandem with our CTP, Arcadis embarked on a robust initiative in 2023 to update its DMA, which was undertaken as part of our proactive approach to compliance with CSRD The DMA serves as a vital feedback mechanism, facilitating the collection of insights from key stakeholders. Arcadis fostered a collaborative environment when updating the DMA by engaging a diverse set of internal and external stakeholders in the consultation process. This approach supports our ELT, a broad spectrum of employees, and subject matter experts in various sustainability and compliance fields in hearing every voice. Each contribution was instrumental in shaping our CTP and updating our DMA.

Through the scrutinization of our operations and engagements, the DMA confirmed the significance of previously identified risks and opportunities and illuminated emerging areas where Arcadis can enhance its beneficial impact on the environment. This validation underscores the robustness of our past work and provides a positive outlook—inspiring us to capitalize on newfound sustainability and climate action opportunities. This iterative process of analysis and reflection allows Arcadis to reaffirm its unwavering commitment to driving positive change and sustainability across our operations. We remain steadfast in our pursuit of innovative solutions that not only mitigate risks but also amplify opportunities to make a meaningful difference in the world. This commitment is a testament to our dedication and should instill confidence in our stakeholders.

Through this diligent consultation process, we identified material themes that serve as the bedrock for Arcadis' future reporting framework. This exercise enhances our compliance readiness and reinforces our commitment to transparency, accountability, and sustainability across our operations.

Company Strategy – Climate-Related Risks and Opportunities

We are committed to reaching our net zero targets and plan to continuously track and assess our progress, while delivering sustainable solutions to our clients. Sustainability and climate-related issues significantly influence the shaping of this strategy and are embedded in the three pillars of our 2024-2026 strategy, Accelerating a Planet Positive Future. Within this enterprise-wide business strategy, this is how climate-related issues and our strategy to achieve net zero are interlinked.

Client Solutions

Our sustainability stewardship towards our clients begins with prioritizing sustainable solutions that will help solve our clients' low carbon transition challenges. Through our Global Business Areas, we have prioritized Sustainable Solution areas such as Energy Transition, Climate Adaption, and Sustainable Infrastructure Design. We are committed to focus on pursuing projects that contribute to our commitment toward planet positive, sustainability and economic criteria. In this way, we are maximizing opportunities to grow our sustainable business and maintain our competitive edge.

For Arcadis, it's crucial we continue to innovate, measure, and track our impact if we are to make a lasting difference. Our proprietary tools help solve our client's climate challenges with digital innovation and cutting-edge methodologies that allow us to improve the robustness of our capabilities to serve clients and enhance project efficiency while delivering quality projects. We demonstrate our capabilities in developing these tools through the development of proprietary solutions, such as Cost Optimal Sustainable Investment Solution (COSIS), and Enterprise Decision Analytics. We are also constantly striving to quantify and predict impacts through the Future Impact program, which delivers unique climate-focused solutions such as Whole of Life Carbon (WoLC) measurement, and the Net Zero Catalyst.

Cost Optimal Sustainable Investment Solution (COSIS)

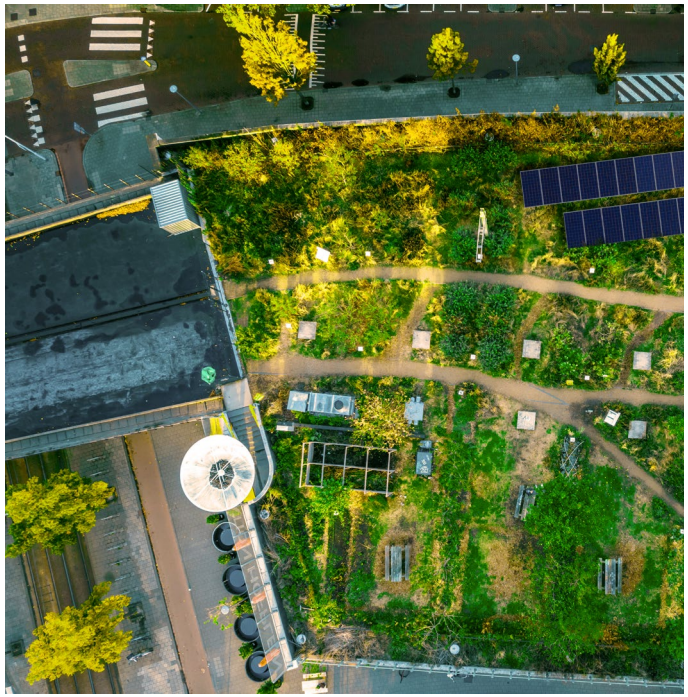
COSIS is a powerful tool to rapidly assess energy performance and theoretical energy consumption of buildings. This innovative solution considers key building characteristics including location, current energy usage, physical attributes (e.g., floor area, roof area, and facade area), openings, and building properties to be able to generate building-specific decarbonization options in seconds. Furthermore, COSIS automatically generates the most effective set of measures required to achieve the desired final standard. This optimization considers factors such as cost, carbon footprint, and maintenance considerations. Additionally, the solution provides the flexibility to align these measures with multi-year maintenance planning, ensuring a synchronized and efficient implementation process.

Enterprise Decision Analytics - Portfolio (EDAP-II)

To support rapid assessment and pathway optimization, Arcadis deploys our Capital Planning and Investment Modelling application: Enterprise Decision Analytics – Portfolio (EDAP-II). This tool enables us to compare multiple initiatives, projects, and portfolios and to deliver clear visualization that presents optimal return-on-investment (ROI) and intelligent, data-driven plans to stakeholders. The ability of the EDAP-II tool is to run optimization scenarios in real time allows us to rapidly explore multiple options and pathways to achieving net zero goals. Within this tool platform, we have created a Net Zero Optimizer (NZO) which balances a range of schemes and implementation parameters aimed at net zero to find the optimal path in economic and asset planning terms.

The Future Impact Program

The Future Impact Program is a global initiative at Arcadis to establish a common approach to measure the impact of our projects across each of Arcadis' five sustainability themes – carbon, nature, water, circularity, and social impact. At the heart of the program is the recognition of what gets measured, gets managed, and the aspiration to transform the way we are accustomed to designing and developing the spaces we work, live, and play to achieve a sustainable future. The program marks Arcadis' ambitious step toward embedding measurable and evidence-based sustainability into the work we deliver globally. Doing so will provide more robust, leading outcomes for our clients, and help us contribute to a collective, positive future for all.



Whole of Life Carbon (WoLC)

95% of companies have physical assets, all of which must decarbonize to support the company's net zero targets. This requires understanding and measuring their whole life carbon impacts. We work with our clients to develop their asset investment, programming, implementation, and sequencing of activities to reach net zero. WoLC is one part of Arcadis' Future Impact Program, which aims to embed carbon impact measurements into our projects and to identify and implement decarbonization opportunities across our client activities from initial raw material choices to end of life waste disposal, which is a key element to achieve net zero outcomes for our clients and make meaningful progress toward a net zero future through project choices. WoLC represents the total GHG emissions emitted over the life cycle of natural or human-made assets. This includes existing or new infrastructure such as buildings, highways, bridges, flood protection and more. It serves as a comprehensive approach and key strategy to evaluate carbon impact at asset level and enable targeted decarbonization.

Net Zero Catalyst

Net Zero Catalyst is an Arcadis tool designed to translate climate goals into a clear decarbonization roadmap. This innovative solution is powered by deep technical expertise to help create effective strategies for rapid decarbonization. The tool integrates data on energy or carbon mitigation potential, capital expenditures, and operational costs and savings to generate marginal abatement cost curves that support informed decision-making. It also incorporates qualitative criteria such as biodiversity, climate risk, and health and safety considerations. With Net Zero Catalyst, organizations can evaluate multiple carbon reduction options, identify the optimal mix, and understand the required capital investment to secure future funding, resulting in a practical and actionable pathway to decarbonization.

In the past, Arcadis used a spreadsheet-based decarbonization pathway model to assess the impact of abatement levers on country-level emissions reductions. Over the past year, Arcadis has developed Net Zero Catalyst[1] to help our clients build and visualize their decarbonization roadmaps. Net Zero Catalyst enables Arcadis and our clients to model their climate goals and develop roadmaps with tangible outcomes to achieve net zero targets. Moreover, the tool supports the development of strategies for sourcing 100% renewable electricity, aligning with voluntary and regulatory climate disclosure expectations. Net Zero Catalyst epitomizes our commitment to innovation and sustainability, providing stakeholders with confidence in our efforts. In 2024, Arcadis will pilot this solution for its own decarbonization roadmap, further solidifying our position as leaders in sustainable practices.

1 https://www.arcadis.com/en/digital/digital-solutions/net-zero-catalyst

Own Business Operations

Arcadis commits to reaching net-zero greenhouse gas emissions across the value chain by 2035. To achieve our goal, we are focusing on reducing our GHG emissions through several key emissions reduction initiatives that center around reducing emissions from our office space, fleet, business travel, and employee commuting. More information about these efforts is presented in Table 20 below.

Taking Action – Climate Transition Risks & Opportunities

Emissions Reduction initiatives

We are actively reducing our carbon footprint through a series of strategic emissions reduction initiatives based on our climate-related risks and opportunities to support our net zero commitment. Because our Scope 3 emissions make up the majority of our total global carbon footprint, a significant portion of our emissions reduction initiatives are focused on reducing Scope 3 emissions.

To enable our net zero transition, Arcadis is focusing on a prioritized approach to targeting the key sources of emissions within areas such as purchased goods and services, enabled by improving data quality. For each emissions scope, Arcadis is implementing specific emissions reduction levers. For Scope 1 and 2 emissions, this includes transitioning its fleet to electric vehicles and incorporating energy sources, consumption, and availability of electric vehicle charging infrastructure in its leasing decisions. Arcadis routinely incorporates green clauses in its leases and gives preference to sustainably rated office properties accredited by third parties (e.g., LEED, BREAM), where possible. For Scope 3 emissions, we are deploying carbon travel budgets, implementing more globally consistent waste reduction and recycling measures, and working with suppliers via a third-party supply chain program to report and reduce emissions.

One initiative that has been key to reduce our Scope 3 emissions is in the business travel category. In May 2021, we implemented a travel policy with a "virtual first" approach. Covid restrictions on travel taught us that virtual working and collaborative technology can be effective and are a very time- and cost-efficient solution for us and those with whom we are meeting. We want to use this experience and avoid a return to historical levels of travel and reduce emissions in the long term toward not only our near-term 2025 target, but also toward our net zero target. An extract of this policy: "All Arcadians are advised to take a 'virtual first' approach to travel planning. Start with an assumption that all meetings will be virtual requiring no travel, and then challenge yourself to justify which types of meetings need to be or should be in-person necessitating travel."

Table 20. Action Plan – Emissions Reduction Initiatives

Project Name	Emissions Impact	Time Frame	Responsible Business Unit	Description
Scope 1 – Direct Emissions from Combustion				
Stationary Energy				
Transition to electrified offices wherever possible	Medium impact	Medium and Short-term	Workplace	As office relocations and consolidations occur, transition from non-electric heated buildings to electric heating wherever possible.
Transportation				
Switch to electric leased vehicles	Medium impact	Medium and Short-term	Global Business Areas and People	Transition Arcadis fleet to electric vehicles by 2030. Currently at 26% electric vehicles.
Scope 2 – Purchased Electricity Emissions				
Low Carbon Energy				
Renewable electricity purchase	High impact	Long-term	Workplace & Global Sustainability	Through the purchase of 100% of renewable electricity for our offices (14,703 MWh in 2022), we have reduced our market-based Scope 2 emissions by 6,354 MT CO2e in the year 2022. Compared to 2021, this means additional reductions of 880 MT CO2e due to green electricity for the offices and 200 MT CO2e due to green electricity for the company-owned electric vehicles.
Energy efficiency in buildings	Low impact	Short term	Workplace	Through workplace energy efficiency efforts in our offices, we aim to reduce the electricity consumption per employee in all our offices.
Office consolidation/ Work from home	Medium impact	Long-term	Workplace	Arcadis is leveraging hybrid working in combination with office space reduction at multiple office locations.

Solar PV on offices	Medium impact	Medium-term	Arcadis Netherlands	Four Arcadis offices in the Netherlands have solar panels installed on their roofs, and one office is energy positive because the PV generates more than it consumes. In the very sunny year of 2022, 22,600 kWh were generated at this location alone. In 2022, the total amount of PV electricity generated across all offices was 194,159 kWh, which is an estimate based on solar hours and previous data as measured data is still not available. There are no annual CO2e savings because Arcadis Global purchases 100% green electricity for our offices, and green electricity, purchased or self-generated, has the same conversion factor for CO2e for Scope 2 (market-based). However, if we had not purchased green electricity, the reduction in CO2e emissions through PV generated electricity would be 82.9 tCO2e in 2022 (using the Dutch emission factor of 'unknown electricity' of 427 g CO2/kWh).
Scope 3 - Value Chain				
Purchased Goods & Services				
Procurement operational readiness	High impact	Medium and Long-term	Procurement	Professionalize procurement to enable responsible and sustainable procurement by growing our Sustainable Procurement Program and progressing our impact-based approach.
Category management strategies	Medium impact	Short and Medium-term	Procurement	Development of category management strategies targeted at emissions reduction in higher emitting categories.
Targeted supplier engagement	Medium impact	Medium and Long-term	Procurement	Joined third-party supply chain program to encourage reporting emissions. Continue to engage key suppliers regarding emissions reduction and net zero targets.
Business Travel				
Carbon travel budgets	High impact	Short-term	Global Travel & Sustainability	Implemented carbon travel budgets for each business unit in 2024. Budgets aligned with target to reduce business travel by 35% by 2025.
Consolidated travel management provider	Medium impact	Short- and Medium-term	Global Travel	Switched to single travel management provider with user interface that includes carbon emissions information.
Use of remote site visit technology (drones, 360° imagery, ...)	Low Impact	Medium-term	Global Business Area and People	Offer and push the use of these remote technologies for virtual site visit.
Sustainable Aviation Fuel (SAF) program KLM - Air France	Low impact	Long-term	Global Sustainability	Since 2017, Arcadis has been purchasing Sustainable Aviation Fuel (SAF) credits through their KLM-Air France partnership. SAF credits are used to offset part of the air travel emissions of Arcadis flights on KLM-Air France operated flights. In the year 2021, heavily influenced by COVID-19, this led to 28.6 tons CO2 reduction. With a diminishing influence of COVID-19, in 2022 we saw a vast increase of flights compared to 2021, about 4.5 times as many flights. In 2022, the purchasing of SAF credits led to a reduction of 79 tons CO2, reducing our flight-related emissions from 303.9 tons CO2 to 224.9 tons CO2 – a reduction of about 25%.
Personalized traveler emissions reports	Low impact	Short-term	Global Travel	Provide travelers with personalized quarterly emissions updates and overall Arcadis travel emissions information.
Updated travel policy	Low impact	Medium-term	Global Travel	Deployed updated travel policy in 2024 focused on virtual first, then purposeful travel with objective stacking. Travel policy includes guidance on air vs. rail travel based on distance and use of business class during travel.
Employee Commuting				
Cycling to work	Low impact	Short-term	Arcadis Netherlands	Employees are encouraged to come to the office by bike if they live within a realistic radius of an Arcadis office. This measure has led to a saving of approximately 17.60 tons of CO2 and 224.28 GJ primary energy, which is an estimate based on 2022.

Mobility week campaigns	Low impact	Short-term	Global Sustainability	Host awareness-raising weeks in various locations that promote more sustainable ways of commuting (e.g., public transit, eBikes, etc.)
Provide public transit cards/ allowances	Medium impact	Short-term	People	Employees in some geographies are supplied with transit cards or allowances to promote use of public transit for work.
Limited office parking	Low impact	Medium-term	Workplace	Offices located near public transit offer limited or no parking to encourage use of public transit.
Waste				
Reduce office waste generation	Low impact	Medium-term	Workplace	Standardize office waste collection and disposal, offering recycling and composting in as many locations as possible. Raise employee awareness regarding proper recycling and waste disposal.

Carbon Offsets and Removals

As an interim measure on the way to net zero, we have set a target to buy carbon offsets for Scope 1, 2 and select categories of Scope 3 by 2030. This target has already been reported last year as "achieved" for 2020, 2021, and 2022 and can again be considered "achieved" in 2023. In 2020, 2021, and 2022 our carbon footprint (Scope 1, 2 and Scope 3 Category 6 (business travel)) was offset through the purchase of high-quality carbon offsets. For 2021, we offset the emissions from commuting and working from home, which were previously not included in our carbon footprint. Since 2022, we additionally offset the emissions from our Scope 3 Categories 2, 3, and 5. These are high quality Gold Standard and Verified Carbon Standards (VCS) certified carbon offsets that protect and restore ecosystems in Cambodia and abate emissions by providing cookstoves in India that help mitigate climate change.

In 2023, Arcadis signed an agreement for its first carbon removal credits to be delivered 2027-2030. The removal credits will come from a reforestation/agroforestry project in West Bengal and Jharkhand, India that also offers significant co-benefits to the local communities and will be certified by Plan Vivo.

Since 2017, Arcadis has also participated in KLM's Corporate Biofuel program and pays a surcharge to the airline to cover the cost difference between sustainable biofuel and traditional kerosene. A large-scale shift to sustainable biofuel can decrease airline carbon emissions by up to 80%. Participation demonstrates our appetite for and commitment to supporting more sustainable business travel options.

Projected Abatement Pathway for Decarbonization – Arcadis Net Zero Catalyst Software

In the past, Arcadis used a spreadsheet-based decarbonization pathway model to assess the impact of abatement levers on country-level emissions reductions. Over the past year, Arcadis has developed Net Zero Catalyst to help our clients build and visualize their decarbonization roadmaps. Net Zero Catalyst enables Arcadis and our clients to model climate goals and develop roadmaps with tangible outcomes to achieve net zero targets. In 2024, Arcadis will pilot this solution for its own decarbonization roadmap, further solidifying our position as leaders in sustainable practices. To demonstrate our commitment to decarbonization, we plan to have the results of this exercise publicly available in future iterations of our CTP.

Policy Engagement

Alignment of public policy engagement with climate ambition & strategy

Arcadis is committed to leveraging our influence on shaping policy, legislation, and regulations that impact climate action. While we currently lack a public commitment or position statement aligning our engagement activities with the goals of the Paris Agreement, we are actively designing an Integrity Policy statement. This policy, which we will publish within the next two years, will guide our interactions with stakeholders to support alignment with our climate commitments and transition plan.

Through our partnership with the World Business Council for Sustainable Development (WBCSD), we advocate for sustainable solutions and global sustainable development goals. The WBCSD, comprising over 220 of the world's leading sustainable businesses, collectively represents over €4.6 trillion in revenue and accounts for 20% of global greenhouse gas emissions. Our longstanding collaboration with the WBCSD has enabled us to develop pioneering sustainable solutions and guidance for businesses worldwide. In November 2023, our CEO, Alan Brookes, was appointed to the WBCSD Executive Committee, continuing our tradition of leadership in shaping sustainable development agendas.

Value Chain Engagement & Low-Carbon Initiatives

Arcadis recognizes the need and opportunity to further decarbonize our value chain through our suppliers and clients. Core principles that guide Arcadis' Sustainable Procurement practices are represented in our publicly available Arcadis Global Procurement Policy Statement and the Arcadis Global Supplier Code of Conduct, which outline the collaborative approach to our supply base. It also details Arcadis' expectations that suppliers need to meet regarding ESG topics.

To strengthen our approach, we follow ISO 20400 guidelines for the planning and implementation of sustainable procurement and the Arcadis Risk & Control framework regarding third party management includes internal guidelines to engage with suppliers.

Value chain engagement

Suppliers

Arcadis' engagement with suppliers for decarbonization is prioritized based on impact, particularly with respect to our entire emissions footprint. Below are some initiatives that we use to further engage with suppliers on climate issues.

Supply Chain Due Diligence

Since 2023, Arcadis adopted a state-of-the-art tool from a reputable third-party data intelligence firm to conduct an analysis of sustainability and human right risks to our supply chain. This strategic decision is a testament to our human rights and environmental stewardship commitments, in alignment with the United Nations Guiding Principles on Business and Human Rights. Through this tool, we have been able to actively monitor approximately 70% of our supply base, providing a continuous assessment of sustainability and human rights risks. We are actively driving improvements across our supply chain by prioritizing supplier engagement based on the insights gained from this analysis.

Aligned with our comprehensive climate risk and opportunity analysis, our focus extends to climate and energy as a critical risk area, where we are dedicated to enhancing our disclosure efforts. This strategic alignment underscores our commitment to mitigating environmental risks and seizing opportunities for sustainable growth.

We have mapped our direct and indirect procurement categories against environmental and social risks, culminating in the development of a comprehensive risk matrix. This matrix serves as a robust framework to guide our internal category strategic developments and support Arcadians engaged in procurement activities. Our risk matrix covers six environmental risk areas, including Climate & Energy, Air Pollution, Water Use & Water Availability, Waste, Biodiversity & Deforestation, and Soil and Groundwater Contamination.

Looking ahead, this strategic foundation will serve as the cornerstone of our supplier collaboration program enhancements, paving the way for our journey toward net zero emissions, starting with key suppliers.

Greenhouse Gas Reduction and Transparency in Our Supply Chains

We are committed to reviewing and reducing our greenhouse gas impact through ongoing refinement of our Scope 3 analysis, reporting, and reduction in relation to purchased goods and services. In 2023, we started engaging with CDP Supply Chain and we invited 126 of our major suppliers (based on spend) to respond to CDP Supply Chain. Our first year's response rate was 57%. We intend to grow this group of suppliers in 2024 for specific high-emission categories. Through this engagement, we successfully made a significant step toward improving our data quality for Categories 1, 2 and 4 by collecting data directly from our suppliers through CDP Supply Chain, and hence improve our data insights and methodology. Our CDP Supply Chain subscription followed our cross-industry "Supplier Sustainability Collaboration Pilot" with selected suppliers in 2022 aiming to extend our understanding, engagement, and supplier involvement on sustainability, explicitly including GHG emissions capturing, reporting, and reduction. Moving forward, we will update our supplier categorization based on spend data analysis and procurement process improvements.

We are working on category strategies that include a GHG-reduction section, allowing us to customize our future approach and collaborations per category. Through our prequalification questionnaire, we have started to identify suppliers with existing climate and sustainability efforts, such as GHG emissions, CDP disclosure, science-based targets, net zero, etc. In this way, we will recognize and/or pre-select low carbon supply partners and encourage the value chain across GBAs to adhere to our climate commitments.

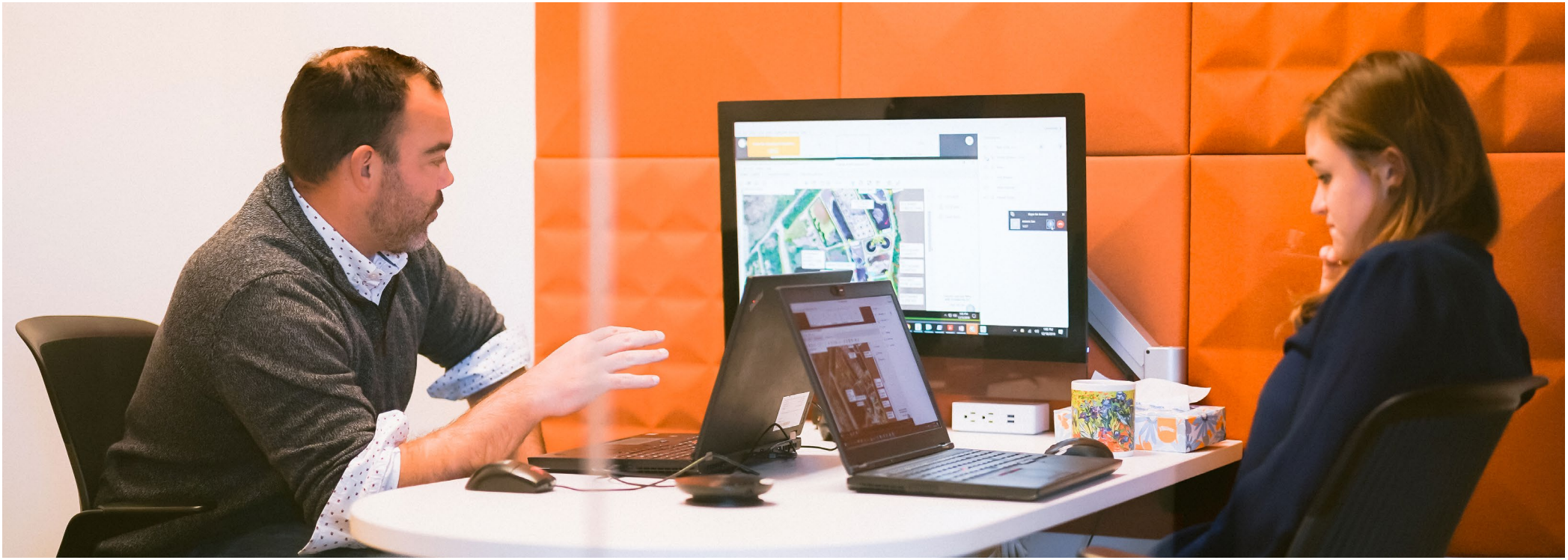
In 2024, Arcadis will revise its Supplier Code of Conduct to include additional climate criteria, including,

- Emissions reduction requirements
- Target setting and reporting of GHG emissions
- Action on reduction of GHG emissions

Additional measures to bolster our Sustainable Procurement Program include:

- Training our global procurement community to familiarize key stakeholders with external sustainability developments and internal tools.
- Monitoring compliance with current and upcoming international and regional legislative demands around supply chain and due diligence.

Next to those global initiatives, there are also numerous local initiatives and supplier engagements that have integrated sustainability and climate-related matters (e.g., the Go Green program of DHL was adopted in Italy, leasing companies, hotel chains, office furniture suppliers).



Customers

Low carbon initiatives - Direct Operations

Advancing low-carbon initiatives is about more than just reducing GHG emissions; it is also about empowering our clients to achieve their Scope 3 goals and targets. Within our operations, we are actively reducing GHG emissions through a range of low-carbon initiatives, including carbon offsets and removals, Renewable Energy Credits purchase, and fleet electrification, all detailed in the Targets and Sustainability Strategy section.

In line with our commitment to sustainable solutions, we are aiding our clients in their decarbonization efforts by offering low-carbon services. Our ongoing employee training programs, a testament to our belief in their potential, equip our teams to conduct whole-life carbon assessments, enabling them to provide more robust, evidence-based solutions to our clients. Arcadis continually enhances its capabilities to deliver sustainability solutions through proprietary products like WoLC and Net Zero Catalyst, all made possible by the dedication and expertise of our employees.

Arcadis has conducted a key and emerging client criteria assessment based on their net zero and human rights maturity. We conducted this assessment to enhance our understanding of where are clients are along their sustainability journey, allowing us to identify support opportunities and introduce more tailored and target-driven solutions.

Financial Planning

Integrating climate-related risks and opportunities into our financial planning is a crucial part of our climate commitment and for the future of a low-carbon economy. We have started to identify and analyze how climate-related risks and opportunities directly impact the financial performance of our business as our client's preferences shift to low-carbon services. We plan to further align our financial planning with our CTP by enhancing our understanding of how the transition would impact our company's capital and operational expenses.

Major Financial Changes to the Business

Based on a climate-related risk and opportunity planning exercise, we identified several elements that were influenced by climate-related risks and opportunities.

- **Acquisitions and divestitures:** In 2022, we concluded the acquisition of Giftge Consult, strengthening our position in the energy transition market further. We also announced the acquisition of DPS, strengthening our position in sustainable manufacturing – particularly Life Sciences and Chip Manufacturing; the acquisition of HydroNet (digital water) and IBI Group (sustainable & digital/intelligent urbanism).

- **Assets and direct costs:** As a service provider, Arcadis does not have many owned assets. However, we view our leased office space and computer hardware as key assets. We have seen climate change impact our staff's ability to travel to the office (e.g., wildfires in Australia, flooding in the Philippines, freezing temperatures in the southern US) and, thus, make sure that Arcadis employees can work from home safely in the event of climate change impacts/extreme weather events. We have also conducted a biodiversity footprint assessment of our offices to determine baseline, targets, and actions in line with Science Based Targets for Nature.

- **Revenues:** Our business strategy and revenue-earning projects are largely based on the ability of Arcadis to generate revenue from supporting programs that mitigate or protect our clients from a changing climate.

- **Capital allocation:** Arcadis' recent strong results, with healthy organic and profitable growth and record net revenue and backlog, allowed us the opportunity to continue with our investments in sustainable solutions, digital capabilities, and people – with company-wide programs like Sustain Abilities, supported by the Lovinklaan Foundation, a sustainability upskilling e-learning program developed in 2022 and launched in early 2023, that helps build the capacity and knowledge around climate change and sustainable delivery across the organization, and Base Camp, another company-wide program designed to foster both sustainable and digital approaches within our projects.

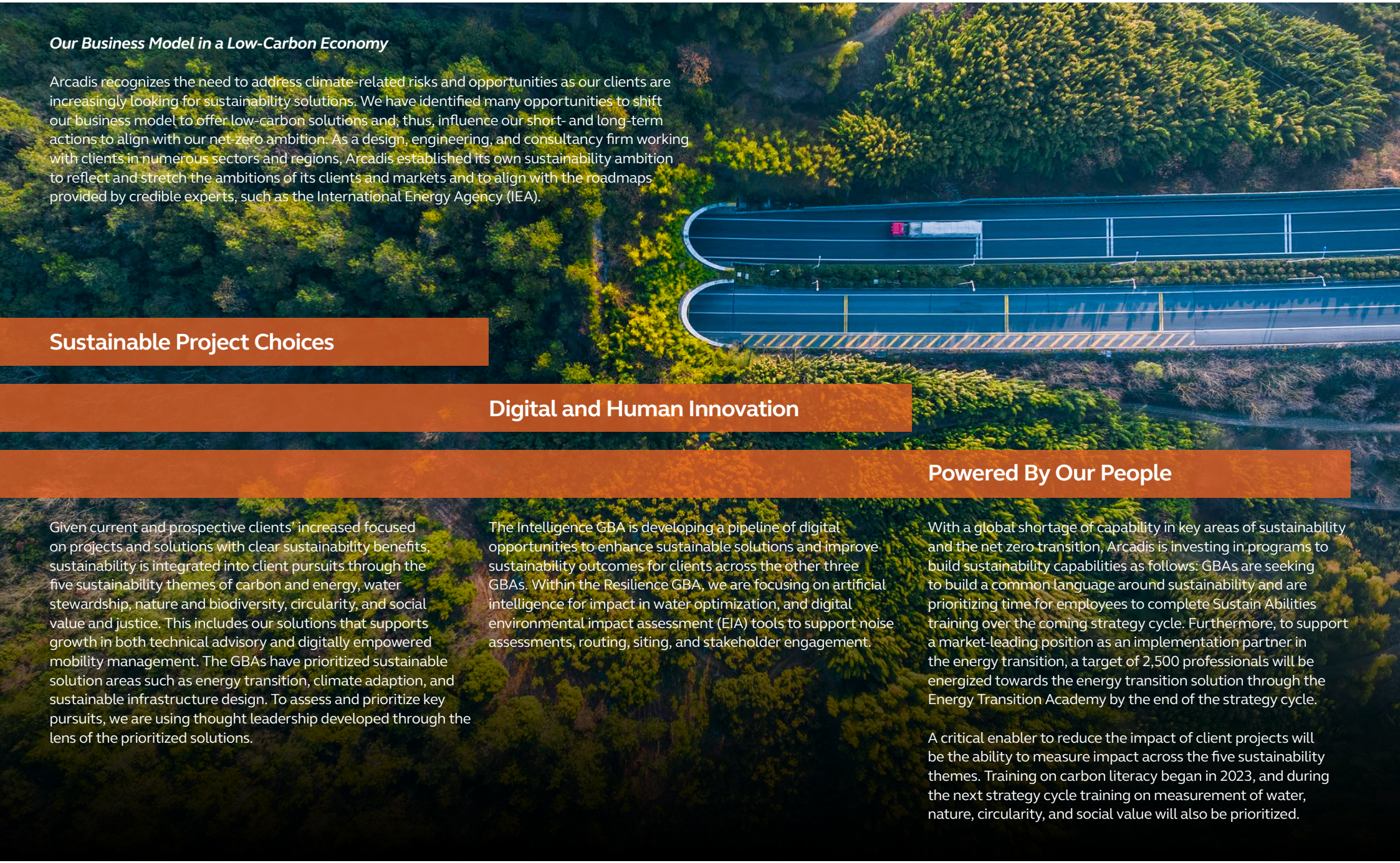
At Arcadis, we take a proactive stance towards climate-related risks and opportunities, which influences our financial planning. We are particularly mindful of anticipated changes in our expenses, especially considering the potential for future implementation of carbon-pricing policies. While current industry regulations do not mandate carbon pricing, we are committed to quantifying risks associated with energy and carbon prices. This approach informs our investment decisions and helps us manage impending financial and regulatory risks.

Our commitment to net zero is a significant driver of our financial strategy, particularly in relation to decarbonization expenses. We have estimated that achieving our emissions reduction goals could incur costs exceeding €105 million by 2050. This estimation is based on a comprehensive set of emission reduction measures, including carbon offsets, renewable energy certificates (RECs), fleet electrification, internal carbon pricing, and supplier engagement, as detailed in the Sustainability Strategy section of this plan.

As part of our net zero commitment, we have set a target to decarbonize our fleet by 2030. Presently, we operate 329 zero-emission vehicles, with a projected total transition cost of €10.5 million spread over the lease period. We anticipate a decrease in this disparity, with cost parity expected to be achieved by 2026, resulting in a transition cost of approximately €4.33 million over the next three years.

RECs are another lever employed to reduce our market-based Scope 2 and Scope 3 category 6 and 7 emissions. For the year 2022, we purchased 19,926 MWh of RECs, resulting in a reduction of approximately 10,500 MT CO2eq in Scope 2 and 1,500 MT CO2eq in Scope 3. We continued with RECs purchases for 2023, with a purchase of 29,112 MWh, covering additionally the newly acquired companies

Our financial planning is further influenced by climate-related factors through remuneration programs and financing structures. Our Executive Board and ELT are rewarded for their climate-related performance through our remuneration programs which is linked to our Scope 1 and 2 and business travel emissions reductions. Our short-term incentive program, covering a broader pool of senior leaders, is also linked to our Scope 1 and 2 and business travel emissions, and the impact of this link on our financial planning includes anticipating greater operating expenses by rewarding positive, corporate climate performance. All of which ties into our long-term goal of doing our part to reduce climate change physical risk impacts through mitigation initiatives, which translates to long-term physical climate risk costs avoided.



Our Business Model in a Low-Carbon Economy

Arcadis recognizes the need to address climate-related risks and opportunities as our clients are increasingly looking for sustainability solutions. We have identified many opportunities to shift our business model to offer low-carbon solutions and, thus, influence our short- and long-term actions to align with our net-zero ambition. As a design, engineering, and consultancy firm working with clients in numerous sectors and regions, Arcadis established its own sustainability ambition to reflect and stretch the ambitions of its clients and markets and to align with the roadmaps provided by credible experts, such as the International Energy Agency (IEA).

Sustainable Project Choices

Given current and prospective clients' increased focused on projects and solutions with clear sustainability benefits, sustainability is integrated into client pursuits through the five sustainability themes of carbon and energy, water stewardship, nature and biodiversity, circularity, and social value and justice. This includes our solutions that supports growth in both technical advisory and digitally empowered mobility management. The GBAs have prioritized sustainable solution areas such as energy transition, climate adaption, and sustainable infrastructure design. To assess and prioritize key pursuits, we are using thought leadership developed through the lens of the prioritized solutions.

Digital and Human Innovation

The Intelligence GBA is developing a pipeline of digital opportunities to enhance sustainable solutions and improve sustainability outcomes for clients across the other three GBAs. Within the Resilience GBA, we are focusing on artificial intelligence for impact in water optimization, and digital environmental impact assessment (EIA) tools to support noise assessments, routing, siting, and stakeholder engagement.

Powered By Our People

With a global shortage of capability in key areas of sustainability and the net zero transition, Arcadis is investing in programs to build sustainability capabilities as follows: GBAs are seeking to build a common language around sustainability and are prioritizing time for employees to complete Sustain Abilities training over the coming strategy cycle. Furthermore, to support a market-leading position as an implementation partner in the energy transition, a target of 2,500 professionals will be energized towards the energy transition solution through the Energy Transition Academy by the end of the strategy cycle.

A critical enabler to reduce the impact of client projects will be the ability to measure impact across the five sustainability themes. Training on carbon literacy began in 2023, and during the next strategy cycle training on measurement of water, nature, circularity, and social value will also be prioritized.

Low carbon products or services

In addition to our financial commitments and strategies, Arcadis is actively pursuing initiatives to reduce our Scope 1 and 2 emissions, thereby inherently reducing our clients' Scope 3 emissions in their purchased goods and services. Over the last three years, the substantial growth in demand for Arcadis' sustainable solutions has necessitated a focused approach, directing our resources towards opportunities with the most significant impact potential. To align with and focus on the 2024-2026 strategy cycle, each Global Business Area (GBA) has outlined the sustainable solutions they will deploy during this period.

To further enhance our focus and efforts, Arcadis will embed guidance around three key areas - Energy Transition, Critical Ecosystems, and Social Impact - into its pursuit guidance for 2024. This strategic shift in project selection, management processes, and pursuit strategies underscores our commitment to meeting and exceeding our sustainability goals. These changes reflect our transition from a mere commitment to active engagement in accelerating planet-positive growth through our project-related processes. By integrating sustainability considerations into our core business operations, we aim to drive meaningful change and contribute to a more sustainable future for our organization and clients.

Integrated Sustainability

With the sustainability landscape rapidly evolving, it has been key to utilize Arcadis global expertise as well as adopting an integrated approach to sustainability. This means being able to tailor sustainable client solutions to the priority of the client, while ensuring this does not come at the cost of other resources. The Future Impact Program, aiming to deliver sustainability impact measurement across projects, is designed to illuminate the carbon, nature, water, circularity, and social impacts allowing Arcadis to design solutions balanced across the themes. Meanwhile the development of the Project Nature and Project Water methodologies has already driven the growth of Arcadis sustainability networks internally, with a nature impact Community of Practice to be launched in 2024. The Arcadis network of sustainability enables connections between local projects to global experts. Global Sustainability works closely with local teams, bringing in global subject matter experts to promote innovative approaches and leverage best practices across our businesses, while aligning to support the climate action plan of the client. This allows us to put forward our top expertise and sustainable solutions on bids across sectors.

Tailoring Sustainability Support

To report across sustainable outcomes for 2023, each GBA worked with the Global Sustainability team to design sustainability roadmaps tailored to their services. For example, since the adoption of the global goals for nature that were finalized at the UN Convention of Biological Diversity Conference of Parties, Arcadis has nature firmly in the spotlight. The biodiversity webinar hosted by Arcadis this year highlighted clients' nature journeys to integrate biodiversity into their business strategy. This represents a concrete step that businesses align to the requirements of the Kunming-Montreal Global Biodiversity Framework.

Delivering Globally

With many of our clients facing increased disclosure and public pressure to make their sustainable work visible, Arcadis is in the position to help clients on their sustainability journeys. Beyond our Sustainability Advisory service, the adaptation of key client criteria enables a data-driven approach to identifying clients' sustainability risks, needs, and opportunities. Our partnership with the World Business Council for Sustainable Development (WBCSD) solidifies the global standard we hold ourselves to, ensuring cutting edge, robust sustainability services. As participants in WBCSD's pilot groups focused on the Taskforce for Nature-related Financial Disclosure (TNFD), Arcadis had the privilege of driving feedback and specialization of the framework to the built environment prior to its publication. Subsequently, Arcadis has provided TNFD implementation services to clients, leveraging our in-depth understanding of the TNFD framework.

Just Transition

In crafting a credible CTP, prioritizing the principles of a just transition is paramount. Ensuring fairness, equity, and inclusivity throughout the transition process is not only ethically imperative but also crucial for garnering societal support and achieving long-term sustainability goals. This section of the transition plan outlines our strategies and initiatives to mitigate potential adverse impacts on workers, communities, and vulnerable populations while fostering opportunities for economic growth, job creation, and social advancement. By embedding principles of justice and inclusivity into our transition framework, we strive to build a resilient and equitable future that benefits our stakeholders.

Aligned with the principles of a just transition, Arcadis' 2024-2026 strategy, Accelerating a Planet Positive Future, underscores its commitment to advancing sustainability while addressing the needs of workers, communities, and vulnerable populations. Grounded in the belief that all individuals have the fundamental right to a clean and safe environment, Arcadis recognizes the importance of integrating social and environmental considerations into its business practices. Compliance with CSRD ESRS S1 is complemented by a double materiality assessment that evaluates the impacts, risks, and opportunities from both an environmental perspective on Arcadis and Arcadis on the environment.

Arcadis seeks to foster local, regional, and global solidarity in addressing pressing environmental challenges by championing sustainable development alongside economic prosperity and environmental stewardship. Arcadis engages in multiple beyond-the-value chain activities to support the just transition, focusing its voluntary community engagement programs on bringing sustainable solutions to local communities. These efforts are strengthened through globally coordinated community programs, STEAM programs, and partnerships with organizations such as the Lovinklaan Foundation and Katalys, which enable impactful collaboration and resource mobilization in creating a positive impact on the communities where Arcadis operates.

Two of Arcadis' globally-coordinated community programs – Local Sparks and Shelter – showcase the company's commitment to leveraging its expertise and resources to address local challenges and contribute to sustainable development. The Local Sparks program empowers Arcadis employees to make a difference in their local communities, while the Shelter program focuses on providing safe and sustainable shelter solutions to communities affected by natural disasters.

In 2023, seven Local Sparks Accelerator projects were awarded in three different countries, involving 39 Arcadians. Approximately 260 Arcadians participated in Shelter activities in 2023, with 31 Arcadians taking part in local missions in eight different UN Habitat Shelter missions in Cambodia, Columbia, Jordan, Kenya, Mozambique, Senegal, Nepal, and Sri Lanka. These missions addressed non-motorized mobility, solid waste management, urban green space planning, road safety design, flood resilience, and nature-based solutions.

Moreover, Arcadis acknowledges the significance of inclusive policy development and community engagement in ensuring equitable outcomes for frontline workers and fence-line communities affected by environmental injustices. Through its Climate Equity Working Group and initiatives focused on social vulnerability, Arcadis endeavors to uphold the principles of justice, fairness, and accountability in its transition toward a more sustainable future. Furthermore, we are closely collaborating with the World Business Council for Sustainable Development (WBCSD) in taking an active and frontline approach in the Business Commission to Tackle Inequality (BCTI) – where Alan Brookes has taken position as a CEO commissioner in an initiative that seeks to tackle inequality and generate shared prosperity for all.

Conclusion

Arcadis' vision for the future encompasses a strategic commitment to addressing climate change and advancing sustainability as core elements of our business strategy. Our forward-looking approach is underscored by our ongoing efforts to monitor and assess climate-related risks and opportunities. We do this through a combination of data analysis, scenario planning, and stakeholder engagement that is conducted at the highest levels of our organization.

Embedded within our 2024-2026 strategy, 'Accelerating a Planet Positive Future,' is a dedication to reducing global carbon emissions while enhancing our capacity to address our clients' sustainability challenges. This strategy is a comprehensive roadmap that outlines our key initiatives, targets, and timelines for the next three years. Through a blend of electrification, energy-efficient technologies, and renewable energy sources, we aim to reduce our own carbon footprint and facilitate our clients' journeys toward sustainability.

Our Climate Transition Plan, aligned with our net zero goal, fosters the continuity and resilience of our service offerings and reflects our commitment to collaboration, innovation, and continuous improvement. By implementing this plan, we contribute to a planet-positive future. For instance, we have helped multiple clients reduce their carbon emissions by implementing energy-efficient technologies and transitioning to renewable energy sources. This not only assists our clients in meeting their climate goals but also imbues our work with purpose.

Arcadis is not just committed to sustainability, but also to a just transition. We promote fairness, equity, and inclusivity throughout our transformation by integrating social and environmental considerations into our business practices. This commitment is not just for the environment, but for our stakeholders, including frontline workers and vulnerable communities, protecting their interests and hearing their voices.

At Arcadis, we believe in the power of collaboration. We work closely with organizations such as the World Business Council for Sustainable Development, championing inclusive policy development and community engagement. Together, we strive to tackle environmental injustices and generate shared prosperity. Through these concerted efforts, we are committed to building a sustainable future that leaves no one behind. We regularly review and update our strategies to maintain their relevance and efficacy in an ever-evolving landscape, inviting our stakeholders to be part of this journey.

Categories	Addressed	Credible Transition Plan Elements	ISSB	U.S EC	EFRAG (ESRS) / CSRD	UKTPT	TCFD	ACT	GFANZ	CBI	TPI
Governance	●	(1) Board Level Oversight									
	●	(2) Board expertise on climate related issues									
	●	(3) Executive management accountability & feedback mechanisms									
	●	(4) Executive incentives linked to climate performance indicators									
Scenario Analysis	◕	(5) Details of Scenario Analysis									
Risk and Opportunities	●	(6) Process for identifying climate related risks & opportunities									
	◕	(7) Climate related risks- risk potential financial impact and response strategy									
	◕	(8) Climate related opportunities- opportunities, potential financial impact and response strategy									
Sustainability Strategy	◕	(9) Existence of a 1.5°C world aligned transition plan with business strategy and shareholder feedback									
	◐	(10) Link between identified (and potential) climate related risks, opportunities & company strategy									
Financial Planning	◐	(11) Financial planning details associated with a 1.5°C world									
	●	(12) Low carbon products or services									
Targets	●	(13) Emission reduction targets- absolute & intensity									
	●	(14) Net Zero Targets									
	●	(15) Other climate related targets									

Scope 1-3 accounting with verification	●	(16) Comprehensive and third-party verified emission accounting									
Policy Engagement	◔	(17) Alignment of public policy engagement with climate ambition & strategy									
Value chain engagement	◕	(18) Low carbon initiatives- direct operations									
	◔	(19) Value chain engagement									

Legend

Symbol	Description
●	Full completion. No gap.
◕	Partial completion. Minor gap.
◐	Partial completion. Moderate gap exists for future improvement.
◔	Partial completion. Significant gap exists for future improvement.
○	Not addressed. Full gap.

Covered by Framework

Partially covered by Framework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