Annual Integrated Report 2022

ARCADIS

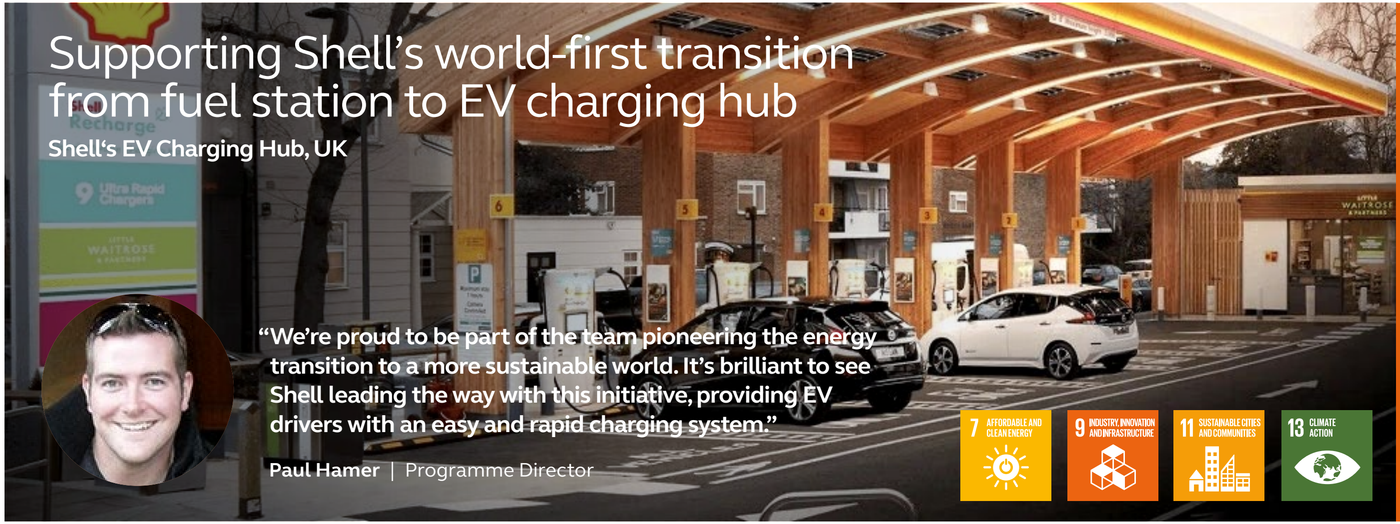
Accelerating our impact

People and culture | Sustainable solutions | Digital leadership | Focus and scale

Accelerating our impact

"The last 12 months have been foundational and pivotal for Arcadis. We are in a strong position, with healthy organic and profitable growth and record net revenue and backlog. We have made significant progress in delivering our strategic priorities by fully implementing our Global Business Area structure and strategically repositioning our business through the acquisition of exciting new companies. These successes position us for a positive start to 2023, helping to accelerate our impact for clients and the communities where we operate."

Peter Oosterveer, CEO



Supporting Shell's world-first transition from fuel station to EV charging hub

Shell's EV Charging Hub, UK

"We're proud to be part of the team pioneering the energy transition to a more sustainable world. It's brilliant to see Shell leading the way with this initiative, providing EV drivers with an easy and rapid charging system."

Paul Hamer | Programme Director

9

high-powered, ultra-rapid 175kW charge points

How we are different

Environmental planning and removal of existing fuel infrastructure to transform a fuel station into an EV charging hub.

Impact

The result is Shell's first ever site to have converted from selling petrol and diesel to cater solely for electric vehicles, offering a glimpse into the future of mobility.

The Challenge

Electric vehicle (EV) drivers are looking for a charging experience that is as fast, convenient and comfortable as possible. So, when it was time to transform Shell's Service Station in Fulham in the UK into an EV charging hub, Arcadis stepped in to support with environmental planning and the removal of existing fuel infrastructure, helping to pave the way for the best solutions for EV drivers.

The Solution

EV and battery technology is advancing rapidly. Today, charging speed is limited only by the batteries themselves, meaning that a 175 kW ultra-rapid charger will charge most vehicles up to 80% within 30 minutes, in ideal conditions. With more drivers now making the switch to electric vehicles, Arcadis supported Shell with the safe removal of old petrol and diesel infrastructure at its existing fuel station in Fulham, ahead of the installation of new charge points. The redeveloped station features a sustainable design including a timber canopy with built-in solar panels, as well as roof and shop windows that employ double glazing with high insulating properties. With the customer experience paramount, the hub includes a comfortable seating area, free Wi-Fi, a coffee shop and supermarket, ensuring drivers can enjoy a pleasant environment while recharging their vehicles.

The Impact

This is Shell's first ever site to have converted from selling petrol and diesel to cater solely for electric vehicles, offering a glimpse into the future of mobility. Shell Fulham now features nine high-powered, ultra-rapid 175kW charge points, running on 100% certified renewable electricity. By increasing the availability of these faster charging points, drivers are assured of shorter charging times and ultimately can enjoy a quicker journey and improved customer experience.

Accelerating our impact

Quick links to main sections

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People and culture at a glance

35,617
Total workforce
headcount as at 31 December
2021: 29,236

14.7%
Voluntary turnover rate
of permanent employees 14.9% * ✓
2021: 14.9%

+39 *
Employee engagement ✓
employee net promoter score (scale -100 to +100)
2021: +30

38%
Women in total workforce ✓
as % of permanent and temporary employees
2021: 38%

0.15 *
Total Recordable Case Frequency (TRCF) ✓
per 200,000 work hours
2021: 0.14

0.05 *
Lost Time Case Frequency (LTCF) 2022 ✓
per 200,000 work hours
2021: 0.05

For definitions and methods of measure for the indicators included on this spread, please refer to the section Glossary non-financial & financial indicators on page 286. The indicators that fall within the scope of limited assurance of our external auditor are marked with the ✓ symbol. The Limited assurance report of the independent auditor was given on Arcadis excluding acquisitions. The KPIs with a * are reflecting Arcadis excluding acquisitions. See page 265 for the Assurance report of the independent auditor, which includes details on scoping and outcomes.

Sustainability at a glance

18.9 *
2021[1]: 16.4

Arcadis Carbon Footprint ✓
(MT CO_2 per FTE)

>80% *
2021[2]: >80%

Revenues that relate to relevant SDGs
as % of net revenues

0 *
2021: 1

Number of identified environmental non-compliances ✓

64 * (100%)
2021: 91 (100%)

Investigated AGBP alleged breaches ✓
assessed and, as needed, investigated

94% *
2021: 94%

Employees passing Code of Conduct training ✓
as % of total employees

23 *
2021: 14

Number of appointed privacy officers under the privacy policy ✓

1 2021 restated as of additional measuring of scope 3
2 2021 restated as calculation methodology changed to Solutions based reporting

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Arcadis KPIs

3,019 **2021:** 2,565	**Net revenues** ✓ in € millions	**202/2.26** **2021:** 175/1.96	**Net Income from Operations** ✓ in € millions / **Per share** in € ✓	**0.74** **2021:** €0.70 per ordinary share plus an additional €0.60 per ordinary share	**Dividend per share** ✓ proposed, in €
9.8% **2021:** 9.6%	**Operating EBITA margin** ✓ as % of net revenues	**10.7%** **2021:** 10.7%	**Net Working Capital** ✓ as % of gross revenues	**63** **2021:** 63	**Days Sales Outstanding** ✓ (DSO)
54% **2021:** 64.7%	**Return on Net Working Capital** ✓	**1.6** **2021:** 0.8	**Net debt to EBITDA ratio** ✓ (average)	**173** **2021:** 234	**Free cash flow** ✓ in € millions

For definitions and methods of measure for the indicators included on this spread, please refer to the section Glossary non-financial & financial indicators on page 286. The indicators that fall within the scope of limited assurance of our external auditor are marked with the ✓ symbol. The Limited assurance report of the independent auditor on financial KPI's was given on Arcadis including acquisitions, which is for all KPI's on this page the scope.

Welcome to our 2022 Annual Integrated Report

The last 12 months have been foundational and pivotal for Arcadis. We are in a strong position, with healthy organic and profitable growth and record net revenue and backlog. We have made significant progress in delivering our strategic priorities by fully implementing our Global Business Area structure and strategically repositioning our business through the acquisition of exciting new companies. These successes position us for a positive start to 2023.

It would be remiss of me not to mention that 2022 has not been without challenges. We cannot forget the heart-breaking images of Ukrainians fleeing their homes following the illegal invasion by Russian armed forces in February, the extreme weather conditions across Europe, North America and Australia across the year and the subsequent impacts on the world economy. These events remind us of how fragile the world can be at times. At the same time, it was humbling to see how Arcadians responded to support others affected by crisis, particularly in Ukraine, where our 'Ukraine Task Force' put in extraordinary efforts to support people displaced and impacted by the conflict in Eastern Europe.

"We have made great progress in delivering on our strategy, fully implemented our new Global Business Area structure, made exciting new business acquisitions and are truly becoming a digital leader across our industry."

Peter Oosterveer, CEO

“Our three GBAs – Resilience, Places and Mobility – have been up and running for 12 months. The new model is enabling us to share expertise and capabilities to better serve our clients, win new projects, and provide exciting opportunities for our people.”

I am encouraged that despite the geo-political and economic uncertainty, national governments, public agencies and the private sector continue to invest. They recognize the need to tackle climate change and to address biodiversity loss to enable healthier lives, thriving nature, effortless transport, and more enjoyable places. The recent US Inflation Reduction Act, US and European CHIPS Acts and the REPowerEU energy plan in Europe are examples of investment packages where Arcadians are offering their expertise to create sustainable and digital solutions for our clients and the communities in which we operate.

Delivering our targets through focus and scale

With megatrends like urbanization, climate change, digitalization and growing societal expectations shaping the needs of our clients, I am pleased to report we continued to make great strides to deliver our ‘Maximizing Impact’ strategic targets in 2022.

The Global Business Areas (GBAs)

Our three GBAs – Resilience, Places and Mobility – have been up and running for 12 months. The new model is enabling us to share expertise and capabilities to better serve our clients, win new projects, and provide exciting opportunities for our people.

We have also started to see better cross-GBA collaboration. For example, in our Places and Mobility businesses we have seen close collaboration to grow our industrial manufacturing expertise, particularly around the building of gigafactories to support battery production and the rollout of electric vehicles.

The rapidly changing geopolitical conditions and resulting client demands have caused my leadership team to even more closely than before review opportunities and investments to help accelerate impact for our people, clients, shareholders and crucially future proof our business.

Strategic acquisitions and divestments

As a result of this review, in July we announced the acquisition of Canadian headquartered IBI Group, a forward thinking, technology-driven design firm. This was followed in October by the announced acquisition of DPS Group, a full-service consultancy in the high growth and resilient life sciences and semiconductor manufacturing sectors. Both strategic acquisitions will grow our talent to 35,617 people globally, strengthen Arcadis’ position in North America and Europe, drive growth of our combined solutions and help to focus and scale our operating model. This has also led to the creation of a fourth GBA – Intelligence – and an enhanced architecture and urbanism offering within the Places GBA in 2023.

We were also pleased to welcome HydroNET, a provider of intelligent water solutions, and Giftge Consult, a leading player in the German energy transition market to the Arcadis family in 2022.

In line with our strategic targets to focus on growth markets and scale our GBA services and solutions, we also took the decision to divest and withdraw from several smaller countries in Europe and Southeast Asia in 2022.

Sustainability remains at the core of everything we do

Addressing climate change and biodiversity loss are the greatest challenges of our generation and we need to play our part. As a member of the United Nations Global Compact, we consider it a moral obligation and an opportunity to develop smarter, cleaner, and greener solutions for our clients and communities. We have committed to being a leader in our sector; challenging norms, embracing innovation, collaborating with the best and pushing boundaries to solve this challenge.

This is not new for Arcadis. As a responsible business, we have been pioneering solutions to protect, restore and improve our planet for as long as we have been in existence. Whether it is our long-standing expertise in supporting the transition to renewable energy sources in the Netherlands and Germany or more recently pioneering nature-based solutions to protect and 'green' the cities of Rotterdam and Paris, sustainable solutions are in our DNA.

Furthermore, the recent number one position in our industry by ratings agency Sustainalytics and 'Platinum' grading from EcoVadis show that our commitment and drive around sustainability continue to be world leading. Yet, like all businesses, we can't be complacent. We must be more ambitious and continue to play our leading role in accelerating the transition to a net zero world for our clients.

This year, we have begun to embed our Sustainability Advisory into our operations and client solutions. The Sustainability Advisory brings together experts from around the world and is now operational in eight countries, helping to develop comprehensive strategies for our clients. Together with our solutions leaders, we now provide integrated end-to-end sustainable solutions at scale. Whether devising a plan to decarbonize buildings in the City of London, designing a coastal flood management system to stop Battery Park and Lower Manhattan being deluged by water, or helping to accelerate the rollout of electric bus fleets in Australia, Arcadians are on hand to help.

In the debate around sustainability, it is crucial we don't forget about people and recognize growing inequality and further increased societal expectations. This year, I was proud to continue to play an active role on the Business Commission to Tackle Inequality, a coalition of organizations within the World Business Council for Sustainable Development (WBCSD), with the mission of mobilizing the private sector to tackle inequality and generate shared prosperity. This is a topical issue for our clients and one we also reflected in our 2022 Sustainable Cities Index. The award-winning report ranks 100 global cities across three sustainability pillars of Planet, People and Profit to evaluate their overall prosperity and outlines steps that authorities can take to improve quality of life for inhabitants.

Within Arcadis, we have also made strides to embed diversity, equity, inclusion and belonging into our operations, a renewed commitment to hybrid working and the launch of global affinity groups to champion inclusion and diversity. Our progress has been recognized by Forbes magazine, which not only ranked Arcadis as one of the best management consultancy firms, but one of the world's top female friendly companies in 2022. Great achievements that we plan to build on next year.

There is no easy fix to solve urgent issues like growing inequality, the climate crisis, and biodiversity loss, but through greater leadership, innovation and collaboration, I believe the sectors in which we operate can help make a difference.

"Arcadis has been pioneering solutions to protect, restore and improve our planet for as long as we have been in existence."

Driving digital leadership and growth

Reliance on technology and data has continued to grow, and our clients' appetite to innovate and digitize their solutions shows no signs of slowing. At Arcadis, we have been investing in digital skills and empowering our people to create digital solutions to meet our clients' greatest challenges. To support these ambitions, in 2022 we transitioned most of our IT infrastructure to the cloud (both networking and hosting) which will further increase the scalability of our client solutions.

This year, I am pleased to see the emergence of new digital products, including our innovative AI-solution called Transport Strategy Optimizer. The product will help our mobility clients to identify and prioritize their investments while allowing a more transparent and collaborative decision-making process. Meanwhile mature digital solutions like FieldNow – an onsite data collection tool - continue to grow from strength to strength, with over 100 new commissions in 2022.

The delivery of digital services and products has been further enhanced through the creation of the Intelligence GBA. The new GBA will bring together the best of IBI's Intelligence business and Arcadis Gen to provide clients with innovative, technology-enabled solutions, meeting our ambition to be a digital leader in our industry.

Looking to the future

Our healthy organic growth, solid margins and a strong balance sheet throughout 2022 have enabled us to invest in our future and create new and exciting solutions for our clients. This is reflected not only by the growth but by our improved client satisfaction feedback and net promoter score, which has increased by five points in 2022 to 30.

Investment in our people and solutions combined with increased funding from both public and private sector clients in growth areas such as smart mobility, energy transition and climate adaptation will serve us well in 2023.

With the integration of a new architecture and urbanism division within our GBA Places and the creation of the fourth GBA intelligence, we have a unique opportunity to better serve our clients with new sustainable and digital solutions.

To conclude, I would like to thank my fellow Arcadians. Through the combined power of 35,617 global colleagues, we can really add value to our clients, make a positive impact on society and ensure a promising and sustainable future for Arcadis.

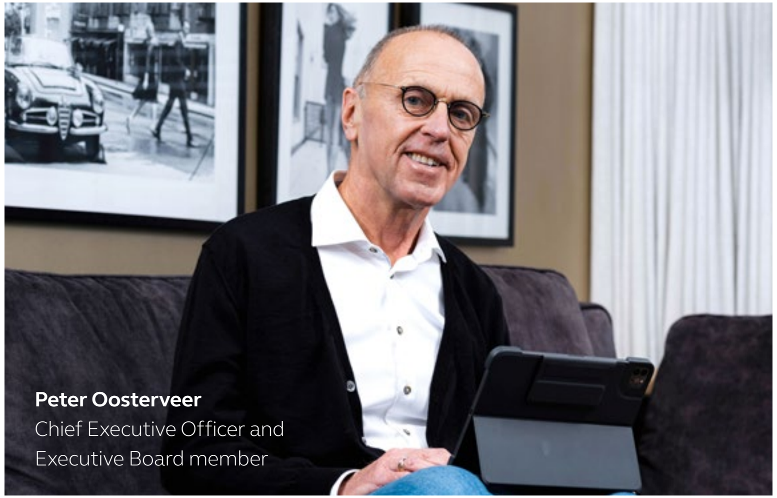
Our Supervisory Board and shareholders have continued to offer their support and counsel throughout 2022, which I have greatly appreciated, and I thank our clients for their loyalty and encouragement to develop new solutions to their problems.

Lastly, this will be my final annual report. I plan to retire at our annual General Meeting in May to spend more time with my family. Pending approval by our shareholders, I will hand the baton over to Alan Brookes, our Chief Operating Officer, who brings significant international leadership experience, a strong strategic, commercial and operational background, and a deep understanding of Arcadis.

It has been my honor and privilege to lead Arcadis over the last six years. It has been challenging at times, but the business is on a strong and healthy footing, well on its way to delivering its strategic targets and accelerating its impact in 2023.

On behalf of the Executive Board
Peter Oosterveer, CEO

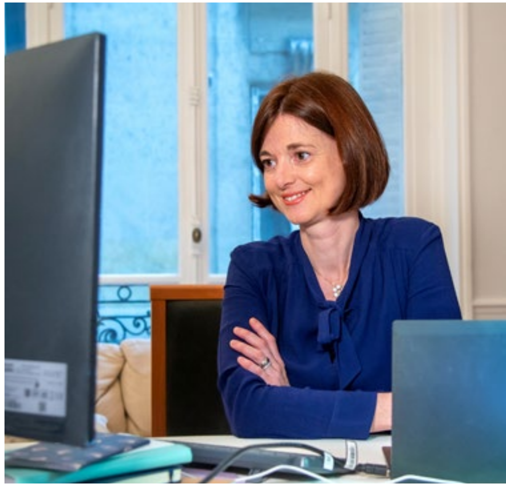
16 February 2023



Peter Oosterveer
Chief Executive Officer and Executive Board member

"Arcadis is on a strong and healthy footing, well on its way to delivering its strategic targets and accelerating its impact in 2023."

Virginie Duperat-Vergne
Chief Financial Officer and Executive Board member



"We have produced a strong set of results in 2022 and through our new acquisitions been able to strategically reposition our business into high growth markets and future-proof sectors."

Stellar performance in 2022 and a confident outlook

Arcadis continued to deliver healthy organic growth with a robust operating performance in 2022. The company's new operating model, structured around its Global Business Areas (GBAs), is yielding the expected results as a catalyst for growth. It helps leverage the global scale of the company's capabilities through increased global collaboration and enables Arcadis to better serve the changing needs of clients around the world.

In 2022, the Supervisory Board was closely involved in and fully supported the acquisitions of IBI Group, DPS Group, HydroNET and Giftge Consult which, together with the divestment of certain non-core operations, have rebalanced the company's geographic and business portfolio. These transformational steps repositioned Arcadis towards high growth and resilient markets in Europe and North America.

Looking ahead, 2023 is the delivery year for the goals set out in the 'Maximizing Impact' strategy and I am confident in the company's ability to deliver. The Supervisory Board's focus areas in 2023 will include embedding the recent acquisitions and shaping the newly created fourth GBA – Intelligence. The Supervisory Board is excited about the opportunities that lie ahead for Arcadis to create innovative, sustainable and digital solutions for clients and communities around the world.

The Supervisory Board has accepted the wish of our CEO, Peter Oosterveer to step back as of the upcoming AGM in May 2023. We are immensely grateful for his leadership in bringing Arcadis to the strong and resilient position it is currently in. This is a completely different reality than the one Peter started from in 2017. We will miss him as a strong business leader with a keen eye for people and culture. It has been a great pleasure to work with Peter. We have an outstanding internal candidate to succeed him as CEO, and are fully confident that Alan Brookes, our current Chief Operating Officer, following approval by the AGM, will be able to successfully lead Arcadis into the coming years. The Supervisory Board will be working closely with both Peter and Alan to ensure a seamless transition.

At the annual General Meeting in 2023, we will be saying goodbye to two Supervisory Board members. Niek Hoek joined the board in 2013 and served as its chair from 2015 to 2022. After 10 years of membership, he is not standing for another two-year term. The board has benefited greatly from his sage and inclusive leadership style. Wee Gee Ang joined the board in 2017 and was re-elected for another four-year term in 2021. He is retiring mid-term to focus on his interests in Asia. We thank both gentlemen for their contributions to our Supervisory Board.

The past year has again shown the importance of discipline and focus in creating long-term, sustainable value for all stakeholders. Thanks to the remarkable talent, commitment and resilience demonstrated by Arcadians around the globe, the company can look back on yet another strong year and look to the future with confidence.

On behalf of the Supervisory Board of Arcadis NV
Michiel Lap

Priorities for the Supervisory Board in 2022

The Supervisory Board, in coordination with the Executive Board and the Executive Leadership Team, identified and put special emphasis on the following Supervisory Board Priorities in 2022:

1. Contain and improve attrition
2. Institutionalize the GBA Operating Model and deliver on 2022 plan
3. Maintain confidence of investor base
4. Further improve performance of CRTKL, for integration of architectural business into Places GBA
5. Maintain momentum on ESG, including deployment of detailed net zero roadmap and implementation of non-financial reporting
6. Deploy M&A strategy aligned with GBA strategy and goals
7. Succession planning

Of course, the health and safety of our people and the past year's geo-political and economic instability and its impact on Arcadis, its people and its performance were also a top priority in 2022.

"We have made significant progress towards achieving our strategic targets."

Our business and passion

Arcadis is the world's leading company delivering sustainable design, engineering, digital and consultancy solutions for natural and built assets. Our 2021-2023 strategy is centered on maximizing our impact by providing focus, global scale and a strengthened sustainable and digital offering to our clients and the communities where we operate.

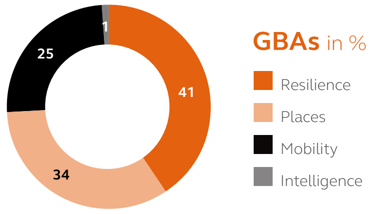
With growing urbanization, climate change, increased digitalization, and greater societal expectations presenting challenges for our clients, over the last 12 months we continue to see growing demand for the solutions and services we offer to address these problems. With 35,617 people, in around 70 countries, we operate from a position of strength with well-established local expertise and global scale to meet client needs and ultimately improve quality of life for all.

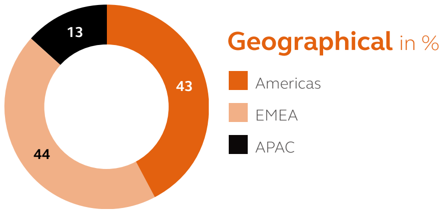
Our segments Our diversified portfolio is based on a global presence, with leading positions across our Global Business Areas Resilience, Places and Mobility, that were introduced early 2022 and our latest addition Intelligence. In each of these GBAs, we pair our global market sector knowledge with a strong understanding of local market conditions.

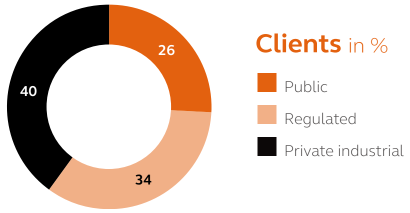
Our capabilities Combined with our deep market sector insights, our global solutions, and collaborative teams, we help clients overcome the most complex challenges, wherever they exist. The introduction of our GBAs early in 2022 further strengthened our ability to collaborate and apply our knowledge globally. And, following the acquisition of IBI Group, we have established a fourth GBA, Intelligence to combine our digital expertise and products and provide clients across all our business areas with innovative, technology-enabled solutions.

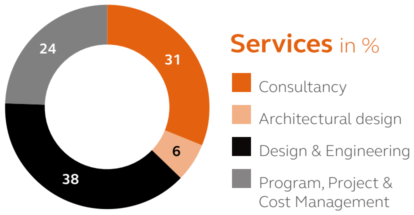
Our clients Our clients require trusted partners capable of delivering best-in-class solutions regardless of where they are sourced. We leverage our global expertise, and create best value-added solutions and technology to serve our public, regulated, and private sector clients to the highest standard. design principle in our approach.

Our services We offer our clients full lifecycle solutions comprising business and sustainability advisory services; consulting; program, project, cost and commercial management; and design and engineering. We develop client relationships that span the lifecycle of their assets, from planning and design to operation and disposal. We integrate digital expertise and products where possible and use sustainable outcomes as a design principle in our approach.









All percentages based on FY '22 net revenue

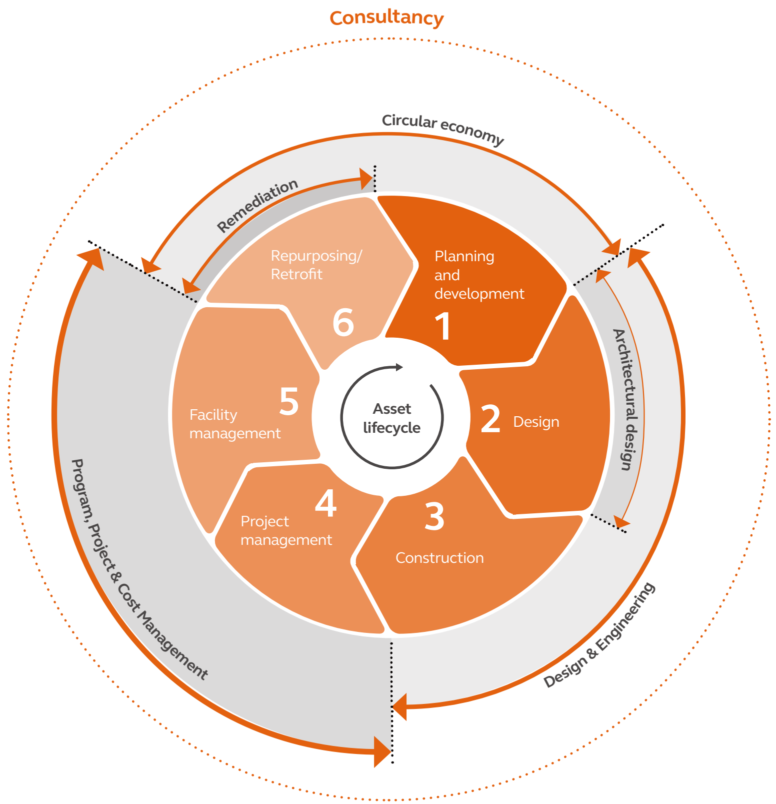
Our position in the industry value chain

Arcadis is a full-service design, engineering, and consultancy organization. Our work spans the entire asset lifecycle. We consult for the full length of projects, even assisting clients with their investment programs, rather than just individual projects. Digital components are built into our solutions to allow asset performance control from conception to decommissioning and back into redevelopment.

We know our industry sectors well and share that knowledge globally to provide best-in-class sustainable solutions to our clients, wherever they are located. We cover the entire lifecycle but can also add value to clients in each individual phase of projects, working with partners and (sub)contractors to deliver complex projects on time and within budget.

We approach our clients' complex challenges with a carefully chosen combination of deep technical insights, solid business consulting skills, strong management capabilities, digital proficiency, and sustainable prowess. By bringing digital capabilities to projects we provide our clients more transparency and efficiency and better user experience insights in the conceptual phase of projects, enhanced control during a project's realization, and better insights into an asset's performance during its economic lifespan.

Increasingly, sustainability is a key to getting projects funded, accepted by society and to win work. It can bring benefits like pricing power, cost reductions, a stronger labor market position, business opportunities for new products and services as well as a reduction in risks and better access to capital. Sustainability is therefore a design principle when we develop our solutions for clients. Through our client solutions we are committed to contribute to the sustainable development agenda and have a positive impact on society, the people, and communities we serve.



Value creation How we create and share value

Arcadis' value creation process aims to optimize the impact of our business processes for all stakeholders.
We achieve this through the efficient use of the capital at our disposal. Our overall focus is on long-term value creation.

Inputs using all resources wisely

Human and intellectual capital
Our 35,617 talented and professional people provide expertise, competencies and consulting skills to deliver value for clients throughout the lifecycle of natural and built assets.

Social and relationship capital
Sustainable results are achieved in close collaboration with clients. Success also hinges on good relationships with other key stakeholders, including employees, subcontractors and the communities in which we operate.

Financial capital
Equity and loans help us to invest in the development of our people, and the growth of our business, enabling us to service our local and global clients equally well.

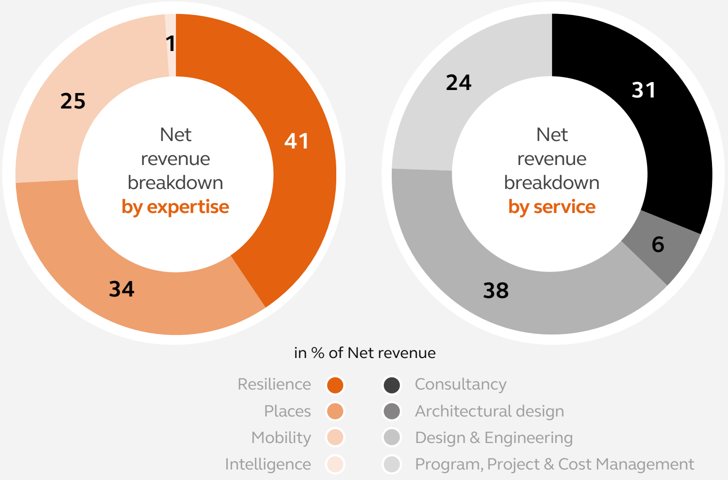
Natural capital
Natural capital is the stock of renewable and non-renewable resources that combine to yield a flow of benefits to people. In our operations and through our services on behalf of clients, we endeavor to reduce the dependence on natural capital by limiting the consumption of energy, paper, water and other natural resources.

Digital capital
We are going through a digital transformation and as a result we develop digital assets which can become replicable digital solutions or platforms for our clients to drive down cost, increase efficiencies and make our solutions more end-user centric.

Value creation process

>>>

We deliver sustainable solutions through
four categories of services in four project/expertise areas



All percentages based on FY 22 net revenue

Underpinned by

Shared values | The Arcadis Way | Global footprint and expertise
Technological capabilities | Digital skills | Sustainable thinking

Output created per capital

Human and intellectual capital
A growing workforce with improved levels of employee engagement demonstrated by:
- Employee Net Promotor Score at +39 (on a scale from -100 to +100)
- Successfully on-boarding of over 7,000 Arcadians in 2022
- Continued investment in training & development for our employees
- Continuous commitment to Diversity & Inclusion leading to maintaining the percentage of women in total workforce
- Continued investments in Health & Safety, also in the home workplace

Social and relationship capital
- High level of client satisfaction demonstrated by a client satisfaction score of 8.2
- Building on brand awareness in every region through global and local campaigns
- Client experience score of 30 (Net Promoter Score)

Financial capital
We produced an outstanding free cash flow, and healthy backlog growth which combined create a strong financial position
- Operating EBITA margin 9.8% (2021: 9.6%)
- Net debt to EBITDA ratio to 1.6 (2021: 0.8)

Natural capital
Through our projects we assist clients in building a Sustainable future by providing integrated and sustainable solutions. Launched a global Sustainability Advisory practice to help our clients establish bold sustainability ambitions.
- Advising a growing number of clients on biodiversity improvement strategies
- >80% of revenues related to relevant Sustainable Development Goals (SDGs)

Digital capital
- Establishment of fourth GBA, Intelligence, to bring together our digital experts to offer innovative client solutions across all our business areas
- Launched the Standardize then Automate program to identify, develop, and reap the benefits from globally aligned processes, definitions, and ways of working

Outcomes for our stakeholders

Employees
Pride, satisfaction and a best place to work:
- Continued support in health and wellbeing for our people
- Voluntary turnover rate decreased to 14.7% (2021: 14.9%/ 2020: 8.7%)
- Maintained percentage of women in of total workforce at 38% and improved our understanding of other under-represented groups
- Health & Safety indicators well below public industry benchmarks

Clients
- Net promoter score up to 30 (from 25), overall satisfaction stable at 8.7 (-0.1)
- Organic growth 8.9%
- Digital solutions, exploration of new technologies through co-creation
- Client approach via sector programs, core solutions and Global Cities
- Including sustainability in all of our client solutions

Investors
Competitive and sustainable returns:
- Proposed dividend of €0.74 per share, 33% of the Net income from Operations
- Earnings per share €2.26
- Return on Net Working Capital of 65%

Civil society
- Assisting clients in dealing with the effects of climate change
- Engaging with local communities through Sparks and UN Habitat programs (since 2010 Arcadians have supported 129 UN Habitat projects in 30+ countries)
- Continued contribution to relevant Sustainable Development Goals (SDGs) through client solutions
- Financial and other humanitarian support to Ukraine for relief

Our passion Improving Quality of Life

At Arcadis, our passion is to improve quality of life through the projects we undertake for our clients. Our global values guide us in everything we do. Our primary aim is long-term value creation for all stakeholders, delivering sustainable solutions to clients, and the communities we serve.

Our values

We differentiate ourselves through our talented, engaged and passionate people, our unique combination of capabilities covering the entire asset lifecycle, our deep market sector insights, our digital proficiency, our sustainable prowess, and our ability to seamlessly integrate health and safety into the design of our solutions around the globe.

People first

We care for each other and create a safe and respectful working environment where our people can grow, perform, and succeed, placing people and their experience at the center of our solutions.

Client success

We are passionate about our clients' success and bring insights, agility, and innovation to co-create value working collaboratively to learn and recognizing our successes are mutual.

Integrity

We always work to the highest professional and ethical standards and establish trust by being open, honest and responsible. We are accountable to ourselves, our clients, the communities we serve and our commitment to sustainable outcomes for future generations.

Sustainability

We base our actions for clients and communities on environmental responsibility and social and economic advancement, ensuring our solutions enhance community inclusion for now, and into the future.

Collaboration

We value the power of diversity and our global capabilities and deliver excellence bringing the very best of our people and solutions for our clients by working as One Arcadis.

Our behaviors

- We value each other
- We deliver on our promises
- We always bring our best
- We work as One Team
- We dare to shape the future

Water management for green heritage sites

Baakse Beek, Netherlands

"Climate adaptation measures need to take into account and reflect the history and heritage of a site, even at the very earliest stages of conception."

Leonieke Heldens | Landscape architect

5

heritage sites

How we are different

Working in partnership on an area-based approach to finding solutions for present day challenges around water management, nature and agriculture.

Impact

By restoring water levels and preventing further environmental degradation, heritage estates can flourish, bringing both environmental and economic benefits to the region.

The Challenge

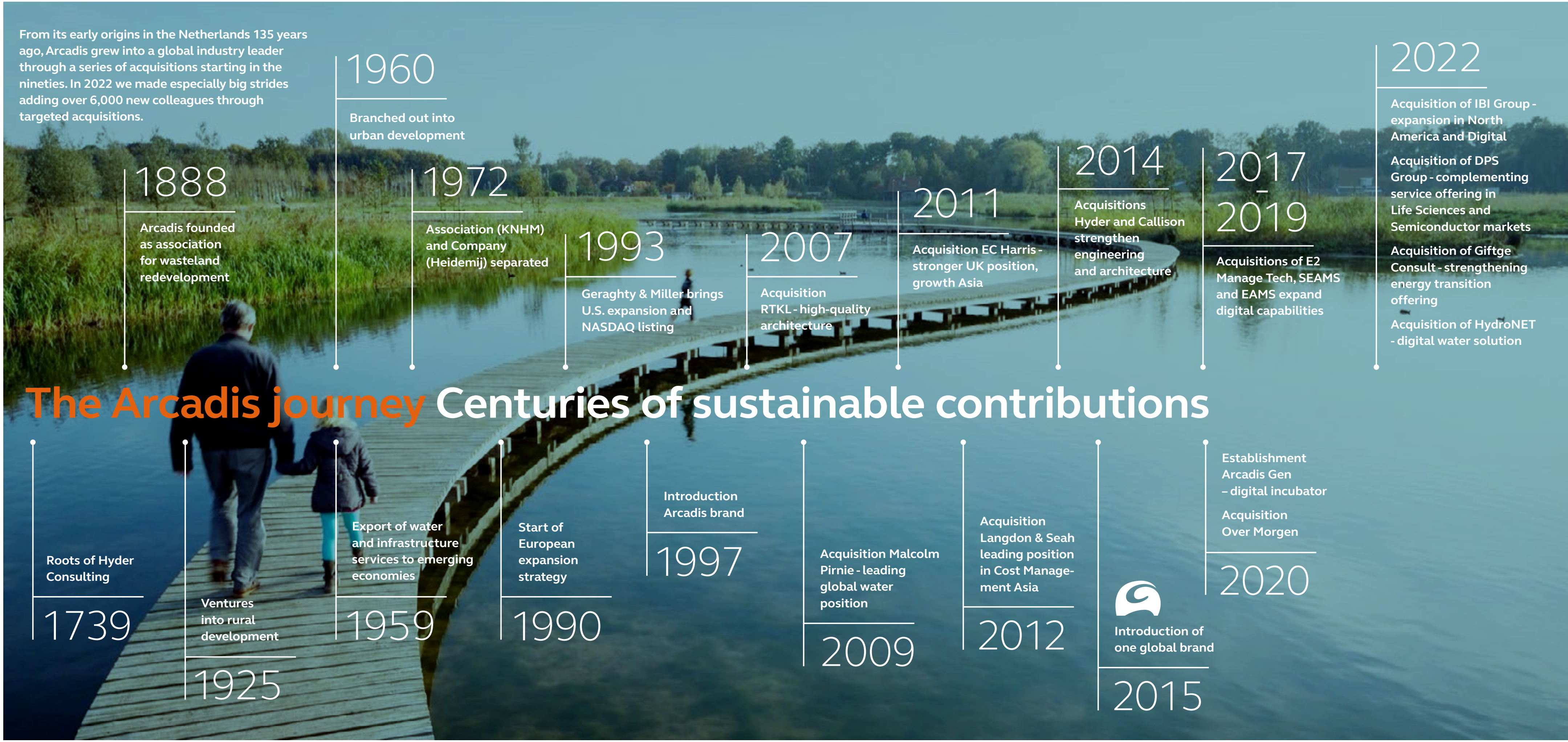
The Baakse Beek region is home to a large concentration of listed monuments and heritage sites, including castles, country houses and estates, many of which date back to Medieval times. These have an important role in shaping the cultural identity of the area, supporting the livelihoods of tenant farmers and bringing economic benefits through tourism. However, thanks to the impact of climate change, long periods of drought and occasional heavy rainfall are starting to take their toll. The built environment needs to adapt, but how can new climate adaptation measures best be embedded in these historically valuable landscapes?

The Solution

To halt weather-related environmental degradation, the Ministry of Education, Culture and Science has given local authorities and civil society organizations scope to improve water levels on green heritage sites. As part of a pilot, the Province of Gelderland is working with the Rijn en IJssel Water Board, the municipality of Bronckhorst and estate owners to improve water management. Key is exploring how underground moisture levels can be managed and retained after heavy rainfall, so that more benefit can be derived in times of drought. We are contributing project management, landscape architecture and other specialist technical expertise, conducting early water system analysis, creating preliminary designs and hydrological calculations, making environmental management recommendations for maintaining soil biodiversity, as well as design and technical implementation of water management solutions.

The Impact

By restoring water levels, heritage estates can flourish, in turn bringing both environmental and economic benefits to the region. Further, the knowledge and experience gained during this pilot program will be used to benefit similar projects and support the development of government policy for the restoration of nature on green heritage sites. In the long term, this will create an integrated solution that takes into account the interests and expertise of all parties involved and makes an important contribution to the climate challenge.



The Arcadis journey Centuries of sustainable contributions

From its early origins in the Netherlands 135 years ago, Arcadis grew into a global industry leader through a series of acquisitions starting in the nineties. In 2022 we made especially big strides adding over 6,000 new colleagues through targeted acquisitions.

1739
Roots of Hyder Consulting

1888
Arcadis founded as association for wasteland redevelopment

1925
Ventures into rural development

1959
Export of water and infrastructure services to emerging economies

1960
Branched out into urban development

1972
Association (KNHM) and Company (Heidemij) separated

1990
Start of European expansion strategy

1993
Geraghty & Miller brings U.S. expansion and NASDAQ listing

1997
Introduction Arcadis brand

2007
Acquisition RTKL - high-quality architecture

2009
Acquisition Malcolm Pirnie - leading global water position

2011
Acquisition EC Harris - stronger UK position, growth Asia

2012
Acquisition Langdon & Seah leading position in Cost Management Asia

2014
Acquisitions Hyder and Callison strengthen engineering and architecture

2015
Introduction of one global brand

2017 – 2019
Acquisitions of E2 Manage Tech, SEAMS and EAMS expand digital capabilities

2020
Establishment Arcadis Gen – digital incubator

Acquisition Over Morgen

2022
Acquisition of IBI Group - expansion in North America and Digital

Acquisition of DPS Group - complementing service offering in Life Sciences and Semiconductor markets

Acquisition of Giftge Consult - strengthening energy transition offering

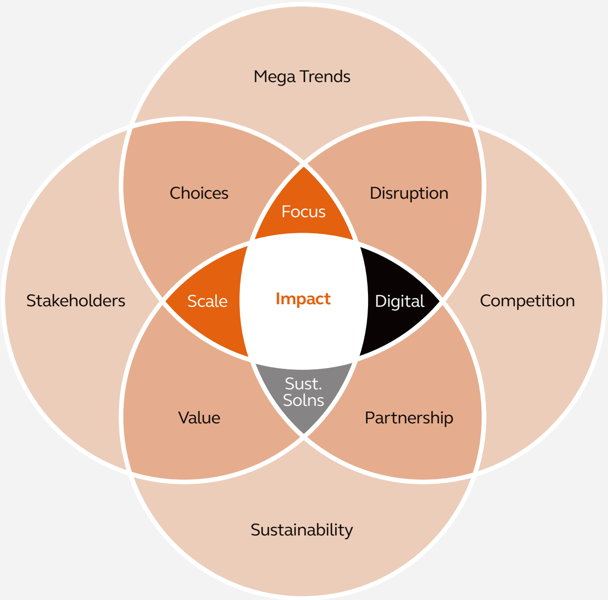
Acquisition of HydroNET - digital water solution

Executive Board report

This Executive Board report describes how we delivered on our strategy in the past year. It shows how we took into consideration our strategic context and operating environment, how we fared in our strategic pillars with corresponding targets. It explains our accomplishments in our operating segments (being the Global Business Areas since the first of January 2022). The Report also elaborates on Governance and Compliance, and Risk Management.

Our strategic context: the world in which we operate

Global trends in our operating environment, what our stakeholders tell us, the Sustainable Development Goals, and our competitive landscape are all important contextual inputs for our strategic ambitions.



Urbanization
70% of the population will live in cities by 2050. Population shifts are putting tremendous pressure on resources, ageing infrastructure, and the environment.

Climate change
The physical effects of climate change are intensifying, impacting health, water, food, and energy; and challenging the resilience of our infrastructure.

Digitalization
Technology is improving productivity and putting data at the center of business models that can disrupt traditional delivery.

Societal expectations
Stakeholders are demanding that companies and governments act with integrity to create a resilient, sustainable, and inclusive future.

Our people, clients, partners and investors require us to deliver long term value creation by supporting a healthy inclusive work environment, delivering competitive and sustainable returns with integrity, and by positively impacting global societal challenges.

Serving as a positive force in the war against climate change requires commitment through internal operations as well as the approach to client solutions and strategies, turning them into action.

Arcadis is more than design and engineering – we are also a premier provider of consulting/advisory and environmental sustainability services. Together, our combined market exceeded $1.5T in 2021 and is expected to grow at a CAGR of 6% reaching just over $2T by 2026[1].

Within this market, the competitive landscape is characterized by:
- Many small enterprises with the top 20 global design firms holding <10% of the market.
- Differentiation based on technology and ecosystems that deliver efficiency, cost avoidance, and sustainability.
- Competition emerging in adjacent markets such as management consulting, real estate services, contracting, and digital startups.
- Market diversification focused on North America and Europe, followed by Asia Pacific and Latin America[2].

1 The Business Research Company Global Market Model reporting & Arcadis analysis 2022
2 ENR Top 150 Global Design Firms 2017 through 2022

Our 2021-2023 Strategy: ‘Maximizing Impact’

Our purpose is simple: improving quality of life, something that has never been more important. To live up to this, our strategy to maximize our impact on the biggest societal challenges is supported by our people and culture and aligned to three key themes.

These strategic themes drive our organizational commitments:

People and culture

- Provide greater opportunities for all Arcadians
- Create a safe, respectful and inclusive workplace

Engagement of our people, retention, diversity, safety, and privacy

Sustainability

- Embed as an integral part of everything we do
- Accelerating the transition to net zero

Carbon footprint, sustainable development, environmental and business principal compliance

Digital leadership

- Transform delivery, operations, and decision making
- Evolve old business models

Process standardization and automation, digital revenue, data security

Focus and scale

- Provide expertise where we have a right to play
- Leverage the global scale of asset knowledge

Organic growth and business performance

Maximizing Impact: Targets to deliver our ambition

Non-financial targets

Voluntary staff turnover
<10%

Staff engagement
Improving annually

Brand
Top 3 Brand Strength Index

Diversity
Women in total workforce >40%

Carbon footprint
- Reduce emissions aligned with a 1.5°C science-based target before 2035
- In line with our Net Zero journey investing in high quality, certified abatement and compensation programs from 2020

Financial targets

Organic net revenue growth
Mid-single digit

Return on Net Working Capital
Operating EBITA/ Net Working Capital: 40-50%

Net Working Capital & DSO
NWC <15% of gross revenues/ DSO <75 days

Margin
Operating EBITA margin >10%

Return to shareholders
- Dividend: 30-40% of Net Income from operations
- No dilution
- Additional returns when appropriate
- Net debt/EBITDA between 1.5 and 2.5

Making Progress on our 'Maximizing Impact' strategy

Our strategy amplifies the role of our organization as a positive force in society. Since launching in 2021, we have advanced our commitments in the following ways.

GBA model fully operational

Effective from 1 January 2022 our Global Business Areas/ GBAs (Resilience, Places and Mobility) became the home of our previous regional business lines and solutions. We are already seeing growth in knowledge exchange around the world, with our clients benefitting from our collective best practices. Following the successful completion of the IBI Group acquisition in September, we also established our fourth GBA – Intelligence. The new GBA combines the best of IBI Group's Intelligence segment and Arcadis Gen to create an attractive suite of data driven products and solutions to meet the ever-changing priorities of our clients.

Strategic repositioning achieved

The implementation of our global operating model proved to be successful over 2022 and accelerated the pace of organic growth in the current market environment. In addition, our strategic acquisitions of HydroNet (digital water), IBI Group (sustainable & digital/intelligent urbanism), Giftge Consult (energy transition) and DPS (sustainable manufacturing), strengthen our position in the market. Finally, we have driven operational efficiencies through the new GBA model and greater use of GECs, and by divesting operations that did not fit our priorities. The benefits this progress has delivered can be seen in the growing client demand for our digital products and sustainable solutions, highlighted by strong results and a record backlog.

IBI GROUP | HydroNET | GIFTGE CONSULT | DPS Better Engineered Solutions

Sustainability

- Acquisition of Giftge Consult strengthening further our position in the energy transition market
- Acquisition of DPS strengthening further our position in sustainable manufacturing – particularly Life Sciences and Chip Manufacturing
- Expanding our strength in strategic consultancy for sustainability across ESG strategy & reporting, resource optimization and value chain engagement

Digital leadership

- Acquisition of IBI Group in part serves as a digital accelerator, shaping the fourth GBA: "Intelligence"
- Investing in new digital solutions, such HydroNet and the Transportation Strategy Optimizer
- Driving standardization & automation of solutions to provide greater value to clients
- Strengthening our position in digital advisory, to support clients in their journey to transform

Focus and scale

- Focus on high growth end markets and geographical core markets and divesting non-core geographies and businesses
- GBA structure and Global Excellence Centers driving client focus, operational efficiencies and consistency in data management
- Strengthening of our market position in North America and UK/Europe through our acquisitions

* Global Excellence Centers Leading

New ‘Intelligence’ GBA to maximize our digital impact

We have combined the best of the IBI Group Intelligence and Arcadis Gen – to support the other GBAs with digital solution innovation and efficiency; and build recurring revenue with Software as a Service and Software as a Product.

Resilience

Places

Mobility

Intelligence

- Digital Client Solutions
- Innovation
- Driving Efficiency & Productivity
- Recurring Revenue

Attractive Suite of Combined Client Solutions

ARCADIS gen	HydroNET	Cost Clarity An Arcadis Service
FieldNow®	CurbIQ	Nspace
TRAVELiQ	BLUEiQ by IBI GROUP	

Global business areas

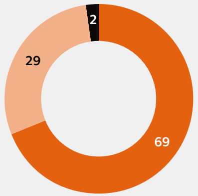
Resilience

Heather Polinsky
Global President Resilience

We work to protect our natural environment and water resources, while powering our world for future generations. With climate change, biodiversity loss, water scarcity and the need for equitable and just access to energy and resources presenting some of today's greatest challenges, our Resilience business area is focused on partnering with our clients for holistic solutions.

Resilience Solutions

- **Climate resilience:** 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;
- **Energy transition:** Reducing global warming by transitioning towards low-carbon and renewable sources of energy across utilities, urban areas and future entrants, considering energy transmission, distribution and storage;
- **Water optimization:** Supporting public and private clients to manage water resources in a sustainable way so it's 'fit for future', offering a full breadth of services throughout the entire water cycle;
- **Environmental restoration:** Restoring the environment with specialized expertise in global portfolio execution and emerging contaminants (e.g. PFAS), using our cutting-edge science & technology at all stages – from site characterization and cleanup to closure and redevelopment;
- **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;
- **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;
- **Sustainability advisory:** Enabling sustainability ambitions by front end environmental, social, and governance advisory services for strategy, operations, products, reporting and supply chain.



Geographical in %

- Americas
- EMEA
- APAC

Net Revenues 2022
Full Year pro forma* in %

10,694
Total headcount

1,239
2021: 1,041
Total net revenue in millions of euros

41%
2021: 41%
Total revenue as % of total Arcadis

* Geographical split including full year of acquired companies

Market Dynamics and client opportunities

- Increased shift towards a low-carbon, green and equitable economy. The acceleration and unpredictability of weather events and the latest IPCC reports have signaled a global climate emergency.
- Sharp increase in clients demand for renewables or low carbon energy, making climate adaptation a priority, and rethinking infrastructure and global supply chains.
- Key drivers of the Environmental services market remain: energy transition, sustainability, emerging contaminants, and climate change.

The impacts of these trends have also put a focus on a just and equitable transition, as highlighted at COP27. Societal pressure brings topics of affordability and social equity to the top of the agenda in many of the markets we are active in. This is a key area of focus for Arcadis as we strive to improve quality of life in the communities we operate. With so much change, the use of data to aid credible decision making and drive actions has also fueled the need for greater digitalization, signaling the need to act faster.

The Resilience GBA is well placed to address the opportunities we see. Since our launch in 2021, key actions have been taken including identifying, launching and growing solutions. We have focused investments in embedding sustainability, driving innovation and scaling the best of what we do across our geographies.

- Recruitment and retention have been a key focus to ensure we are delivering on our growth ambitions and client commitments. Over 2,300 Arcadians have been hired in Resilience over the 12-month period.
- We continue investing in areas where we have a unique advantage as 'proven pioneers':
  - Energy transition in Europe, the United Kingdom and the U.S.
  - Leveraging PFAS expertise from 1,000 sites across the globe, with significant engagement in the U.S. and Europe, and growth in Brazil, Canada and Australia.
  - Focusing on climate adaptation and the growing market for nature-based solutions and biodiversity in Europe, especially the United Kingdom, Netherlands, Australia and the U.S.
  - Growing our global Sustainability Advisory (over 200 experts) and Energy Transition (over 360 experts) practices to accelerate our clients' ambitions.
  - Expanding our technical expertise and asset knowledge to support clients with strategic front-end advice through our Advisory, including Digital Advisory, Business Transformation and Sustainability Advisory, with over 600 experts across the globe.
  - Growing our portfolio and capabilities through strategic acquisitions in water and energy transition. Arcadis acquired a 70% stake in Water Platform Company, parent company for HydroNET, an intelligent digital platform that provides real time data to manage water systems through periods of drought, heavy rainfall and other extreme events. Plus Giftge Consult, a leading consulting company, strengthening our Energy Transition position with key German transport infrastructure, hydrogen and energy transmission system operators.

Resilience financial results (41% of net revenues)

in € millions Period ended 31 December 2022	2022	Full year 2021	Change
Net revenues	1,239	1,041	19.0%
Organic growth %[1]	10.3%		
Operating EBITA	134	113	18.4%
Operating EBITA margin (%)	10.8%	10.9%	
Order intake (millions)	1,304	1,087	20.0%
Backlog net revenues (millions)	895	768	16.5%
Backlog organic growth (yoy)[1]	7.6%		

[1] Underlying growth excluding the impact of currency movements, acquisitions or footprint reductions, such as the Middle East, winddowns or divestments

Market conditions continue to be strong, especially in North America and Europe with the energy transition, demand for sustainable solutions and climate adaptation high on the agenda. Water clients shift their focus from capital investment to operational efficiencies, increasing the attractivity of our digital product offering. Environmental restoration services including PFAS are in high demand, particularly as the regulatory environment expands to more sectors.

Various key clients are increasingly looking for strategic sustainability advisory in combination with engineering solutions, Arcadis Sustainability Advisory addresses this demand and grew to over 200 FTE since it was founded in 2021. Furthermore, the ageing energy asset base in Europe and the transition to renewables is generating opportunities for our teams to demonstrate the full range of capabilities, from decommissioning to the planning and consent of new developments.

We invested in growth areas such as digital water optimization solutions and energy transition through the acquisitions of HydroNET, a provider of digital water solutions and Giftge Consulting, a leading player in the German energy transition market.

Furthermore, Arcadis invested in its nature-based and biodiversity solutions, expanding its already leading global position in this high growth market. The operating EBITA margin was strong at 10.8%, in line with 2021, driven by North America and Europe.

Case | RESILIENCE

Redevelopment of natural gas plants and infrastructure for renewable energy storage

eCATS application, Netherlands

"Grid modernization and expansion is key in meeting the Netherlands' future green energy ambitions. But we also need to reduce wastage and optimize how we use our existing infrastructure to keep up with current needs."

Frank Goossensen | Sales Director Resilience

70%

of otherwise wasted renewable energy retained for future use

How we are different

We have developed an innovative system using compressed air to store surplus renewable energy in redundant natural gas plants and infrastructure.

Impact

Useful, clean energy can be reclaimed when it would otherwise be wasted, and legacy fossil fuel production sites are finding a new purpose and becoming a valuable part of the journey to net-zero.

The Challenge

Natural gas production fields onshore in The Netherlands are in decline and, over the course of the next decade, will reach the end of their field life. Instead, more sustainable renewable energy sources like wind and solar power are fulfilling a growing proportion of the country's total energy needs. However, during the day when energy requirements are often at their highest there can be an imbalance between supply and demand, causing grid congestion that could result in a loss of supply. Meanwhile, because the gas fields will soon stop production, their locations and related infrastructure are becoming redundant. This leaves us with a question: is there an opportunity to create a more independent renewable energy system by using the redundant gas infrastructure?

The Solution

Arcadis has created a Compressed Air Transport and Storage System, known as eCATS. It uses redundant natural gas infrastructure to store renewable energy in cases of grid congestion - which occurs when transmission facilities do not have sufficient capacity to deliver the energy required - and restore this energy when needed. Compressing surplus renewable energy into air and storing it in out-of-use natural gas pipelines not only reduces grid congestion but means that this energy can be released later via Expanders. This compressed air energy solution has a wide range of applications. Alongside the main characteristic of eCATS being to support energy transition and grid stabilization, this solution can also be used to support district heating or the provision of cold air for ambient conditioning or cooling. In this way, the degree of utilization can be increased by up to 95%.

The Impact

eCATS solves the problem of wasted surplus renewable energy, while maintaining the value of natural gas infrastructure; benefiting multiple parties, and solving multiple problems. Useful, clean energy can be reclaimed when it would otherwise be wasted, and the legacy sites of fossil fuel production are finding a new purpose and becoming a valuable part of the journey to reduce our reliance on climate-harming energy production.
Arcadis and Emmett Green own the eCATS solution and are exploring this innovative concept with Siemens Energy as the preferred engineer and supplier of an eCATS-facility in the province of Drenthe. This will have a 60MWh capacity, which would far outstrip The Netherlands' current largest of 25MWh. By storing this energy, the country can continue to increase the proportion of power it uses from renewable sources.

Global business areas

Places

Mark Cowlard
Global President Places

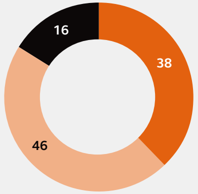
Our ambition is to create smart, sustainable and safe places for owners, users, communities and visitors – improving those places in which we live, work, play and learn, and the places that help us move. We'll meet this ambition by leveraging our core service expertise and delivering innovative future-facing solutions and products, designed to consider the whole life of the asset.

Places Solutions

Our Places Global Business Area serves the needs of both public and private clients, across a multitude of sectors and industries, supporting those who own, invest in, occupy or use assets. This includes residential properties, retail and experience centers, offices, schools, hospitals and justice facilities, as well as industrial assets like manufacturing facilities, R&D centers, data centers, distribution depots, and transportation hubs. We offer expertise in design and engineering, project and program management, technical advisory, as well as cost and commercial management services, underpinned by our digital capabilities and global scale.

In addition to our core services, we have far-reaching solutions to help tackle clients' most pressing and complex problems. These include:

- Net Zero Facilities & Sustainable Communities: Helping organizations, asset owners and communities to reach their net zero goals.
- Industry 4.0 – Facilities of the Future: Unlocking and connecting the potential of big data, people and skills, sustainability, services and systems to drive efficiency and support better and results quicker.
- Future Workplace: Translating how changing work habits, sustainability objectives and the drive for greater space and cost efficiencies will affect the needs of your workplace.
- Lifecycle Think: Using data to inform clients how to invest to achieve the best cost, environmental and social impacts for the future across the whole asset lifecycle.
- PlaceTech: A suite of digital tools that create and leverage data to provide greater control and visibility of our buildings and spaces.



Geographical in %
- Americas
- EMEA
- APAC

Net Revenues 2022 Full Year pro forma* in %

12,232
Total headcount

1,017
2021: 879
Total net revenue in millions of euros

34%
2021: 34%
Total revenue as % of total Arcadis

* Geographical split including full year of acquired companies

Market dynamics and client opportunities

- Growth in **Industrial Manufacturing** as clients look for high-speed turnaround for project delivery with integrated service offerings. Increased demand for automotive gigafactories for electric vehicles, specialist semiconductor manufacturing facilities, life sciences (pharmaceutical) facilities, and data centres. Government-backed initiatives such as the CHIPS and Sciences Act in the US and European Chips Act both signal continued investment in semiconductor research, development and manufacturing. Meeting these opportunities in resilient markets has informed Arcadis' M&A activity, most notably the acquisition of DPS Group.
- **Government and Public Agencies** show continued growth, notably in Healthcare. Initiatives such as the UK's New Hospitals Programme, with a commitment to build 40 new hospitals by 2030, is representative of continued investment to address aging infrastructure. Investment is echoed in other countries, such as Australia, where Arcadis is delivering a cost management office through its digital 'Cost Clarity' platform to a major state building authority. The acquisition of IBI Group – coupled with the expertise of CRTKL through Arcadis' Architecture and Urbanism division – brings new capabilities and scale to support clients in this sector.
- **Property and Investment** continues to show effects from the pandemic, with significant changes in how – and how often – people use residential and corporate real estate. Inflationary pressures, scarcity of materials and skills in the construction industry (as illustrated in the Arcadis International Construction Costs report) continue to impact cost and spending decisions. As investors look to maximize returns, solutions such as PlaceTech – alongside Arcadis' core services such as Cost & Commercial Management and Project & Program Management – can help inform decision making and deliver a return on investment.
- Supporting emission-free mobility, we continue to make significant contributions in the development of gigafactories. A salient example is our work with a high-end EV manufacturer, developing their first EV plant by providing design and project assurance. This brings our GBA model to life with experts coming together in collaboration from North America, the Netherlands and UK to provide a seamless experience for the client. This ability and agility, connecting our people with each other and with clients, wherever they're located, is a key strength for us as we move forwards. We're seeing growth also in Europe, with our team now fully engaged with a client in Sweden, and we have recently been successful in securing an agreement with ACC to deliver a new gigafactory facility in Kaiserslautern, Germany.

Financial pressures are not the only concern for clients, with environmental pressures also informing decision making and investments. The need to better manage embodied and operational carbon from built assets to meet net zero commitments and ESG goals has increased demand for sustainability advisory, and design and engineering solutions. Arcadis' Net Zero Facilities and Sustainable Communities solution has been implemented across the public and private sector to support this trend – through both new developments and retrofit projects.

Places financial results (34% of net revenues)

in € millions Period ended 31 December 2022	2022	Full year 2021	Change
Net revenues	1,017	879	15.7%
Organic growth %[1]	4.2%		
Operating EBITA	93	74	25.9%
Operating EBITA margin (%)	9.1%	8.4%	
Order intake (millions)	1,003	992	1.1%
Backlog net revenues (millions)	1,573	942	67.0%
Backlog organic growth (yoy)[1]	0.0%		

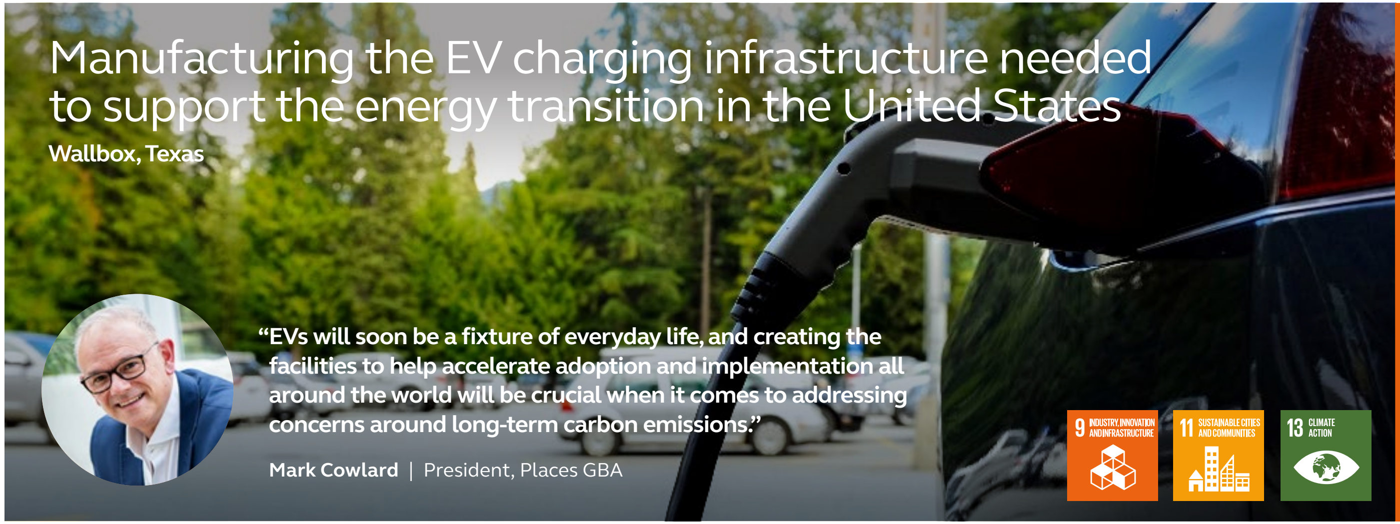
[1] Underlying growth excluding the impact of currency movements, acquisitions or footprint reductions, such as the Middle East, winddowns or divestments

Places has undergone significant strategic repositioning during 2022. The strategic objective to increase exposure to high growth markets combined with addressing the strong demand from clients for integrated offering led to the complementary acquisitions of IBI Group and DPS Group. Increased focus on core profitable activities and scalable geographies resulted in the divestment of operations in mostly Southeast Asia. China was impacted by the property freeze causing delay in projects, increasing further our selectivity on bids and new orders. Furthermore, the Architecture & Urbanism Business Unit was set up into Places, bringing together former IBI Group and CallisonRTKL architects under the same roof.

Revenue growth was driven from good demand for sustainable and intelligent buildings, including the development of datacenters and gigafactories for electric vehicle battery production. Order intake and growth from European and US clients, particularly from investments in industrial manufacturing facilities was strong. This was offset by delayed investment decisions from several Property & Investment sector clients in Asia, validating our decision to strategically reposition the portfolio.

The operating EBITA margin improved to 9.1%, as operating performance improved year-on-year and as the Places GBA started to really benefit in Q4 from the geographic repositioning. partly driven by our decision to exit countries that were performing below Places GBA level.

The total backlog of the Places increased by 67% year-on-year to €1,573 million, representing 50% of Arcadis' total backlog and inclusive of €308 million backlog from IBI Group and €460 million backlog from DPS Group. IBI Group and DPS Group showed very strong order intake over 2022, and the Places organic backlog growth pro forma of IBI Group and DPS Group grew by 10.9%.



Manufacturing the EV charging infrastructure needed to support the energy transition in the United States

Wallbox, Texas

> **"EVs will soon be a fixture of everyday life, and creating the facilities to help accelerate adoption and implementation all around the world will be crucial when it comes to addressing concerns around long-term carbon emissions."**
>
> **Mark Cowlard** | President, Places GBA

250,000

EV chargers produced in 2022

How we are different

Arcadis utilized global expertise to execute this project speed-to-market and with sustainability deeply embedded in the design-build.

Impact

By opening a manufacturing facility in the U.S., Wallbox will be able to sustainably supply a significant portion of the charging units needed to support the country's charging infrastructure.

The Challenge

Widespread electric vehicle (EV) adoption in the United States will play a key role in improving air quality and achieving net zero emissions by 2050. While EV sales have steadily increased in the past few years, the U.S. currently lacks the charging infrastructure needed to support the transition. The country is expected to require 1.7 million EV charging stations by 2030, though there are just 47,000 available today. Wallbox, a global electric vehicle charging and energy management provider, partnered with Arcadis to build its first U.S.-based charger manufacturing facility in Arlington, Texas to help close this gap.

The Solution

To meet the needs of the U.S.'s growing EV market, design and construction for the facility began as quickly as possible, with construction split into two phases. The Arcadis team worked closely with procurement experts to plan for equipment and materials with long lead times and with local authorities to obtain permits without delay. The team utilized Open Space to make the project more accessible to team members from other locations, which allowed for quicker decision making, and phase one was completed ahead of schedule, allowing Wallbox to begin manufacturing EV charger units earlier than expected. The team also took several measures to minimize the facility's carbon footprint where possible, such as retrofitting an existing facility, using highly recyclable content and energy efficiency LED lighting, specialized ventilation and filtration controls for improved indoor air quality, and more.

The Impact

The completed manufacturing facility is now on track to produce 250,000 charging units by the end of its first few months, with the expectation that it will create over 500,000 units each year, as well as 250 green jobs in Arlington, by 2025. Wallbox's UL chargers are compatible with all electric vehicles, making them widely available for EV drivers across the U.S. While the United States' climate goals can feel abstract, Wallbox is helping create the charging infrastructure needed to make the electric vehicle transition a reality.

Global business areas

Mobility

Greg Steele
Global President Mobility

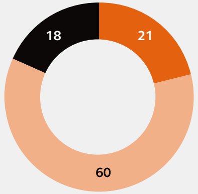
Climate change, urbanization and digitization trends are requiring today's mobility projects and systems to address an evolving set of demands from the world's growing population. We design connected, sustainable solutions that integrate existing infrastructure with new technologies, and optimize the mobility of people and goods.

Mobility Solutions

Our Mobility business area serves the needs of transport owners, operators and contractors. We offer Design and Engineering, Project and Program Management, Asset and Mobility Management, Cost and Commercial Management and Mobility Advisory Services.

In addition to our core services, our mobility solutions help us partner with our clients to design thriving and connected cities and communities around the world. These include:

- **New Mobility:** We partner with our clients across the world to deliver solutions that help make sustainable, efficient, integrated and human-centric mobility ecosystems possible.
- **Connected Highways:** We rethink how infrastructure is built and future demand is met. Our teams harness digital advances to create sustainable, data-led and connected highway solutions.
- **Intelligent Rail and Transit:** Delivering cost-effective, sustainable and safe mobility and logistics solutions throughout the life cycle of rail and urban transport assets
- **Resilient Ports:** Partnering with some of the largest port owner and operators around the world, our teams provide digitally enabled, practical solutions in port technology, transport logistics, energy transition and decarbonization.
- **Integrated Airports:** We work with the world's leading airports and global airport operators to deliver sustainable solutions for airports, multi-modal hubs, aerotropolis developments, passenger terminal transformations, and post-pandemic recovery.



Geographical in %

- Americas
- EMEA
- APAC

Net Revenues 2022
Full Year pro forma* in %

7,582
Total headcount

743
2021: 645
Total net revenue in millions of euros

25%
2021: 25%
Total revenue as % of total Arcadis

* Geographical split including full year of acquired companies

Market dynamics and client opportunities

Mobility infrastructure remains an essential investment for countries to help stimulate their economies, progress the sustainability agenda and drive social equity. This ESG focus has provided growth for Arcadis, where we've seen Governments significantly increase their investment in public transport, maintenance of infrastructure and sustainable mobility solutions, such as Electric Vehicles. This has been most notable in the US, driven by the Biden Administration's Infrastructure Law, and Arcadis is working with our US State Government clients to deliver many large infrastructure projects.

- Asset Management of ageing infrastructure continues to be a growing agenda for developed countries and design and build remains a large part of our business.
- Rail, as we've seen in previous years is the transport mode of choice for developed countries, particularly as a solution for clean and accessible transport.
- For our highways clients around the world, safety and social equity is a key driver.
- Some Governments struggled to deliver throughout 2022 due to supply chain issues, as a result they're looking for new procurement models to assist with this ongoing challenge.
- The International Maritime Organization (IMO) has made significant revisions to the GHG strategy for the shipping industry. With strong expertise in port development, energy transition, and climate change, Arcadis will be key to supporting the global GHG ambition for the shipping industry.
- New Mobility is a fast growing and increasingly sought-after capability as Governments around the world implement vehicle emissions targets and electric vehicle policies.

Mobility financial results (25% of net revenues)

in € millions Period ended 31 December 2022	2022	Full year 2021	Change
Net revenues	743	645	15.1%
Organic growth %[1]	12.9%		
Operating EBITA	72	65	10.9%
Operating EBITA margin (%)	9.7%	10.1%	
Order intake (millions)	751	665	12.9%
Backlog net revenues (millions)	538	493	9.1%
Backlog organic growth (yoy)[1]	5.4%		

[1] Underlying growth excluding the impact of currency movements, acquisitions or footprint reductions, such as the Middle East, winddowns or divestments

Market conditions remain strong in the mobility and infrastructure sector, with ongoing programs and stimulus packages continuing to drive a solid demand. Decarbonization and climate change remain a high priority. Committed funding in the US, ageing infrastructure in Australia and UK investments in rail and road upgrades has led to significant order intake on large projects.

Integrated Airports expected to fuel a series of opportunities mainly in North America, but also a number of greenfield opportunities in Europe.

The operating EBITA margin decrease versus last year was driven by increased investments in digital solutions and talent attraction and development.

At the end of the year, the backlog in the Mobility GBA amounted to €538 million, representing 17% of Arcadis' total backlog. IBI Group's backlog of €41 million was included. We see further rail opportunities in Canada where we can now take a combined offering to clients, including station design and program management.

Helping transform the JFK International Airport into a world-class global transportation hub

John F. Kennedy Terminal 8 expansion

“We are so pleased with the results of the Terminal 8 expansion project. Airports like JFK, which hosts so many global travelers, will serve as multimodal hubs for urban centers of the future, and Arcadis is proud to have worked on JFK with this vision in mind.”

Nick Hutchinson | Global Airport Solutions Director

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

62 million

number of passengers accommodated annually

How we are different

Arcadis is dedicated to solutions that interconnect the world from city to city and from airport to downtown, focusing on bringing airports and other transportation centers into a more optimized future.

Impact

This world-class airport redevelopment brings economic benefits to the region and creates ongoing jobs for locals. Once completed JFK will provide a passenger experience worthy of its location.

The Challenge

John F. Kennedy International Airport (JFK) is one of the busiest airports in the USA. It’s an indispensable part of global travel and the region’s economy. The airport handles nearly 62 million passengers a year and supports 280,000 jobs. The completion of the JFK Terminal 8 expansion marks the beginning of the JFK “Vision Plan” to transform it into a leading global airport, accommodating dramatic expected growth. The Vision Plan will be completed through a staged approach and provides a strategic framework for the Port Authority and its partners to completely redevelop, modify and expand existing facilities and infrastructure.

The Solution

During the JFK Terminal 8 project, Arcadis was embedded with the Port Authority of New York New Jersey’s (PANYNJ) Construction Management Division, providing program and construction management expertise across a wide range of disciplines, and project oversight of the redevelopment and refurbishment work being performed across the terminal. Operational enhancements included five new widebody gates, four new widebody parking positions, and an expanded and upgraded baggage handling system that will support additional transatlantic flights. The terminal has also been expanded with approximately 130,000 square feet of additional and refurbished space. The $400 million expansion and modernization will allow British Airways to move from its long-time home in Terminal 7 and co-locate with American Airlines in Terminal 8.

The Impact

The transformed JFK will provide an outstanding world-class passenger experience in-line with its famous location. The airport will boast optimized land and airspace use, expanded economic opportunities for the Borough of Queens and the region, and continued economic development through job creation, and environmental stewardship of local wildlife and preservation of recreation.

Global business areas

Intelligence

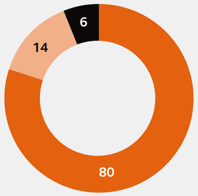
Kevin Bebenek
Global President Intelligence

The Intelligence GBA was created in late 2022 to advance our digital value propositions and signals a transformational step in the development of new digital services, products, and solutions at Arcadis. The new GBA combines Arcadis Gen – a unit created in 2020, combining the software and software as a service (SaaS) businesses of the company – and IBI's Intelligence business.

Intelligence solutions

The new GBA, led by Kevin Bebenek, focuses on providing clients, including Transport for London (TfL), Yorkshire Water in the UK and Mackinac Bridge Authority in Michigan, US with innovative, technology-enabled solutions and enhanced SaaS products. This includes traffic and tolling management systems, enterprise asset management and asset investment planning, that can then be deployed across the Arcadis network, allowing for faster adoption and growth opportunities. In creating the Intelligence GBA, we will significantly enhance our development capabilities, more than doubling our number of software developers, and bring proven products to market faster.

The Intelligence GBA will also act as a growth enabler for the other GBAs - Resilience, Places and Mobility - and provides meaningful opportunities for efficiencies and enhanced client delivery. It will also have the ability to respond to emerging client and market needs with new products and advisory skills.



Geographical in %
- Americas
- EMEA
- APAC

Net Revenues 2022
Full Year pro forma* in %

924
Total headcount

21
Total net revenue
in millions of euros
created last quarter 2022

* Geographical split including full year of acquired companies

Market Dynamics and client opportunities

In 2021, society generated 2.5 quintillion bytes of data every day, and the reliance on technology and data continues to grow exponentially. Our client's appetite to innovate and digitalize their solutions to improve the customer experience shows no signs of slowing. Clients, including TfL and the City of Toronto, want to respond to operational issues quickly, and efficiently optimise their assets. Their customers want a meaningful user experience and real time information at their fingertips, anytime and anywhere.

Moving to SaaS solutions and products and then promoting and selling them across Resilience, Places and Mobility GBAs, will allow us to expand the number of clients we engage with in those markets. In the US alone there are some 50,000 water companies, we estimate that c.10,000 of those could benefit from our products and solutions over time.

As market and customer demands for digital solutions, advanced analytics and SaaS grow, our Intelligence GBA will be a clear differentiator. It will be the cornerstone of our ability to accelerate growth, expand margins and increase revenue. With new talent and scalable software solutions, particularly in water management and mobility, such as tolling, traffic management and traveller information, we have the ability and expertise to meet the ever-changing needs of our clients and grow our business.

Intelligence financial results (1% of net revenues)

in € millions Period ended 31 December 2022	2022 1 quarter
Net revenues	21
Organic growth %[1]	
Operating EBITA	2
Operating EBITA margin (%)	9.1%
Order intake (millions)	31
Backlog net revenues (millions)	113

[1] Underlying growth excluding the impact of currency movements, acquisitions or footprint reductions, such as the Middle East, winddowns or divestments

The performance of the Intelligence GBA in the fourth quarter is slightly dilutive to Arcadis group, reflecting the combined organisation before cost optimization has been created.

Backlog and order intake were strong with continued good order intake in tolling solutions and several wins in major cities for our smart city platform. The Group was also awarded a key contract by a US transportation client to upgrade their asset management systems. The total backlog is €113 million as of year-end, representing 4% of total Arcadis backlog. The strong Q4 order intake at €31 million reflects the opportunity this newly created GBA provides.

Application of technology to modernize toll infrastructure

International & Blue Water Bridges Toll System, Ontario-Michigan border

"With the growing need and demand for the modernization of transportation infrastructure in the US and across the globe, our toll system offers a turnkey solution to fund construction, operations and maintenance."

Kevin Bebenek | President, Intelligence GBA

$6.5 - $7m

projected savings over the next 10 years

How we are different

Application of technology to enable the efficient operation of a critical trade corridor between the United States and Canada.

Impact

Improved traffic flow with fewer delays during international cross-border travel, along with increased reliability and enhanced functionality for users.

The Challenge

The International and Blue Water bridges connect critical roadways linking Canada and the United States. Previous toll systems had not been upgraded for 10 years and, with up to 250,000 crossings every month, increasing international traffic and ongoing operational and maintenance needs were starting to have an impact. Residents, businesses travelers, haulers, and visitors on both sides of the border were often subject to delays and it was becoming increasingly clear that improvements needed to be made to help ease traffic flow.

The Solution

Arcadis IBI Group was contracted by the Michigan Department of Transportation (MDOT), the International Bridge Administration and the Federal Bridge Corporation Limited for the modernization of the existing toll system infrastructure of the two bridges. Working as part of a bi-national project team of US-Canadian stakeholders, Arcadis IBI acted as lead contractor to deliver its integrated toll system product, with services including system design, development, installation, testing, implementation, and project management. Operating on both sides of the border, Arcadis IBI's toll system offers an enhanced transaction management and analytics platform, including trend analysis, performance monitoring, live monitoring and management of assets, transaction and revenue reconciliation, and auditing.

The Impact

Arcadis IBI's integrated toll system product offers an auditable and seamless solution for back and front-end operations, and can accommodate multiple currencies. Automated Radio Frequency Identification (RFID) tag reading has replaced the old card-based system, with greater interoperability and standardized web access allowing citizens to create accounts with multiple bridge agencies. New web portals were designed for increased reliability and functionality, improving customer experience by enabling people to manage their accounts more effectively, including via mobile apps. The toll system is being used successfully on both sides of the Blue Water Bridge, as well as on the US side of the International Bridge. Together, the application of this technology at all three locations has enabled total savings of 36 percent on upfront costs, with projected savings of $6.5 - $7 million over the next decade.

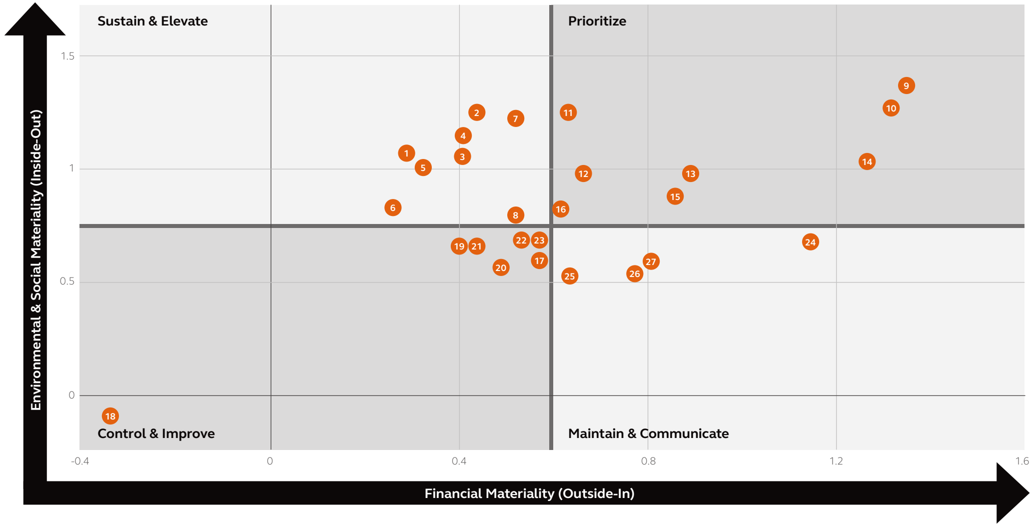
Looking both ways: double impact considered as a new forward looking input

In 2022, we focused on strengthening our responses to our prioritized material themes. We engaged with internal and external stakeholders to maximize our impact. For the first time we conducted a double materiality assessment in which we look outward-in, as well as inward-out.

Stakeholder engagement is a necessary element of a comprehensive strategic approach. Targeted stakeholder engagement explores perceptions about the materiality of specific environmental, social and governance (ESG) issues to Arcadis and demonstrates a willingness to incorporate the viewpoints of external as well as internal stakeholders in Arcadis' strategic planning.

To embed sustainability in all we do, our nine material themes identified in the comprehensive materiality assessment in 2020 were an important guide. Arcadis updates its materiality assessment every two years while keeping in touch with stakeholders continuously to identify trends and market expectations, acknowledging that materiality is dynamic, rather than static. The continuous interaction includes programs like 'Your Voice' and 'Grow Perform Succeed' for our own people and 'Client Experience' for key clients. In addition, we have a dedicated team managing our relationships with shareholders and investors, who also support our Treasury team in maintaining relations with our lenders. Via specialized teams, we maintain contact with suppliers, NGOs and with organizations focusing on improving the sustainable performance of business in general, such as the World Business Council for Sustainable Development and FIDIC. We monitor developments in European legislation through EFRAG on the EU sustainability reporting standards, and progress of IFRS Foundation Trustees and revisions in reporting frameworks such as GRI. In line with new developments from GRI and EFRAG we performed our first double materiality assessment at the end of 2022 together with our stakeholders.

This analysis has led to the selection of a new set of forward-looking material topics for Arcadis as per the graph below:



Sustain & Elevate
1. Employment and Labor Relations
2. Training and Education
3. Human Rights
4. Non-Discrimination
5. Supply Chain Social Impacts
6. Security Practices
7. Diversity and Equal Opportunity
8. Privacy

Prioritize
9. Climate Resilience
10. Sustainable/ Eco-Design and Services
11. Occupational Health and Safety
12. Local Communities
13. Environmental & Socio-Economic Compliance
14. Financial Performance
15. Biodiversity/ Health Forests
16. Supply Chain Environmental Impacts

Control & Improve
17. Waste
18. Political Contributions
19. Freedom of Association & Collective Bargaining
20. Shareholder Democracy
21. Rights of Indigenous People
22. Anti-corruption
23. Anti-competitive behavior

Maintain & Communicate
24. Water and Effluents
25. Tax Transparency
26. GHG Emissions
27. Energy Consumption

- Topics in the Prioritize quadrant will get additional attention and where appropriate, funding so we can sufficiently address stakeholder expectations in these areas. Progress will be assessed in consultation with stakeholders who identified these topics as material to confirm alignment.
- Topics in the Control and Improve quadrant can lead to concerns if unaddressed. We have dedicated teams already responsible for these areas and the outcome of this analysis provides additional guidance for their activities, some of which has already been incorporated. Additional incremental improvements in these areas represent opportunities for Arcadis.
- Topics identified in the other two quadrants will remain part of business-as-usual activities.

Material themes

In this report, we are disclosing on 2022 material topics and list them and the alignment with GRI, and note that the materiality matrix on page 46 reflects the updated materiality assessment completed in December 2022 to align with latest GRI standards and CRSD. We aim to update our disclosures on those material topics in the 2023 report. Based on the materiality assessment, Arcadis has decided to reduce its number of material themes from nine to four. These four themes are:

Theme	Prioritize	Sustain & Elevate	Control & Improve	Maintain & Communicate	GRI subtopics
Leading through sustainable solutions	Climate Resilience; Sustainable/ Eco-Design Services; Financial Performance	n/a	n/a	n/a	General disclosures and economic performance
Ethics & Integrity	Environmental & Socio-Economic Compliance	Non-discrimination; Human Rights; Employment & Labor Relations; Supply Chain Social Impacts; Security Practices	Privacy; Rights of Indigenous Peoples; Freedom of Association & Collective Bargaining; Shareholder Democracy; Political Contributions; Anti-corruption; Anti-competitive behavior	Tax Transparency	Environmental compliance and socio-economic compliance
Diversity, Equity, Inclusiveness, Belonging	Local communities; Occupational H&S	Diversity & Equal Opportunity; Training & Education	n/a	n/a	Diversity, equal opportunity and non-discrimination Employment and training and development Occupational health and safety Local communities
Energy, Climate & Biodiversity	Biodiversity/ Healthy Forests; Supply Chain Environmental Impacts	n/a	Waste	GHG Emissions; Energy Consumption; Water & Effluents	Supplier environmental assessment and supplier social assessment

Strategic stakeholder interactions

For Arcadis stakeholder engagement means participating in conversations with internal and external stakeholders to deepen our insights into their needs and expectations.

Arcadis' stakeholders' views are invaluable because they help us identify global trends, market expectations and maximize our impact. We seek to engage with them in a variety of methods including regular surveys on topics such as employee and customer satisfaction.

	How we interacted with them	Key themes discussed	Our Stakeholder Expectations/feedback or themes discussed
Investors	We publish our trading updates (quarterly, HY and FY figures) and other press releases Direct contact with investors and shareholders (e.g. online meetings and face to face roadshows and conferences) Responding to Rating Agencies questionnaires	Acquisition of IBI Group and DPS Group Wage inflation Growth and margin potential ESG-performance	Client and climate change related opportunities Impact public stimulus programs Diversity & inclusion Arcadis carbon footprint and our commitments made Emerging European legislation linked to non-financial reporting
People	Quarterly survey Your Voice to understand what influences employee experience and engagement Virtual global and country Town Hall meetings to consult our people on organization's decisions 5 Affinity groups on Diversity themes Training and development programs Resilience webinars	Experience as an Arcadian – Talent engagement, and personal development, diversity representation, inclusion and belonging Business strategy progress and implementation. What being an Arcadian means, what drives or prevents people engagement Health & Safety issues Wellbeing and approach to Hybrid working Talent development, performance development, line management, digital skill building	Open and inspirational environment, sense of ownership and belonging Actions that demonstrate that the business cares for people's wellbeing Contributing to wellbeing to help re-build communities Specific actions prioritized to become a truly inclusive business Affinity Groups themes: Access & Neurodiversity, Age Representation, Ethnicity & Heritage, Gender, and PRIDE
NGOs	Online Roundtable Online meetings Responding questionnaires	Human rights Reporting requirements/Sustainability standards Biodiversity	Engaging with the right suppliers Progress on our human rights program and human rights due diligence Updated non- financial disclosures
Clients	Reached out to global key, GBA key and non-key clients globally through the annual Global Client Experience Survey Clients could complete online surveys and opt in for strategic follow up telephone interview. We also reached out to nominated client contacts with the strategic telephone interviews	Client loyalty and their satisfaction across their client journey with Arcadis Client challenges and priorities Sustainability and ESG themes Innovation and digitalization themes	We have improved our YoY results (NPS +5 to 30, Satisfaction across journey improved overall). The feedback and improvements for our clients are centered around 4 key themes. Across all of these themes clients appreciate us being more proactive and consistent: 1. Expertise & Resource: Clients value Arcadis' technical expertise and experience, instilling trust & confidence. Arcadis is seen as having a large & expert global workforce 2. Quality of project & service execution: clients see us as a provider of high quality projects/ services 3. Leveraging sustainable, digital & innovative solutions: Clients want digital tools boosting the quality and efficiency of projects, and sustainable solutions to meet their targets and add value to projects, society & the environment. Clients expect proactivity and inspiration here and no provider is seen to be leading the market: an opportunity to differentiate 4. Account management: Our people are our strength, our clients see our teams as committed and reliable, ready to go the extra mile

Creating sustainable complexes for the Belgian Defense Forces

Florennes and Kleine-Brogel Air Bases

"The buildings have to meet a lot of international requirements. There will be solar panels and a combination of geothermal and air-water heat pumps to provide energy in a sustainable way."

Rein Verrelst | Project engineer and sustainability consultant

Largest

geothermal installation in Flanders

How we are different

Arcadis is providing technical expertise for modernizing the entire building infrastructure required to house the Belgian Defense Forces' new fighter jets.

Impact

The new buildings in Kleine-Brogel and Florennes will be some of the most sustainable military buildings in Belgium.

The Challenge

The Belgian Defense Forces are investing heavily in modernization and expansion. This resulted, among other things, in the purchase of thirty-four F-35A fighter aircraft to replace the old F-16s. These state-of-the-art jets will be evenly distributed between two air bases in Florennes and Kleine-Brogel. However, the current building infrastructure used to house the aircraft dates from the 1950s and 1960s and is therefore not adapted to current standards for management, maintenance and security. Nor do the complexes meet sustainability requirements.

The Solution

As part of the modernization, a new complex is being built at each air base. Each will consist of an administrative area including office and meeting rooms, classrooms, auditoria, changing rooms, and a cafeteria; a logistics area for maintenance, workshops and warehousing; a high security building for planning operations and training, and accommodating four flight simulators; and the 'flightline' area where the aircraft are housed. As part of a Design Build and Maintenance contract, Arcadis is working with a Joint Venture team providing full design and technical consultancy to ensure the buildings meet international requirements. Each complex will cover an area of 50,000 square meters, with maximum use of thermal insulation and renewable energy. Solar panels and a combination of geothermal and air-water heat pumps will provide the buildings with energy in a sustainable way.

The Impact

Innovative new technologies have ensured that the complexes are fully future-proofed. For example, infra-red technology, which can be controlled electronically, has been chosen to heat the ovens used during the paint installation process. These need to meet temperatures as high as 200 degrees Celsius, which had traditionally only been possible through gas combustion. Reducing reliance on fossil fuels limits harmful emissions, with similar renewable sources able to absorb up to 20 percent of total energy consumption in each complex. This will make the new buildings in Kleine-Brogel and Florennes some of the most sustainable military buildings in Belgium. The geothermal installation in Kleine-Brogel alone will be the largest in Flanders.

Supporting the Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) drive sustainable development to ensure development meets people's needs without compromising the lives of future generations. We contribute to the Goals mostly through project work on behalf of our clients.

Sustainable Development Goals

Out of the 17 SDGs, we focus on those relevant for Arcadis, as identified by leaders and sustainability specialists in every region we operate. Arcadians ranked the 169 targets of the seventeen SDGs on relevance for client work. This yielded 'focused impact' SDGs, where we leverage our skills, expertise, and global scale to contribute to their achievement through our core business. We also selected three 'specialized impact' SDGs, where we contribute through specific services and solutions.

The new methodology, by only using Oracle, covered less net revenues than before, but we expect that the net revenue not in scope has roughly a similar SDG relevance as the net revenue in scope of the new calculation approach. This led to a >80% net revenue relevant for the SDGs over 2022. Over 2021 figures we could apply the new approach as well, resulting in a similar percentage. For 2023 the aim is to have full net revenue in scope again, including from our recent acquisitions and from remaining countries not on Oracle. Comparative numbers on the year to year development and contribution to each SDG are provided at the end of the chapter.

The Focused Impact SDGs are:

For all the project references spread throughout this Annual Integrated Report we have indicated which SDGs they touch

Clean Water and Sanitation

Target 6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all.

Target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

Arcadis' specialists provide safe and secure water technology and innovations to withstand fast changing demands in a warmer world. We cover the entire water cycle – from source to tap and back to nature. Arcadis' leading practices in water supply and treatment, distribution, resource management, and industrial water & wastewater contribute to this SDG.

Affordable and Clean Energy

Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.

Target 7.3: By 2030, double the global rate of improvement in energy efficiency.

In 2030, the global middle class will reach 5.3 billion people, two billion more than today. Meeting the energy needs of all these people sustainably is one of the great challenges of our time. Arcadis experts assist governments and utilities in updating aging energy infrastructure, optimizing distribution networks, providing new sources of renewable energy, and facilitating the ecosystems that allow society to operate more efficiently, e.g., the transition to electric vehicles.

Industry, Innovation and Infrastructure

Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

The sustainable development of industrial manufacturing and mobility requires innovative answers. Arcadis connects communities, industries, and infrastructure safely, effectively and in balance with nature. With our industrial capex & operational efficiency solutions, and transport & mobility-oriented development solutions we support this SDG.

Sustainable Cities and Communities

Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

Target 11.7: By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.

Earth's rapidly growing population flocks to urban centers, placing ever-increasing pressure on resources, space and health & safety. Cities must respond to these stresses – their livability and competitiveness depends on it. Arcadis works with cities to give them a competitive edge and improving quality of life for their residents, visitors and businesses by building programs that expand resiliency, encourage regeneration, and maximize mobility.

Climate Action

Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Target 13.2: Integrate climate change measures into national policies, strategies and planning.

With its clients, Arcadis works on eradicating the causes of climate change. Increasingly we also assist communities with strategies to combat its dangerous effects. We share our experience and leadership to co-create frameworks and guidance documents that influence policy makers globally.

The Specialized Impact SDGs are:

Good Health and Wellbeing

Target 3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

Healthy people are necessary for stable communities. Our work restoring land and soil quality by mitigating risks caused by leaked chemical compounds significantly contribute to this Goal.

Responsible Consumption and Production

Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

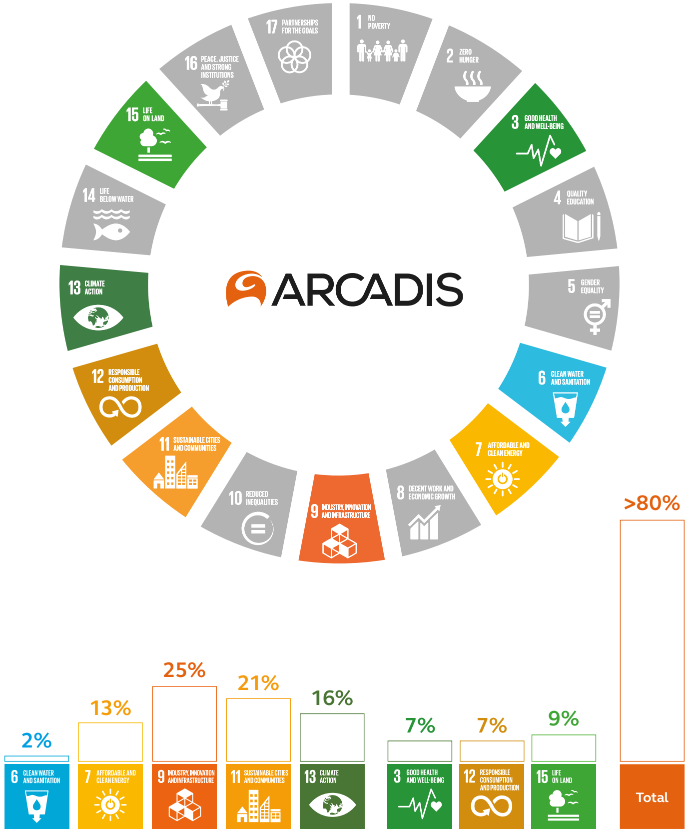
Arcadis assists clients with responsible management of assets and with identifying opportunities to increase the circularity of material and resource choices.

Life on Land

Target 15.5: Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent extinction of threatened species (unlike other SDGs, most of the targets associated with SDG 15 have a deadline of 2020. Although we are past this deadline, Arcadis is committed to protecting and conserving natural habitats and biodiversity).

Land degradation is one of the world's most pressing environmental problems, happening at an alarming pace, and it will worsen without rapid action. While land degradation is largely associated with unsustainable agriculture and resource extraction practices, past industrial activity has also rendered natural habitats unusable. Arcadis assists clients in maximizing opportunities to use nature-based solutions that results in a biodiversity net gain.

We track our contributions towards these goals by identifying the portions of our revenue that support sustainable development.



% of net revenues that related to relevant SDGs during 2022, our SDG selection will change in the new strategic period

Connectivity matrix

The strategic context[1]

Mega trends
Urbanization & Mobility
Sustainability & Climate change
Globalization
Digitalization

Stakeholder dialogue
Employees
Clients
Suppliers
Civil society
Investors

SDGs relevant for Arcadis
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION

Competitive landscape
Changing client patterns
Shift to digital
Industry consolidation
Scarcity of qualified people

Strategic messages	Strategic pillars	Principles	Related risks
We cultivate a workforce that is diverse, inclusive, and empowered to create a more sustainable world.	People and culture	**People first** • Be a best place to work that is based on inclusion, fairness and equality • Create an environment to grow, perform, and succeed, building on the wealth of expertise and skills of our people **Living our values** • Foster a balanced culture that is driven by our core values and cultural pillars • Create business value through sustainable solutions **Attract, develop, and retain the workforce of the future** • Develop our people through clear career paths and recruit capabilities for future needs • Embrace diversity of capabilities and people to facilitate our success in the future	• People & Capacity risk • Capability & Innovation risk • Health & Safety risk • Regulatory & Policy Compliance risk
Committed to improving quality of life by accelerating the transition to net zero For our clients and in our operations	Sustainable solutions	**Advise & deliver sustainable solutions** • Support clients in the transition to net zero • Forward focus on biodiversity **In our operations** • Reduce carbon emissions and solid and hazardous waste, enhance biodiversity	• Client & Opportunity risk • Capability & Innovation risk • Market risk • Sustainability risk
Bring digital in the core of existing business Target the right investments through innovation Introduce digitally driven business models through Arcadis Gen	Digital leadership	**Standardization then Automation** • Increase efficiency through standardizing then automating core business and professional services through digital technologies • Unlock the value of Arcadis data to drive business impact • Building new capabilities and a value creating Tech function empowering Digital leadership **Digital Solutions** • Create globally scalable digital client solutions, incorporating sustainability • Expand our position in digital ecosystems **Digital Products** • Leverage technologies for business model innovation and launch new digital products • Work with start-ups and scale-ups to accelerate digitization pace in our industry	• Information security risk • Client & Opportunity risk • Capability & Innovation risk • Market risk • People & Capacity risk
We make careful choices where to compete, applying our capabilities and skills to deliver growth and margin improvement.	Focus and scale	**Focus where we can lead** • Build market leadership positions, based on client's relevance, local strength and global potential • Leverage our sustainable heritage to expand our differentiation **Client & project excellence** • Bring best of Arcadis to clients everywhere through global teams • Standardize then automate our existing core services **Competitive delivery models** • Create an Intelligence GBA to strengthen digital delivery across the business • Increase utilization of Global Excellence Centers	• Corporate financing risk • Client & Opportunity risk • Financial reporting risk • Liquidity & Working Capital Management risk • Project & Contract execution risk • Third Party Management risk • Information technology risk • Information security risk

1 The connectivity matrix looks at connecting 2021-2023 strategic targets to their delivery in the form of key performance indicators for the past year

Connectivity matrix

	Material themes		Key Performance Indicators (KPIs)	Strategic Targets 2021 -2023		Results 2022	Results 2021
People and culture	**Attract, develop, and retain talent**	1	Voluntary turnover rate (as % of permanent employees) *	Voluntary staff turnover < 10%	✓	14.9%	14.9%
		1	Employee engagement (Employee Net Promotor Score) *	Employee engagement score improving annually	✓	+39	+30
	Diversity, equity, inclusion and belonging	7	Women in total workforce (as % of permanent and temporary employees) *	Women in workforce > 40%	✓	38%	38%
	Health & Safety	11	Total Recordable Case Frequency (TRCF) per 200,000 work hours *	Zero (no cases)	✓	0.15	0.14
		11	Lost Time Case Frequency (LTCF) per 200,000 work hours *	Zero (no cases)	✓	0.05	0.05
Sustainabe solutiuons	**Energy & Climate**	24	Arcadis carbon footprint for our material Scope 1, 2 and 3 emissions (MT CO_2 per FTE) *	Reduce emissions aligned with our 1.5°C-aligned science-based target	✓	18.9	16.4[1]
	Leading through sustainable solutions	10	% of revenues that relate to relevant SDGs *	–		>80%	>80%
	Environmental and social compliance	13	Number of identified environmental non-compliances *	–	✓	0	1
	Ethics & Integrity	18	Assessed and, as needed, further investigated AGBP alleged breaches *	100%	✓	100%	100%
		18	Employees passing Code of Conduct training (as % of total employees) *	90%	✓	94%	94%
		8	Number of appointed privacy officers under the privacy policy *	–	✓	23	14
Digital leadership	**Standardization then Automation**		Arcadis Way implementation progress (as % of net revenues)	–		85%	82%
Focus and scale	**Risk management framework**		Number of internal audits conducted in the year	–		19	12
	Brand awareness		Brand awareness score	Top-five brand awareness in markets we serve (share of voice)		8%	7%
	Client experience (CX)		Client experience score	Top-quartile performance for client experience		30	25
	Organic revenue growth	14	Organic net revenue growth (in %)	Mid single digit throughout the strategy period	✓	9%	4%
		14	Book-to-bill ratio (net revenues)	–		1.03	1.04
		14	Organic revenue growth Global Key Clients (net revenues, in %)	Organic revenue growth for Global Key Clients two times overall growth	✓	13.9%	12%
	Direct economic value generated	14	Gross revenues (in € millions)			4,029	3,378
		14	Net revenues (in € millions)		✓	3,019	2,565
	Direct economic value distributed	14	Net Income from Operations, per share (EPS, in €)	–	✓	2.26	1.96
		14	Dividend per share (in €)	30 - 40% of Net Income from Operations, no dilution and additional returns when appropiate	✓	0.74	1.30
	Profit & loss performance	14	Operating EBITA margin (as % of net revenues)	Operating EBITA margin more than 10% of net revenues by 2023	✓	9.8%	9.6%
		14	Net Income from Operations (in € millions)	–	✓	202	175
	Balance sheet performance	14	Net Working Capital (as % of gross revenues)	Net Working Capital < 15% of gross revenues	✓	10.7%	10.7%
		14	Days Sales Outstanding (DSO)	DSO < 75 days	✓	63	63
		14	Return on Net Working Capital	Operating EBITA/ Net Working Capital: 40-50%	✓	54%	64.7%
		14	Net debt to EBITDA ratio (average)	Net debt to EBITDA ratio between approximately 1.0 and 2.0	✓	1.6	0.8
	Cash flow performance	14	Free cash flow (in € millions)	–	✓	173	234

1 Restated figures given increase scope of measurement

For definitions and methods of measure for the indicators included on this spread, please refer to page 286. The indicators that fall within the scope of limited assurance of our external auditor are marked with the ✓ symbol. The limited assurance was given on Arcadis excluding acquisitions.
The KPIs with a * are reflecting Arcadis excluding acquisitions. See page 265 for the Assurance report of the independent auditor, which includes details on scoping and outcomes.

From hospital site to urban residential area

Olga site, Stuttgart

"The conversion of a former hospital site into a new urban quarter is a shining example of successful and sustainable inner-city development and a great blueprint for future projects."

Jana Schulz | City of Stuttgart, Property Office

224

new homes

How we are different

Ground remediation, demolition and clearance works to bring a disused brownfield site back into use, creating a new community and boosting sustainable urban redevelopment in the city.

Impact

An attractive, future-proof urban neighborhood which – from the choice of location through to its design and realization - sets new standards for sustainability, and social and functional diversity.

The Challenge

Situated in one of the largest historic areas in Germany, the post-war architecture of the Olga hospital had long looked out of place alongside the surrounding restored buildings dating back to the end of the 19th century. When the hospital was incorporated into Stuttgart's central hospital, the old buildings could be demolished. For the Stuttgart authorities, this presented an opportunity to bring the site back to life – promoting brownfield regeneration and boosting sustainable urban development in the city. They wanted to create a future-oriented residential quarter with new homes and facilities for local people. In an attractive and central location, the development would set new standards in energy efficiency, sustainability, and social and functional diversity.

The Solution

Arcadis managed planning, tendering and monitoring processes for demolition and site clearance. Given the inner-city location - which had a surface area of 16,000 square meters and 210,000 cubic meters of buildings up to 40 meters high, all nestled among residential developments — this was a big challenge. The buildings had to be checked for hazardous substances and their removal before demolition could begin. There was also soil contamination to be addressed. During demolition we conducted extensive emission prevention measures (including protection against dust and noise). The site was also considered an unexploded bomb risk, which required extra safety measures. For structural reasons parts of the old buildings had to be left intact, but with some of the buildings having up to three levels of basements, groundwater dewatering was also required throughout.

The Impact

Through the restoration of the former Olga hospital site, west Stuttgart has gained an attractive new development location. On four construction sites, real estate developers and joint building ventures built 224 residential units, 50% of which are publicly subsidized. The kindergarten, community center, stores, homes and open spaces are now filled with life, proving that this ambitious approach to urban space recycling has paid off — not just for those directly involved, but for the entire city.

At Arcadis, our People first approach is a key ingredient in ensuring we have an engaged workforce that is able to execute the business strategy. Prioritizing our people and culture initiatives and investing for capacity and capability building for both employees and people managers is allowing us to maximize impact and live our purpose of improving the quality of life.

People and culture

35,617

Total workforce headcount as at 31 December 2022

+39

Employee Net Promoter Score (scale -100 to +100)

Arcadis Values and Behaviours
Arcadians as Global Ambassadors

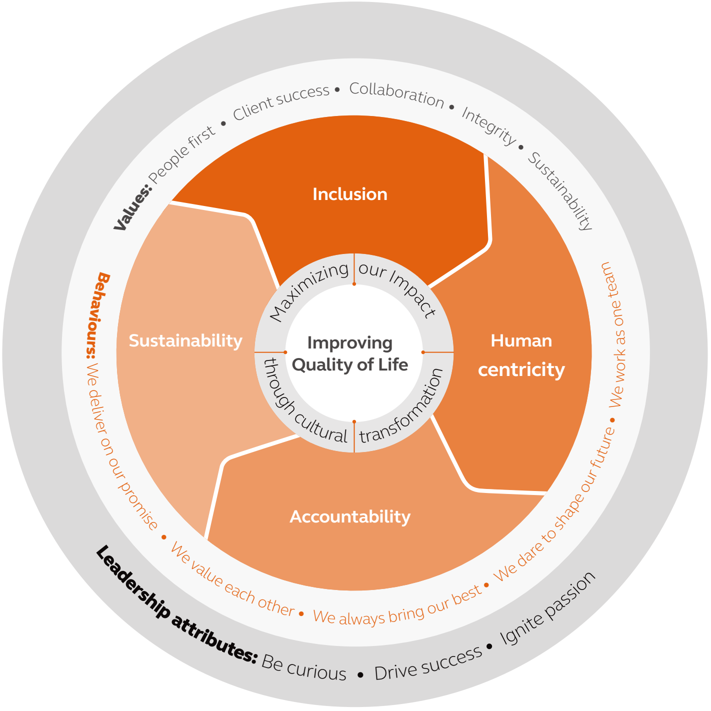
Developing our Culture

Our company values of: People first, Client Success, Integrity, Sustainability and Collaboration, continue to be the foundation of our culture. These values are supported by five key behaviours (We value each other, We deliver on our promises, We always bring our best, We dare to shape the future and we work as one team) along with our cultural pillars Inclusivity, Sustainability, Accountability and Human Centricity.

In 2022 we nurtured our culture by focusing on:

- Employees experiencing a more inclusive culture that supports them as individuals, by listening and taking action with a dedicated approach to our Global Affinity Groups and measuring our inclusivity through an Inclusion Index.
- Developing greater accountability by ensuring leaders and managers follow through on their commitments and action feedback from their team in our regular engagement survey.
- Collaborative and flexible work by ensuring we follow through on our Workstyle promise and give Arcadians opportunities to share their expertise locally and globally.
- Creating awareness on how sustainability impacts all Arcadians and the work they do, through access to a global Sustainability module as part our digital learning program.
- Continuing to keep Integrity at the forefront through our integrity training for all Arcadians.

Arcadis will continue to invest in building the global company culture that enables all Arcadians to achieve their full potential, and deliver on our digital and sustainable solutions for clients.



Workstyle Flexibility

In 2021 we launched the Global Workstyle Promise as we recognised that the way we work has changed over the past years. To support our People first value the Workstyle Promise continues to be implemented across Arcadis to provide a commitment to Arcadians around flexibility - enabling workstyles that truly work for individuals and their roles. To help further implement our commitment in this area, a range of workshops were held at the country level that helped translate our core promises into business unit guidelines. In 2022, we refreshed several offices to incorporate new Global Design Guidelines that advance user experience, promote sustainability and encourage workplace inclusion and flexibility. In 2022, 100% of employees have access to flexible working arrangements.

Employee Listening Approach

Your Voice, our cornerstone employee dialogue program has built great momentum in 2022 and is now well embedded across the globe. Over 28,000 Arcadians have engaged in our quarterly employee survey, with an average of 87% participation for the year (not including recent acquisitions).

In 2022 Arcadian feedback through our Your Voice program has influenced multiple areas across the business to attract new talent, improve retention, build capability and improve the overall employee experience. The insights generated resulted in some key actions taken in 2022 that include:

- Enhanced communications of our business strategy through a dedicated strategy hub, global business townhalls and well-defined leadership and manager cascade channel.
- Greater collaboration across the Technology, Workplace, People and Procurement teams to address system and software access and equipment. This has led to the appointment of a Global End User Services Director and a new IT Service desk portal.
- Appointment of a Wellbeing and Resilience Manager to activate the strategy in place with regular wellbeing webinars and an enhanced Employee Assistance Program offering.
- Shape the Arcadis Employee Experience, informing the development and monitoring of the programs and initiatives to progress towards being a best place to work and an inclusive organizational culture.

We are proud of the proactive approach we are taking and progress over the three years we are making across our employee experience:

Net promoter scores from Your Voice
(on a scale of -100 to +100)

Your Voice Question	Dec 2022	Dec 2021	Dec 2020
I'm satisfied with the amount of flexibility I have in my work schedule.	+59	+49	+44
I get enough feedback to understand if I am doing my job well.	+25	+16	+6
I see a path to advance my career at Arcadis.	+13	+1	-6
I see how my work contributes to positive outcomes for our customers.	+44	+38	+34
At Arcadis we consider sustainability in the way we do business.	+34	+25	+21

Case | MOBILITY

Modifying the Albert Canal

Supporting sustainable transport development in Belgium

“In 2014, we started the project with nothing. By the end of 2022, we can count 26 newly constructed bridges and several more now raised.”

Wim Van Hout | Program manager

25%

increase in shipping capacity

How we are different

Overall supervision of the project, with end-to-end support from conception to the completion of the project.

Impact

Raising the height of the bridges not only boosts inland navigation capacity and supports economic growth, but also helps to remove traffic from the roads and reduce harmful carbon emissions.

The Challenge

As consumer demand for goods increases across Belgium, so too does the number of journeys that lorries need to make to deliver goods. All of these trucks add to congestion on roadways and also produce emissions that are harmful to the environment and people’s health. Transporting these goods via waterways is a more sustainable alternative to trucks, but the most important inland waterway in Flanders, the Albert Canal, doesn’t currently have enough capacity, thanks to the limited height and width of its bridges. This has been holding back the potential for inland navigation growth.

The Solution

To address the problem, Arcadis is supporting Flemish Waterway (de Vlaamse Waterweg NV) in raising the height of 31 bridges to 9.10 m above the canal level. This will allow ships to move through the canal with more shipping containers on board.

Of the 31 bridges along the canal, 15 are being rebuilt under a PPP-DBFM; a public-private partnership agreement that includes design, construction, financing and maintenance for 30 years. The other 16 bridges will be put out to tender on a regular basis. Arcadis is carrying out concept and stability studies, defining strategy and guiding the client in obtaining the necessary authorizations. By phasing the work, we are able to reduce any associated nuisance, for example by creating appropriate detours and properly organizing traffic during construction.

The Impact

Raising the bridges over the Albert canal allows ships to transport up to four levels of containers; an increase in capacity of 25%. This not only boosts inland navigation capacity and supports economic growth, but also reduces traffic on the roads. A single 1,200-ton ship can replace as many as 50 trucks. Over the course of a year, this amounts to more than two million trucks being removed from the roads, which in turn will have a significant impact on reducing harmful CO_2 emissions.

Attracting and engaging a global workforce

The global market for talent in 2022 continued to be competitive and although we saw our engagement levels increase, with increased demand from our global business areas, attracting, retaining and engaging Arcadians continued to be a key priority for 2022.

At Arcadis, we continue to strive to be recognised as the best place to work, measured through employee engagement (KPI – increasing annually), and by acting upon employee feedback. We have also established a voluntary turnover rate KPI of <10% by 2023 and in 2022, the result was 14.7%. Core programs that are in place to bridge the gap and improve employee engagement include:

- **Employee Listening Program** – 'Your Voice', we frequently listen and set engagement actions on what matters most to our employees.
- The performance development framework, **'Grow Perform Succeed' (GPS)**. This provides employees with regular dialogue with their managers on performance and career development.
- **Learning and talent development programs**, such as mentoring and digital learning opportunities to enhance Arcadian's ability to perform in their current roles and prepare for future opportunities.
- **Line management development** – a dedicated global program to upskill the development for our line management to ensure our teams are led by capable and inspiring managers.
- A **diversity and belonging** strategy – with key input from our Global Affinity Groups to ensure we work on actions that matter most to our underrepresented groups.

Given the changing workplace, understanding the employee experience and expectations is constantly evolving. Our integrated **people analytics platform** allows us to combine data and present this to leadership monthly to help inform data driven decisions around our people proposition. Our monthly people indicators are also aligned to our company people strategy to ensure there is a regular review on how we meet our strategic objectives.

Attracting Arcadians

We attracted over 7,000 new Arcadians in 2022. This has been done within a competitive talent market, hiring for skills to support our digital transformation and increasing the focus on diverse and inclusive hiring. We increased investment across our core sourcing channels in 2022 to ensure continued growth of our global LinkedIn recruiter and branding solutions. Through our global partnerships with Indeed and Glassdoor it opened access to over 200 countries and 300 million candidate visitors per month. Our business in the UK was again named in the **Glassdoor's Top 50 Best Places to Work**.

Our global career site enables candidates – both internally and externally, to find relevant jobs quickly as well as join our talent community and be notified for relevant roles. We have also been able to implement a global applicant tracking system - **Recruit Cloud**. The new system has also resulted in wider visibility of our roles not only internally but also in the external market where we had over 385,000 candidate applications.

To ensure we are positioned well to attract a wide range of candidates from under-represented groups we are incorporating diversity hiring through our talent acquisition approach. Some example programs are:

Early Careers

Attracting and selecting early careers talent has again operated in a hybrid way during 2022 with virtual, on campus and in office activities supporting the attraction and selection of graduates, interns and vacation students. In a historically male dominated industry, our focus on attracting women talent into our early careers opportunities remains critical. We aim to ensure a balance in gender representation progressing through every stage of the recruitment process. Significant success in these efforts has resulted in 53% of our new graduates and interns in the United States being women in 2022; in the UK this was 43% while in Australia we reached 66%.

STEAM (Science, Technology, Engineering, Arts & Mathematics)
In Australia, to develop diverse talent pools, we believe it is vital to foster relationships with mid-education providers and ignite a passion for STEAM subjects in high-school students. In 2022 we have hosted events for more than 75 women students in Arcadis Australian offices, with the objective of providing real-world learning opportunities and guidance on education pathways into our industry and Arcadis.

Our UK team has an ongoing partnership with **Career Ready**, a social mobility charity focused on providing opportunities, confidence and skills to young people who potentially face barriers in education and employment and whose talents often go undiscovered. In 2022, we hosted six paid work experiences, recruited 25 mentors and hosted a variety of workshops across Arcadis UK offices. In addition, Arcadians organised a range of local school visits using their charity days to create STEAM awareness in local communities.

Talent Development: Developing as an Arcadian

Providing all Arcadians with access to quality learning opportunities is critical to enhance their ability to perform in their current roles, prepare for future opportunities and maximize their impact. To achieve this, we have extended the ability of our people to access learning through our **Learning Management System – Learn Cloud**. Working with the Lovinklaan Foundation, we have developed three new sustainability modules to help our people connect with our global strategy. As a global organization, we are now able to offer all our people, wherever they are, the opportunity to become accredited in a variety of project and program management qualifications – a continuation of our ambition to create a truly equitable experience for all our people.

Arcadians Grow, Perform and Succeed (GPS)
GPS is our global approach to performance development. It focuses on continuous and meaningful performance conversations between line manager and their team members. It aims to create a safe environment focusing on growth and learning, developing a culture of feedback and recognition.

In 2022, we had 75% (2021: 71%) of Arcadians undertake a performance and career discussion with their line manager. Arcadis employee engagement data over past two years show a continuous increase in results related to Goal Setting, Growth, Mentoring and Recognition and we see continuously positive feedback to further embed a feedback culture at Arcadis.

Mentoring for all Arcadians
At Arcadis, we recognize the value of mentoring and through our global mentoring platform **Mentor Connect**, which provides equal access to mentoring for all Arcadians across the world, helping them to make greater connections with leaders across the business and support their development. Arcadians are embracing different forms of mentoring, being it more traditional mentoring, reverse mentoring or even reciprocal mentoring, helping to foster inter-generational and inter-cultural and cross-hierarchy relationships throughout the organization. Engagement with the platform has almost doubled over the course of 2022 with 2,800 Arcadians now signed up to Mentor Connect (up from 1650 in 2021), resulting in 1,400 established mentoring relationships (up from 650 in 2021) of which 39% are cross-country mentoring relationships.

Expedition DNA - developing Arcadians' digital skills

Throughout 2022, the Expedition DNA program has continued to build a critical mass of business ambassadors for digital, sustainability, and our overall business strategy. Having the workforce understand and have digital knowledge and skills is central to ensuring our business transformation.

Expedition DNA continues to comprise of two elements: an online, gamified immersive journey to develop a common language and base level understanding of digital, sustainability, and our business strategy; and an experiential five-week virtual learning journey known as 'expeditions'.

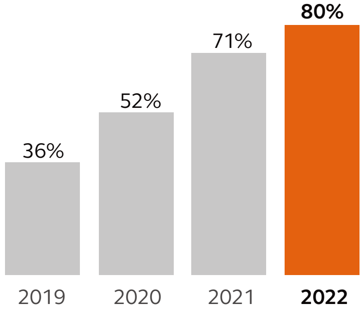
Increased engagement
There continues to be an increase in Arcadians both engaging and completing Base Camp. Currently, 21,824 Arcadians are participating in the program, representing 80% of Arcadis' employees (not including recent acquisitions). This is a 9% increase in engagement in the program during 2022.

Over the last 12 months, 223 Arcadians have joined and completed a fully virtual expedition. These selected participants have had the opportunity to deep-dive into six 'Skill Labs' focusing on sustainability, customer experience, data, platforms, ecosystems and business models, and change management/transformation. On completion of the program, participants are equipped with new digital and sustainability skills, as well as transformational capabilities that see them eligible to join the network of organizational ambassadors driving organizational change, engaging clients in new approaches, and building sustainability into everything we do.

Accessibility improvements
Significant improvements have been made to the accessibility of the program in 2022 to ensure it engages with even more Arcadians. In collaboration with our platform development partners, 'Base Camp' has been redesigned and relaunched with improvements that satisfy the internationally recognised standards for digital accessibility.

The Lovinklaan Foundation, and Arcadis, are aligned on ensuring Expedition DNA continues to be the cornerstone program that enables Arcadians to develop future-focused skills that ensures the realization of our business strategy.

Participants in Base Camp Program
as a % of total workforce



Expanding access to safe drinking water for indigenous Filipinos

Pumps for Life

"I'm so grateful for the support we've received from country leaders. I've spent a lot of time with the Aeta families throughout this project and have been amazed at their spirit to persevere despite difficult times. A little help can go a long way."

Donna Anne Matutina | Associate technical director

400 people

now with access to clean, safe and reliable drinking water

How we are different

Social impact movement provides funding to empower Arcadians to improve quality of life in their neighborhoods though community projects.

Impact

The provision of clean and accessible drinking water addresses basic needs and supports better health, sanitation and resources for livestock, poultry and vegetation.

The Challenge

When the COVID-19 pandemic hit, governments globally were forced to impose strict measures to restrict transmission. One such country affected was the Philippines, with potentially one of the world's longest lockdowns. In many provinces, this created a whole new set of socio-economic challenges for the indigenous Aeta population – most importantly, inadequate access to a safe, clean and continuous water supply. On learning of the plight of the Aeta peoples, Arcadian Donna Anne Matutina worked with colleagues to directly help these communities, supported by funding through the Arcadis Local Sparks program. This is a social impact movement funded by Arcadis, the Lovinklaan Foundation and the KNHM Foundation aimed at empowering Arcadis employees to improve quality of life in their neighborhoods though community projects.

The Solution

The main water source for the Aeta people was the river, but it's a long way from where the community resides. As a result, family members spent hours fetching water. With proper access, this time could be saved and used on other activities that support local livelihoods or for leisure and family bonding, improving quality of life for the community. Donna Anne Matutina got involved in supporting the Aeta community early on during COVID-19 lockdowns. Initially by providing clothing and other essential items, as well as ensuring access to education. Then when funding became available through Arcadis and the Local Sparks program, Donna saw an opportunity to create a wider, longer-lasting impact.

The Impact

"Pumps for Life" is the program that Donna created to serve the needs of a community that has struggled with access to safe, clean drinking water for too long. Having applied for funding, in little more than three weeks Donna was able to fast-track and install 23 jetmatic and hand pump facilities for the Aeta community. These provide reliable, easy access to water for over 400 people across the region, addressing basic needs and supporting better health, sanitation and resources for livestock, poultry and vegetation.
Safe access to clean, chlorine-free water is a basic human right – not just for a few, but for all. Sustainable Development Goal 6 is about 'clean drinking water for all and, through the "Pumps for Life" program, Donna has been able to ensure that no one in this community is left behind.

People Leadership

Arcadis is a people business where it requires strong people leadership. Central to this is the ability to create strong and psychological safe teams and an environment where everyone can flourish and bring their whole self to work.

Improving the experience of our managers worldwide through the Line Management Experience (LMEx)

At Arcadis, we recognize that people managers have a big impact on the transformation of our business and play a critical role in the performance, engagement, and retention of those they manage. The Line Management Experience (LMEx) is aimed at supporting our managers to successfully lead with impact.

In 2022, various leadership engagement sessions took place to raise awareness of the critical role of people managers and to get stakeholders' support for new interventions to further improve the people management experience and effectiveness. As a result, **a global onboarding journey** for newly appointed managers was launched to bring consistency to the employee experience for newly appointed managers (hired and promoted) and set them up for success during this important transition. A total of 571 new people managers - appointed between July and December 2022 - started this journey.

There was continued investment this year in the development of our people managers with **many opportunities to develop their skills** in highly interactive, virtual sessions empowering them to lead their teams with impact. In 2022, 136 sessions as part of the Management Essentials curriculum were organized for new and emerging people managers, which attracted more than 2,500 attendees. In addition, 95 sessions as part of the Advanced Management curriculum took place for more experienced people managers, with over 1,000 attendees. The sessions were well received with an excellent Net Promoter Score (NPS) of 68 overall.

Outside the LMEx curricula, a total of 5 LMEx Labs were organized to address relevant, business critical and strategic topics which attracted close to 1,900 Arcadis people managers in total. The topics covered in the LMEx Labs included:

- "The Future of Work: Standardization and Automation" to raise awareness about how Arcadis is rethinking how we create value in our business and for our clients through Standardization & Automation.
- "Cross-Cultural Awareness & Global Collaboration" to support managers in collaborating across geographical borders and in a culturally diverse environment.
- "Managing Engagement & Retention in your Team" to help managers understand what is motivating people to stay or leave and the importance of the manager role in engagement and retention.

For the third year in a row, there is an improvement in how Arcadis people managers are perceived by those they manage. Manager specific questions in our internal engagement survey Your Voice show that Arcadians increasingly feel that their line manager cares about them as a person and their opinions, their manager communicates openly and honestly with them and supports their performance and development. The Your Voice scores for these questions are also above the industry benchmark for professional services.

Net promoter scores from Your Voice
(on a scale of -100 to +100)

Your Voice Question	Dec 2022	Dec 2021	Dec 2020
My line manager cares about me as a person.	+56	+47	+38
My line manager communicates openly and honestly with me.	+54	+47	+40
My line manager cares about my opinions.	+52	+44	+35
My line manager encourages and supports my performance and development.	+46	+36	+27
I can have well-informed and constructive conversations with my Line Manager about pay.	+18	+4	-5

Strengthening senior leadership, while also building strong leadership pipelines and driving progression for future leadership

Ensuring we have strong leadership in place today is key to driving our strategy, sustaining our business, and engaging our people. Aligned to our Leadership Model, successful leaders at Arcadis possess strong learning agility, combined with a balanced mix of being curious, driving success and igniting passion.

In 2022 we focused efforts on:

- The Aligned Leadership Program (ALP) was launched in 2021 to **develop our senior leaders** and help them to lead and embed the strategy and transformation. In 2022 Impact Circles (small peer-to-peer sessions) were introduced as part of ALP to create stronger peer connections amongst senior leaders. A total of 19 Impact Circles of 3 sessions each were organized over the course of 2022, facilitated by internal facilitators and which attracted close to 110 senior leaders.
- Moreover, 35 senior leaders went through our **individual development** process, using an assessment to provide personal insights into their leadership style, preferences, traits, and drivers, followed by coaching conversations. It gives our leaders an opportunity to reflect on their journey to date, and the insights that they gain are valuable for development in their current leadership role and further success in Arcadis.
- **For key leadership** roles that directly lead our business, talent pools exist with potential candidates. In 2022, we saw an internal successor being nominated as the next CEO and Chair of the Executive Board. In addition, of the most senior leadership appointments made in 2022, 66% were internal Arcadians or drawn from our new business acquisitions.
- **Emergency replacement plans** are in place for the most senior and business-critical roles to mitigate risk. These are all agreed with the emergency replacements to ensure this person is willing and able to pursue this when needed and includes ongoing and regular contact moments.
- The **launch of the Leadership Discovery journey** for leadership potentials, which is a defined program that facilitates self-reflection and pro-active personal development, connects them with peers and builds a strong leadership network for the future. This year 28 leadership potentials started their Leadership Discovery journey, a number that is expected to increase in the years to come.

Diversity, Belonging and Human Rights
Creating an inclusive place to work

The launch of our strategy 'Maximizing Impact' in 2020 marked our intention to future-proof our commitment to create a culture where the richly diverse experiences of Arcadians would be channeled strategically and purposefully through all we do. Our approach to human rights, wellbeing and belonging is fundamental to achieving this impact.

Our work includes three key focus areas:
1. Human Rights,
2. Wellbeing & Employee Insights and
3. Diversity, Equity, Inclusion and Belonging (DEIB).

Our impact stems across the supply chain, including suppliers, clients and most importantly our people. We have continued to deliver against our key objectives: dignity, respect & anti-discrimination; diverse recruitment, retention & progression; diversity awareness & training; and human-centricity and societal impact.

Our mission is to improve quality of life by fostering an environment that is conducive to respecting human rights within our business and in the relationships with supply chain, clients and communities – contributing to solutions that meet the pressing social challenges of our time.

We do this by enabling people to bring their full self to work, promoting a human centred, psychologically healthy and safe environment underpinned by social justice, diversity, equity, inclusion and a culture of belonging throughout our employee lifecycle.

Improving quality of life by respecting human rights

We believe that treating people with dignity and respect is foundational to being a responsible business. Our purpose is to improve quality of life by – fostering an environment that is conducive to respecting human rights within our business; contributing to solutions that meet the pressing social challenges of our time (through relationships with our supply chain partners, clients and communities).

We strive to apply the UN Guiding Principles on Business and Human Rights (UNGPs). Our Human Rights & Labor Policy and associated due diligence process are in place to allow us to understand, avoid and address harm to people and make a positive impact on society. This includes our own operations and the entire value chain. We have the ambition to do this by enabling our people to:

- do business with respect for human rights and implementing a human rights due diligence process to prevent, mitigate, and remediate any negative human rights impacts caused by, contributed to, or linked to our business, and
- bring their full self to work, promoting a human centred, psychologically healthy and safe environment underpinned by social justice, diversity, equity, inclusion, and a culture of belonging throughout our employee lifecycle.

In 2022, we worked with our employees, clients, investors, suppliers and other stakeholders to start implementing our Human Rights and Labor Policy. This included:

Arcadians

- We focused on **training and creating awareness** among Arcadians on human rights, what our responsibility is and how Arcadians can become active ambassadors in implementing our human rights policy.
- We conducted a **human rights impact assessment** of our operations in the Philippines. The assessment included a focus on privacy, discrimination, equal and fair treatment, working hours, access to remedy/ a grievance mechanism. Follow-up recommendations were provided, and with a taskforce team, we have prioritised and set actions for each of the recommendations. Where applicable, actions apply directly in the Philippines, surrounding areas and in some cases globally.

Clients

- Having incorporated human rights criteria in our **client go-no-go procedure**, we have also developed guidance for our account managers on how to assess the human rights performance of our clients. Our new human rights methodology, along with training and support for Arcadians and continued awareness around these human rights expectations underpins our client approach.

Procurement

- Arcadis' refreshed Supplier Code of Conduct that reflects alignment with our human rights and labor policy, is now accompanied by a pre-qualification questionnaire that includes human rights questions to **assess the human rights performance of our suppliers**.

Grievance mechanism

- We improved our grievance mechanism by opening our Integrity line to all internal and external stakeholders, see page 129. A grievance mechanism is a core UNGP requirement, and we have externally reviewed and assessed **our integrity line for consistency** against the effectiveness criteria of the UNGPs. Recommendations are being worked on.

Communication of Rights

Arcadis has continued its employee consultation on relevant matters whereby it respects the rights of works councils as employee representation bodies and the role of works councils and/or trade unions in collective bargaining. In particular, we engaged with our European Works Council to discuss and inform them on transnational matters that significantly affected employees' interests across Europe. This consultation occurred across a variety of issues and due to employee representation on the council, resulted in their feedback contributing to the shape of the overall Arcadis strategic direction.

In addition, Arcadis actively works with various representation and consultation bodies in countries in which they are present. In 2022, 26% of the workforce is represented by a consultation body (i.e works council, trade union) and 26% of the Arcadis workforce is covered by a collective labour agreement. Overall, the local and European consultation bodies are actively engaged, informed and consulted on the three-year company strategy and connected transformation programs.

2022-2025 TENT Commitment – Refugee Talent Program

Continuing our commitment to TENT in 2022, we pledged to offering employment opportunities to 65 refugees across Europe over the next three years, as part of our commitment to attracting diverse talent and providing an inclusive working environment. Arcadis offers an internship and/or mentorship program that provides training, coaching and work experience to support refugees build a new future.

Dutch Business Summit on Refugees

In 2022, during the 'Second Dutch Business Summit on Refugees', Arcadis renewed its commitment to support refugees' economic integration with (The Tent Partnership for Refugees) TENT. This commitment builds on our pledge made at the First Dutch Business Summit on Refugees in 2019. TENT, a non-profit organization mobilizes the global business community to include refugees.

We have hired a total of 56 program participants in Europe in the three years since we made our original commitment.

Collaboration
We believe that respect for human rights is fundamental to living in a sustainable society and we are committed to monitoring and embedding a clear and definable approach to human rights. It is that same reason we chose to confront systemic challenges that no actor can alone solve, by collaborating with the World Business Council for Sustainable Development (WBCSD). We have taken an active and frontline approach in particular, in the **Business Commission to Tackle Inequality (BCTI)** – where Peter Oosterveer has taken position as a CEO commissioner in an initiative that seeks to tackle inequality and generate shared prosperity for all. Our progress is also reflected in the recent assessment of the WBCSD, which indicated that we are complaint and significantly ambitious on human rights, DEIB and non-discrimination - proving we are on the right path.

Our mission is to improve quality of life, by promoting an inclusive, diverse, people-centered, accountable, and sustainable culture and work environment, where everyone can be their authentic selves.
We want every Arcadian to feel that they belong and can succeed in Arcadis, where differences among Arcadians that make them unique are recognized, valued and celebrated. Our approach is simple, we believe that by investing in four interventions, we are creating environments that attract, retain, and develop Arcadians while meeting diverse client needs and expectations.

Recognition of our strategy
We are proud of the impact we've made, and the significant industry recognition. In November 2022 both the Financial Times and Forbes ranked Arcadis as Diversity Leaders for 2023.
- **Financial Times - Diversity Leaders 2023**: based on independent surveys of employees and our commitment to Diversity, Belonging & Human Rights.
- **Forbes - World's Top Female-Friendly Companies 2023**: also independently verified based on equity such as competitive pay, opportunities for career advancement, flexible working arrangements, and more.

For the second year in a row, Arcadis has scored a perfect 100 points on the Human Rights Campaign Foundation's Corporate Equality Index (CEI). CEI is regarded as the United States foremost benchmarking survey and report measuring corporate policies and practices related to LGBTQ+ workplace equality. This year's index rated 1,271 U.S. based companies. Our score has improved from 95 in 2020.

In 2021 we launched an annual Diversity Representation listening survey, to help us better understand who Arcadians are and what they need to feel safe and included at work. Our global Diversity Representation survey offers the optional opportunity for Arcadians to provide anonymous information about their diverse characteristics and differing perspectives. These valuable insights enable us to better understand the nuances of what influences experiences at Arcadis to develop and implement the most impactful programs.

We have established and progressed a number of significant programmes during 2022.

Five CEO sponsored global Affinity Groups
In creating five global affinity groups: Access & Neurodiversity, Age Representation, Ethnicity & Heritage, Gender, and PRIDE - we have created executive-sponsored forums for employees to represent their needs and lived experiences. Our intersectional approach embeds areas such as faith and well-being.
Our global affinity groups span several countries and all business areas and represent a wide and diverse spectrum of people. They are actively curating a renewed workplace culture where we can make impactful change together. Meaningful results in their first year include:
- **Sharing and supporting** by creating community safe spaces for Arcadians
- **Celebrating and educating** by establishing a digital resource hub, inclusive language guide, I Am Remarkable workshops and schedule of monthly webinars reaching over 20,000 Arcadians
- **Advocating for communities by challenging bias** in behaviors, processes and existing ways of working, language used in training materials and in meetings
- **Consulting and advising** by providing strategic input to leadership on decisions that affect employees, or spearheading the development of global frameworks such our Social Justice Framework.

Providing a Voice for our Women of Color (WoC)
Our WoC program, launched in February 2022, aims to understand the intersectional impact that gender and ethnicity have on the experiences and career progression of Women of Color in Arcadis. We are using these insights to co-create solutions that will lead to an equitable environment where each Arcadian, current or future, has access to opportunities to enable them to grow, develop and achieve their full potential. This is a first for Arcadis. We are following its success by creating forums that help us identify hidden underrepresented talent – feeding directly into our talent pipelines.

Global Sponsorship Program
Sponsorship is most often cited as a success factor in corporate careers; however, it is not necessarily something that everyone benefits from or has access to. Our new global sponsorship program is designed to create the environment for Arcadians from underrepresented groups to access leadership networks and support to progress their careers. Launched in 2022, it will be fully implemented globally in 2023.

Diversity spotlight – Pay equity
In 2022, we continued with our work towards ensuring equitable pay across our business, including our transparent reporting on our Gender Pay Gap in line with legal obligations in Australia and the UK. In the UK our Gender Pay Gap has reduced by 2.2% in year to 19.2% and in Australia our gender pay gap is 24.1% (2021: 24.2%).

We recognize that pay gaps are ultimately affected by representation and are reduced by increased diversity at all levels across the business, particularly in senior leadership. Our work to increase representation in this area includes our:
- Global Sponsorship Program for under-represented groups (including women and ethnic minorities).
- Collaboration between the Diversity and the Talent Acquisition teams to remove bias from our recruitment and progression practices.
- I Am Remarkable global workshops – coaching our people to articulate their value in career discussions

Diversity in Leadership: Supervisory Board, Executive Board and Senior Leaders
It is essential for us to have diverse leaders with a broad range of skills, a variety of backgrounds and diversity of thought. We set diversity targets for our senior leadership group to reinforce our understanding that we can only meaningfully support our clients if we ourselves are diverse and reflect the communities we work in. Our focus is around: gender, nationality/ geographical provenance, and background (education and/or (work) experience). For our leadership targets in line with the Dutch Diversity Bill, see the paragraph on specific diversity reporting which is included in the People Metrics Appendix on page 280 of this Annual Integrated Report.

As a global company we recognize there is underrepresentation of certain minority groups in our workforce around the world. We believe that a focused commitment to implementing targeted practices with these groups helps us to create a strong, dynamic company producing the most innovative ideas for a competitive edge both locally as well as globally. Over the last couple years, our main focus has been on gender equity at a global level and look to extend this to other under-represented areas.

Cultivating Wellbeing

Fostering purpose and supporting Arcadians to feel physically and psychologically healthy and safe at work, creates a more resilient workforce and improves our wellbeing. That is why we have taken a data and insight driven approach in 2022 to amplify our global wellbeing and resilience roadmap. We are focussed on a preventive approach, amplified in the ongoing promotion of wellbeing initiatives. Our wellbeing roadmap focuses on primary intervention at an organisational level through the mitigation of workplace hazards which may have a negative impact on the wellbeing of Arcadians.

Reinforcing our holistic approach across several wellbeing pillars (mental, physical, social, emotional, financial and workplace wellbeing), we are establishing our Arcadis Five Ways to Health, Safety, and Wellbeing:

People First

Health
A state of good physical and mental health, energy and resilience is achieved and sustained for all.

Security
By prioritizing work design, social factors at work and the working environment we ensure the health, safety, and wellbeing of all Arcadians.

Belonging
Environments where all employees are respected, accepted, and included. Employees identify with Arcadis values, find meaning in their work and feel empowered to bring their authentic self to work.

Relationships
Our global way of working requires the development of trusting, collaborative and empathic relationships with line managers and colleagues. All Arcadians feel valued, supported, and connected.

Purpose
Improving the quality of workplace wellbeing through engagement, job quality and career development opportunities.

With a defined **Wellbeing Roadmap** in place, in 2022, we proactively moved towards improving the wellbeing of all Arcadians by:

- **Globalizing our employee assistance program** reaching an additional 1,600 Arcadians and their family members. We have upgraded our offerings which now include emotional and mental support, Cognitive Behavioural Therapy, physical support through wellness coaching, practical support including dependent care, legal and financial advice and manager assistance.
- Hosting **Global Wellbeing & Resilience Webinars** where over 20,000 Arcadians voluntarily attended our wellbeing webinars, often featuring guest speakers and additional resources. Engaged colleagues benefit from supplemented resources to facilitate continued support, discourse and learning amongst teams and even loved ones.

Bolstering drinking water resilience in Loudoun County

Milestone Reservoir, Virginia, US

"It has been a rewarding experience to work with a forward-thinking utility to develop this innovative approach to a sustainable and resilient water-management solution."

Chris Waters | Principal Engineer

1 billion

gallons of water stored

How we are different

We are leading the conversion of a rock quarry into a water supply reservoir that will enhance the resilience of the county's drinking water system.

Impact

The transformed quarry can store enough water to meet residents' needs for up to two months, enhancing resilience for the region, providing system reliability and mitigating supply issues.

The Challenge

Loudoun County has one of the fastest growing populations in the United States. People living here, and in much of the Washington D.C. metropolitan area, get their drinking water from the Potomac River. However, conditions such as drought can jeopardize supply. Conversely, too much water – such as after heavy rainfall – also leads to complications by increasing the turbidity of the water, which means it then requires more effort and more chemicals to make safe for human consumption. Our client Loudoun Water provides drinking and wastewater services for more than 80,000 households. We've partnered with them on a groundbreaking project to help safeguard the clean drinking water supply for residents and enhance the overall water resilience of the region.

The Solution

We are leading planning and design efforts to convert a retired rock quarry into a water supply reservoir, including a new 40-million-gallon per day pumping station to pump water to the local treatment plant. The system includes a 300-foot-deep pump shaft and, to optimize water quality, three withdrawal tunnels at varying elevations. A series of vertical submersible raw water pumps will transfer water from the reservoir for treatment. Once the quarry reservoir is online, the pumping station will be used to fill the quarry when there is ample water in the river and conditions are such that the water is of good quality. During drought conditions or periods when water quality is suboptimal, raw water can be pumped from the quarry for treatment, instead of directly from the river. This innovative water banking approach to managing limited supply is the first of its kind in the region.

The Impact

The construction of the reservoir will transform a retired rock quarry into a new water supply source for the Washington DC Metro region. It will be large enough to store one billion gallons of water, enough water to meet residents' needs for up to two months, enhancing resilience for the region, providing system reliability and helping to mitigate water supply impacts during drought periods or as the result of storms or other water supply emergencies. When these events occur, the treatment plant can use source water that has already been stored in the quarry reservoir in lieu of taking it directly from the Potomac River. This approach offers treatment flexibility and climate resilience for the region's water supply needs.

Health and Safety

The health, safety, and wellbeing of employees and stakeholders is central to everything we do at Arcadis. The Health & Safety (H&S) Global Vision and Policy focuses on a culture that strives for zero incidents using the TRACK process (for an explanation on TRACK, see the box in this section with our six fundamental Health & Safety principles).

The Health & Safety Program is the responsibility of a Global team, led by the Global H&S Director, who directly reports to the Global Operations Projects Services Officer (GOPS) accountable for H&S. The GOPS Officer reports to the Chief Operating Officer and the Executive Leadership Team (ELT) member responsible for Project Services. The Executive Board, Senior Leadership, and all Arcadis staff understand, believe in, demonstrate, and communicate the H&S commitments and engage in continuous improvement under the auspices of the Global H&S Management System standard, which has been designed to harmonize H&S processes across the Company. It focuses on proactive hazard recognition, risk assessment, and risk control to prevent accidents, and allows for the nuances of local culture, client expectations, and regulations. It includes comprehensive education and training (through internal and external seminars, amongst others) to provide employees with the knowledge and tools to enable them to eliminate injuries and illness at work and at home. Best practices and lessons learned from incidents relating to the workplace and travel are shared via documentation or information systems. In addition, by teaming up with an external travel safety, security, and health services company, employees have constant access to information on preventive measures to eliminate or minimize risks.

Effective management (e.g., assessment, mitigation, and prevention) of work-related H&S risks is ensured through:

- Prioritization and action plans with quantified targets;
- Involvement of leadership and business managers on a regular basis, as well as engagement between H&S leadership and GBA management on at least a quarterly basis;
- Review of work-related incidents (see step six of the principles as described on the next page);
- Conducting internal inspections and consultations by H&S specialists;
- Independent external verification of health, safety, and wellbeing;
- H&S targets are encouraged to be embedded in performance appraisals;
- Safety culture through behavior-based observations and shared information;
- Celebrating successes through safety competition, recognition, and rewards.

The Global H&S Management System identifies and tracks work-related risks through annual risk identification and assessment at business level (e.g., tracking incidents). Actual performance is captured in a consolidation tool and reported monthly. Data is measured using standard definitions and measurement techniques that typically match those of regulatory bodies that are relevant to Arcadis' operations and those of clients. Definitions are explained in the Global H&S Management System standard and the H&S performance monitoring and reporting guideline. H&S professionals review the data before submission, including assessing comparisons to other operating companies, historical performance, and targets and objectives. The aggregate result is presented to the ELT and included in quarterly reporting to the Executive Board and Supervisory Board.

Performance 2022

Arcadis' 2022 Total Recordable Case Frequency (TRCF) increased from the prior year (0.15 compared to 0.14 in 2021). Despite this small increase, 2022 represents one of the safest year since Arcadis began collecting Global H&S data in 2004, when TRCF was 1.13. Overall, Arcadis' TRCF has decreased by 50% over the past five years.

Comparing 2022 to 2021, the following observations were noted:

- With the impact of the global COVID-19 pandemic decreasing, more Arcadis offices continued to open and slowly people started returning to their offices. These changing conditions and the switching between home office and Arcadis' office complicate operations and distract from H&S resulting in recordable incidents related to both the home and the Arcadis office environment that have been seen before the pandemic.
- Arcadis' core business activities remained substantially the same in 2022 and, as such, the risk of health and safety incidents occurring did not significantly change. However, 2022 saw an increase in field hours vs. 2021 as more countries saw a return to full access on site for both field crews and managers. More time in the field resulted in an increased exposure to higher hazard environments and a small increase in recordable incidents.
- More recordable incidents have been recorded due to ergonomic complaints and continued strain on specific types of muscles due to repetitive movement. These have been observed by both field crews, and people working from home.
- Two recordable incidents have been recorded that were out of Arcadis' control. On two different occasions an Arcadis employee was rear-ended while waiting at a red traffic light. Both incidents resulted in recordable incidents.

Our Lost Time Case Frequency (LTCF) for 2022 (0.05) stayed the same as in 2020 and 2021. Arcadis' LTCF has decreased by 61% over the past five years. There were no appreciable differences in the nature or type of lost-time injuries between 2021 and 2022. There were no work-related fatalities in 2022, nor any over the preceding five-year period.

Arcadis' injury rates continue to remain far below the average injury rates of the publicly available US benchmarks for the architecture and engineering industry, which were 0.50 (TRCF) and 0.20 (LTCF) for the most recent reporting period (2020).

Near miss reporting, a key process in helping to prevent incidents, continues to increase (74% above reporting in 2021), which is indicative of a continued improvement in hazard recognition and greater stewardship for sharing experiences to help prevent future injuries.

Global H&S objectives for 2022 included all Arcadis leaders level 10 and 11 completing at least one H&S stewardship activity per 6 months, leaders level 12 and higher completing at least 1 H&S stewardship activity per quarter, and for 90% of all staff performing a documented proactive health and safety action. These objectives were included to drive greater health & safety engagement by leadership and staff and to encourage further development of our proactive health and safety culture. Engagement by both leadership and staff was strong; 90% of leaders were compliant with their H&S Stewardship activities (a slight increase from 89% in 2021) and 75% of staff performed a documented proactive H&S action in 2021 (a slight decrease from 78% of staff in 2021). An additional objective required all projects that take place outside of an office environment to have a well-defined H&S Plan (HASP) in place before site activities begin; due to the change in reporting via Oracle there was a slight backlog in registering HASP plans into the system, however, auditing shows that HASPs are in place.

We also aligned our People First commitment by focusing on the health and wellbeing of our people in 2022. ISO 45003, Psychosocial Risk management, was introduced into the revised version of the Global Health & Safety Management System Standard. The overall purpose of our program is to develop people-centric solutions that improve quality of life for Arcadians. We endeavor to nurture the physical, mental, and social wellbeing of Arcadians to create a psychologically safe and heathy workplace where all can thrive. Improving employee wellbeing & resilience is fundamental to Arcadis to create the following benefits for our employees:

- Happier, healthier, and more engaged employees;
- which in turn benefits Arcadis and our clients through improved performance, productivity, and creativity;
- investment in effective health initiatives by directly addressing employees survey feedback;
- being an employer of choice and Great Place to Work, which allows us to attract and retain Arcadians because of our sustained focus.

Our approach to wellbeing embodies a holistic view by encompassing physical, social, and mental health. The program itself is harmonized and equitable for all Arcadians, and addresses the following components:

- Physical wellbeing as it relates to someone's ability to perform daily activities free of physical limitations, in addition to having enough energy levels to function optimally.
- Social wellbeing as it relates to social connections, a feeling of purpose and meaning, giving to others and being grateful.
- Mental or psychological wellbeing to encourage a state of wellbeing in which every individual realizes their own potential and can cope with the normal stresses of life.

Objectives for 2023 and beyond

Our Global H&S objectives for 2023 have been defined to further raise awareness with all employees and challenge Arcadis leadership to further increase their stewardship of health and safety. For 2023, we expect Arcadis management levels 10 and higher to perform at least one H&S stewardship activity per quarter (four annually). We also expect 100% of all staff to perform a documented proactive H&S action. We will continue to require that all projects that take place outside of an office environment have a well-defined H&S Plan in place before site activities begin. These objectives are bolstered by our continued commitment to the mental health and wellbeing of all Arcadians. To that end, all countries will be expected to develop implementation plans for the ISO45003 requirements that have been built into to the updated Global H&S Management System Standard.

The six fundamental Health & Safety principles

1. **Demonstrate Health & Safety stewardship daily** Make sure that you and every member of your team goes home safely every day, no matter what your role is in the Company.
2. **Use TRACK** Apply TRACK every day when planning tasks and before starting any task, and use TRACK again when conditions change. Our employees use the TRACK process to:
   Think through the task
   Recognize the hazards
   Assess the risks
   Control the risks
   Keep health & safety first in all things
3. **Exercise Stop Work Authority** It is your responsibility to stop your own work, the work of other Arcadis staff, or work under Arcadis control, if you believe it to be unsafe.
4. **Practice 'If Not Me, Then Who?'** Be accountable for keeping yourself and others around you safe by acting immediately to prevent harm. If you see something unsafe (or not right), say something!
5. **Undertake Health & Safety Planning** Prepare and maintain a Health & Safety Plan for all work activities performed outside of an office environment.
6. **Report injuries and incidents immediately** Report all incidents, significiant near misses, and unsafe acts and conditions immediately so that they can be investigated, corrected to prevent reoccurrence, and the lesson learned shared.

Helping to create facilities for energy cell production to drive Europe's mobility transformation

Battery Gigafactory, Germany

"With our commitment to ACC in Kaiserslautern, we are participating in a milestone of the sustainable mobility transformation in Europe."

Martijn Karrenbeld | Global Director for Industrial Manufacturing

40 GWh capacity

to supply batteries to over 600,000 vehicles per year by 2030

How we are different

Combining a well- established international client relationship with longstanding local and regional expertise for a complex, large scale and disruptive project.

Impact

A sustainable boost for the regional economy and a future-proof and resilient European mobility infrastructure.

The Challenge

The production of battery cells for electric vehicles is critical to support the transition to more sustainable mobility solutions. According to forecasts, demand from automotive producers in Europe will continue to increase over the coming years. This calls for more resilience in the manufacturing market: fragile international supply chains require a massive increase in regional production capacities across the continent. ACC Automotive Cells Co. aims to position itself as the market leader with a network of new XXL production sites. One of these gigafactories is to be built at the long-established Opel production site in Kaiserslautern, Germany. It is a complex large-scale project that requires the best available expertise in terms of preparation, planning, approval, execution and implementation.

The Solution

With our unique combination of established local presence and international expertise, Arcadis is supporting our client ACC in various lifecycle phases of the project. For the site clearance phase, we have already provided environmental planning, decontamination, deconstruction and permit management services. For the new construction, we are leading the Project Management Office (PMO) and are responsible for the design and engineering of the entire facility. In doing so, we combine the successful experience and excellent knowledge that our UK team has built with major Gigafactories across Europe with our long-standing knowledge of the regional and national, structural and legal framework on sites in Germany.

The Impact

European mobility history will be written in Kaiserslautern from 2025. In the final stage of expansion, enough state-of-the-art battery cells will be produced in the new Gigafactory to supply over 600,000 new, sustainable electric vehicles every year. Thanks to the intelligent conversion of an area on an existing industrial site, the ecological impact and the sealing of surfaces will be kept to a minimum. This is a major project from which everyone will benefit. It is an important driver for the regional economy and local labor market, and a milestone for the sustainable mobility revolution, marking a substantial step toward a more resilient and independent economic system in Europe.

At Arcadis, we have a specific sustainability ambition: improving quality of life by accelerating the transition to net zero. We can change the pace and direction of our industry, through the commitments we make in our own operations and the end-to-end solutions we provide our clients, whether that's developing comprehensive sustainability strategies, or turning them into action through practical solutions we implement on every project.

Sustainability

#1

Rank in Sustainalytics ESG performance in our industry

18.9

Arcadis' carbon footprint 2022 MT CO_2 per FTE

It's time. Given our origins and the fact that improving quality of life has been at the heart of what we do, it is only natural that we would evolve into a company driven by our commitment to maximize our impact in creating a more sustainable world. Climate change is the biggest challenge we face, and the built environment is fundamental to this, accounting for about 40% of global emissions, central to mitigating climate change and to building resilience against climate extremes that are already upon us.

2022 has been an important building year for sustainability awareness in our sector: the war in Ukraine has brought attention to the importance of energy transition, and recent policies, like the Inflation Reduction Act in the US, are making the business case for this important transition easier. At Arcadis, we have a specific sustainability ambition: improving quality of life by accelerating the transition to net zero. This is our crucial decade. It's time to accelerate to a better world.

Introduction to our pillars

As shown in the prior GBA sections, Arcadis delivers sustainable solutions via its work in four GBAs. To further deliver on our ambition, strengthen our sustainability strategy and grow our internal capabilities, Arcadis established a central Global Sustainability team organized into four 'pillars' of focus described below. These four pillars coordinate activities and foster growth across the business to achieve shared goals as described by each pillar.

- **Future Focus**. Work in FF is concentrating on building thought leadership, researching trends, establishing strong industry partnerships, developing delivery approaches within our core services, and supporting communities of practice around Global Sustainability's five key themes.
- **GBA Partners**. GBA Partners activities serve the business as sustainability integrators, helping the business "embed sustainability in everything we do." They advise project teams delivering our core services and help scale leading practice across sectors and geographies.
- **Education & Engagement**. E&E efforts help Arcadians to understand, apply, and communicate our sustainability ambition and capabilities to clients and the industry, developing internal capability-building and external marketing and community programs that engage and empower all Arcadians.
- **Impact & Systems**. Work in the I&S area focuses on assessing, measuring and reporting Arcadis' footprint and societal contributions, supporting and maintaining the stakeholder-aligned policies, tools, targets, partnerships, and risk and opportunity management frameworks.

Sustainability Governance

At Arcadis, sustainability is at the heart of all our activities. Sustainability is embedded in our organizational structure at all levels of the organization. To make sure our strategic direction and decisions are clear and aligned to the Arcadis strategy, we have several governance bodies that make these decisions and cascade information across our business.

The Supervisory Board has a separate Sustainability Committee (SusCo) . The SusCo, assists and advises the Supervisory Board around sustainability. Sustainability is defined as the various Environmental, Social, and Governance (ESG) topics that demonstrate or measure the Company's commitment to improving quality of life. The SusCo prepares the plenary discussion and decision-making by the Supervisory Board on major items within the Sustainability Committee's scope of work. The task and procedures of the committee is outlined in the committee charter, which can be found on our website. The present composition of the Sustainability Committee is included in the Supervisory Board report of this Annual Integrated Report.

The Sustainability Program is the responsibility of a Global team led by the Chief Sustainability Officer who directly reports to the Executive Leadership Team (ELT) member accountable for Sustainability. The Global Sustainability Team is supported by the SusCo, and by the ELT which reviews progress made in Arcadis' sustainability program, drives change management, and provides strategic direction as plans and objectives are developed.

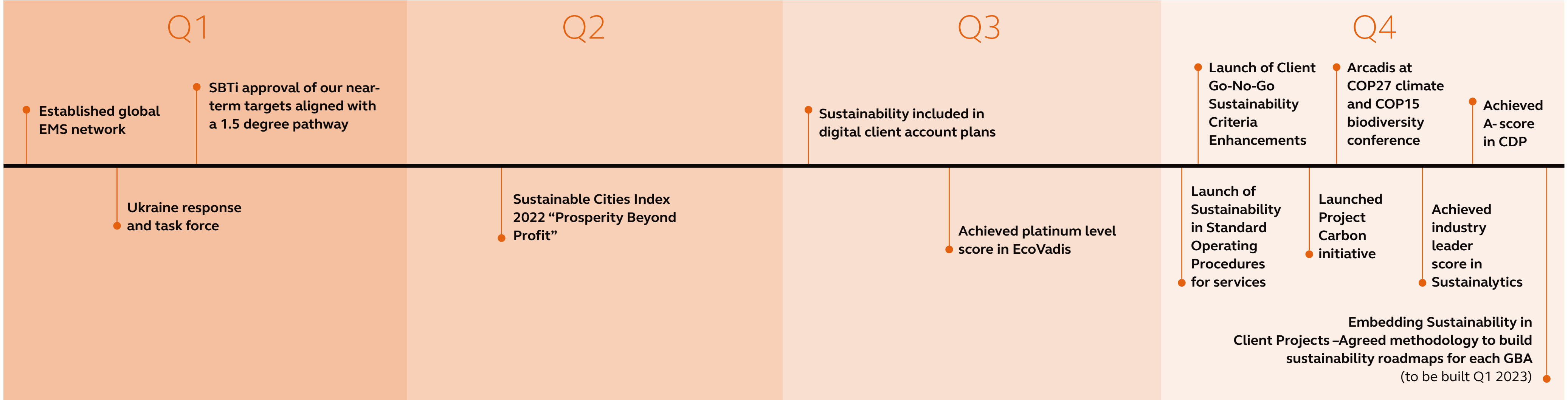
Sustainability in Remuneration

Sustainability is further integrated into our business operations through remuneration programs and in 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 score on the Sustainalytics ESG (Risk) Rating. In addition, 20% of the variable short-term remuneration (STI) of the Senior Leadership Group depends also on a Sustainalytics target score. Sustainalytics is a leading independent global ratings and research firm which provides a robust analytical framework that addresses a broad range of ESG issues and trends that have a significant and material impact on industries and companies.

In 2022, Arcadis has not issued any new sustainability-linked (or ESG-linked) loans or credit facilities. Outstanding throughout 2022 were the ESG-linked EUR 150m Schuldschein (issued in October 2020) and the ESG-linked EUR 500m Revolving Credit Facility (refinancing done in October 2021). Both are linked to (improving) the Management risk score of Sustainalytics.

By sharing our progress, we stay accountable to ourselves, our clients, our stakeholders, and the rest of the world. Arcadis complies with the Non-Financial Reporting Directive (NFRD 2014/95/EU) by disclosing our business model, and information relating to environmental, social and employee-related matters, respect for human rights, anti-corruption and bribery matters.

Sustainability Highlights 2022



About this report

This Annual Integrated Report 2022 has been prepared with reference to the GRI Standards. Arcadis GRI Content Index and UN Global Compact Communication of Progress (CoP) and associated COP questionnaire can be found in our non-financial reporting website. Unless noted otherwise, all non-financial metrics reported on in this report are global in scope, covering all business units that Arcadis operates globally, except for the recent acquisitions of IBI Group, and DPS Group.

Arcadis adheres to the Guidelines for Multinational Enterprises as issued by the Organization for Economic Cooperation and Development (OECD). We report to a variety of rating agencies including Sustainalytics, MSCI, ISS and EcoVadis. Arcadis EU Taxonomy Disclosure can be found in the Impact & Systems section of this report on page 81.

Arcadis' climate-reporting can be found in Arcadis' Task Force on Climate-related Financial Disclosures (TCFD) section of this report on pages 268 to 276 and the CDP disclosures in our non- financial reporting website.

Case | RESILIENCE

Wetland understorey vegetation monitoring to help protect and restore biodiversity

The Living Murray, Australia

"Monitoring vegetation in the Barmah-Millewa Forest has been an incredible experience. It was amazing to play a small part in a long-term monitoring project and contribute to a better understanding of the sensitive wetland ecosystems, which our team is passionate about."

Thea Kane | Ecologist

72 sites

benefiting from innovative and data-driven monitoring

How we are different

Leveraging specialist knowledge, digital leadership, multidisciplinary collaboration, and stakeholder engagement to deliver sustainable solutions.

Impact

Gathered crucial data to inform environmental policy and management for healthier ecosystems and to safeguard this ecologically, culturally, and economically significant area.

The Challenge

The Murray River is the backbone of Australia's largest River Red Gum forests and major wetlands. These wetlands and forests are home to 35 endangered species and 120 different species of waterbirds. Unfortunately, extensive human and industrial activities have disrupted natural flooding patterns, compromising the health of the river and the surrounding environment. The Living Murray (TLM) program, one of Australia's largest river restoration programs, aims to protect and restore biodiversity in complex wetland systems within the Murray Darling Basin and deliver cultural outcomes for First Nation peoples.

The Solution

We collected extensive botanical data across different wetland zones, monitoring 72 sites in all four seasons over a two-year period. This included water depth, water quality, threats and their impact on the site. The project established Arcadis as a digital leader, collecting, processing and presenting data in a way that had not been done in the 20 years since the program's inception. The project integrated specialist knowledge, digital leadership, and stakeholder engagement with TLM's requirements. Undertaking monitoring during COVID-19 lockdown periods demonstrated the team's dedication to the work and organizational ability. The data collected, the information gained, and the recommendations made have helped decision makers in refining environmental policy to stimulate healthier ecosystems and safeguard this significant area from the impacts of climate change.

The Impact

Tribes of the Yorta Yorta Nation have lived in and around Barmah-Millewa Forest for up to 30,000 years. The TLM program is helping to restore balance to the system by delivering cultural priorities, returning water to the environment, and building water management structures to better deliver water to the 37,000 hectares of significant forests, wetlands, and lakes along the Murray River. It is working with tourism, recreation, forestry and farming industries to improve the river and its floodplains to sustainably benefit the Australian community for future generations.

Future Focus

Our client businesses are facing multiple global disruptions today, from geopolitical tensions, energy insecurity, and both physical and transitional risks from climate change impact. These challenges, as well as having to navigate through a post-pandemic recovery, compel us to look to the future and best support our client projects by being aware of emerging and future needs.

The 'Arcadis 5 Sustainability Themes' (Energy & Carbon, Climate Adaption, Circularity, Nature & Biodiversity and Societal Impact) serve as the framework through which we align our services and solutions to turn to the most pressing emerging and future issues for our clients and support them in accelerating their own sustainability journey. The Future Focus team (formerly Client Solutions) within Global Sustainability supports Arcadis in articulating the vision for a sustainable future for our business, and in doing so helps grow our capability to deliver solutions that solve the most pressing emerging and future issues facing our clients.

- Future Focus provides practical, research-led insights on emerging and future sustainability issues, which serve as a grounding from which the business can build service/ solutions capability to meet client needs ahead of the market.
- Using its subject matter expertise and timely insights, Future Focus provides targeted input into strategic pursuits, to enhance our value propositions and support our clients in delivering on their own sustainability ambition.
- Future Focus activities provide subject matter input into major business frameworks and processes, to improve future sustainability governance and activities in line with our sustainability ambition. This includes, but is not limited to: the Innoverse, the Arcadis Way, the Key and Emerging Clients Program, Go/No-Go frameworks.

In 2023 the Future Focus team plans to further embed sustainability into our organization, culture and projects through the following major initiatives:

- Map out the long-term sustainability vision for priority solutions, and support capability enhancement using these insights.
- Assess project impact across a proportion or all of our 5 Sustainability Themes, in collaboration with our Impact and Systems team.

In the coming year, we plan to further embed sustainability into our culture and various client project focused processes and systems. This includes our client and project selection process, client account planning, project planning and monitoring, standard operating procedures for services to clients, capturing project knowledge and sharing outcomes and lessons learned.

Helping clients measure impact and decarbonize their projects

The 'construction ecosystem' in which we operate (design, material manufacturing, construction, usage, and demolition of buildings and infrastructure) has improved quality of life and enabled societal and economic growth across the globe. When considering the global challenges of today, however, how we have traditionally developed our societies requires drastic revision if beneficial growth is to continue. Today, the built environment represents a significant share of global final energy use, energy related GHG emissions, and raw material consumption and is a major contributor to our climate challenges. The construction of buildings alone is estimated to be directly or indirectly responsible for almost 40 percent of global CO_2 emissions from fuel combustion and 25 percent of GHG emissions overall.

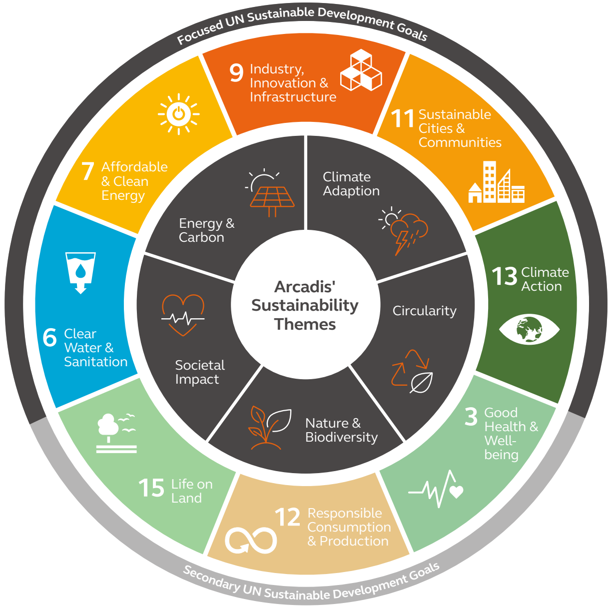
Transitioning the built environment to a net-zero state that maximizes impact is a priority action for combatting climate change, and an opportunity for Arcadis to accelerate the transition given our market involvement.

Project impact measurement through our 'Project Carbon' Initiative
In 2022 Arcadis launched a global initiative 'Project Carbon' that aims to embed carbon impact measurement into Arcadis building and infrastructure projects, to systematically identify and implement decarbonization opportunities for our client projects. Project Carbon brings together Arcadis experts from across all GBAs, services and solutions to provide their insights into market and client needs, innovation opportunities and position Arcadis as a leader in delivering net zero client solutions.

Asset-level decarbonization solutions
Our broad range of expertise around the globe enables us to take integrated, holistic approaches to decarbonization, from spatial planning to environmental research and green building certifications. Across our GBAs and solutions, we support clients to decarbonize their assets, programs, and projects. For example, we design, engineer and advise on net zero and decarbonization for facilities, roads, ports, buildings, stations, data centers, bridges, tunnels and other assets.

Integrating Arcadis five Sustainability Themes into business operations
We focus on five key themes to embed and standardize sustainability in everything we do. The themes were developed from the UN Sustainable Development Goals that we prioritize, continuous stakeholder engagement and alignment to our own global business structure.

In 2022 we have further integrated the five sustainability themes into our business and our way of working. We developed an ambition level framework to map our clients' ambition per sustainability theme in the client opportunities we track and monitor. Pursuit and growth focused Arcadians can view these insights through dashboards. With associated training and guidance, we aim to equip Arcadians to deliver sustainable outcomes to clients and better respond and act upon client needs. To reinforce the conversations around delivering on the client's ambition, we also enhanced our project handover and review process for our pursuit leaders and project managers.



Energy & Carbon
Reduce carbon emissions and energy use through the construction and use phases of projects - reduce, renew, recyle.

Climate Adaption
Recognize that climate is changing and ensure that our projects are adaptive to that change.

Circularity
Use recourses efficiently, reduce waste, recycle, and move towards biobased and circular materials.

Nature & Biodiversity
Reduce impact our projects have by incorporating nature and biodiversity positive elements into designs.

Societal Impact
Ensure that the stakeholder impact of our projects is positive and just, while promoting health and wellbeing.

Additionally, we have enhanced our Client Go/No-Go process and embedded sustainability in our digital client account plan platform. Both initiatives support our strategic commitment to work with clients who are committed to the goals of the Paris Agreement.

Education and engagement

To deliver on our ambition of improving quality of life by accelerating the transition to net zero, Arcadis recognizes that success will require every employee to have the knowledge, skills, and behaviors to proactively deliver through the work we do with our clients, through our partnerships and through the community activities that Arcadians regularly take part in.

Sustainability education

The many education programs at Arcadis enable entry points for all Arcadians to learn and practice sustainability. Just a few examples: Since 2020, our Basecamp online digital learning platform has included the topic of sustainability, covering sustainability basics from sustainability for clients to the impact of urbanization. Our Expedition DNA advanced live training also has sustainability at the core, and in 2022 over 200 rising leaders were immersed in sustainability and completed a sustainable project through the program. City Shapers offers early career professionals at Arcadis the opportunity to solve urbanization challenges, and in 2022 sustainability was at the heart with over 100 early career Arcadians developing sustainable solutions across 16 cities. And in 2022, Roots of Arcadis - a professional development program for young Arcadians – engaged over 250 colleagues with guest speakers on sustainability.

Thought leadership

More than half the world's population live in cities. Accounting for 78% of global energy use and 60% of carbon emissions (source: UN), cities present some of the world's toughest sustainability challenges, and the greatest opportunities for change. In 2015, Arcadis launched the first Sustainable Cities Index (SCI). This pioneering campaign propelled the issue of urban sustainability onto the mainstream business and Government agenda, becoming the landmark comparative measure of sustainability in cities across the world.

Fast forward to 2022, the SCI 2022 is the most successful index to date, with over 800 media mentions, and falls under the theme of 'Prosperity Beyond Profit', demonstrating that sustainability and prosperity have aligned and are now one and the same. Although prosperity historically meant economic productivity, tomorrow's prosperous cities are those that are looking beyond financial performance to the health of their natural environment and their citizens' quality of life.

Sustainability Partnerships

Collaboration is key to creating the best and most sustainable solutions. The UN Sustainable Development Goal number 17 - 'Partnerships for Goals' - supports this belief, which we practice at Arcadis through active involvement in several global, regional, and local partnerships in which we collaborate with other businesses, governments, NGOs, and societies.

World Business Council for Sustainable Development (WBCSD)

Arcadis continues its membership with the WBCSD, which it has held since 2014. Our Global CEO, Peter Oosterveer continues to serve as an Executive Committee member until March 2023. The position is then vacant and will be filled by a new candidate at the next ExCo meeting in June 2023. Our CEO nominee will be included on the selection list for vacant positions under consideration as part of the June meeting. Arcadis is one of 220 members, who collectively account for 20% of the world's Greenhouse Gas (GHG) emissions. Our membership allows Arcadis to learn, collaborate, and advocate with other global organizations for progress on the most pressing sustainability issues for our world. Arcadis sits on the WBCSD Built Environment and Mobility Pathway Boards, and in 2022 developed thought leadership on Climate Recovery at COP27, EV infrastructure, Healthy People Healthy Business, transition to zero emissions framework, nature & biodiversity, H2Zero hydrogen and others.

World Green Building Council (GBC)

Arcadis works with several regional councils within the World Green Building Council network, to foster collaboration and advocate for a more sustainable built environment. Regional green building council memberships include:

- U.S. Green Building Council (USGBC)
- U.K. Green Building Council (UKGBC)
- Dutch Green Building Council (DGBC)
- Green Building Council of Australia (GBCA)

International Coalition for Sustainable Infrastructure

In 2019, global engineers came together to identify the biggest barriers to infrastructure climate adaptation and resilience and to understand how the engineering community could act as a catalyst for action. It culminated in a signed declaration to move forward through a 'Coalition for Sustainable Infrastructure' (ISCI). In 2022 Arcadis, together with ICSI and the American Society of Civil Engineers (ASCE), developed an innovation framework for the promotion of resilient and sustainable infrastructure from around the world. This framework is outlined in a report, Pushing the Boundaries of Innovation in Sustainable and Resilient Infrastructure.

Institute for Sustainable Infrastructure

Since 2013, Arcadis North America has been a charter member of the Institute for Sustainable Infrastructure (ISI). Arcadis uses ISI's Envision rating system to evaluate the social, environmental, and economic benefits of infrastructure such as water, power, and transportation. Hundreds of North American employees have completed the ISI Sustainability Professional credentialling. Our partnership strengthens our commitment to delivering positive business outcomes to our clients while doing the right things for our planet and for society.

UN Habitat

Since 2010, Arcadis and UN-Habitat have worked together to contribute to one of the most urgent challenges in the world: sustainable urbanization. UN-Habitat's mission is to promote socially and environmentally sustainable towns and cities by improving the quality of life of citizens around the world.

Arcadis supports UN-Habitat in facing these urban challenges through the Shelter Program. Together, the two organizations have deployed missions providing technical assistance, and organized and implemented the annual Shelter Academy to train over 80 mayors and other key local officials from more than 60 cities on climate change mitigation and adaptation measures. In 2022, Arcadis supported the Urban Thinkers Campus, held during Urban October, and the World Urban Forum, held in Katowice, Poland.

Community engagement

Arcadis and our people dedicate time, expertise, and money in communities around the world to improve quality of life. Our volunteer-based activities and projects include: Create Today: providing hands-on assistance, such as performing riverside clean ups and organizing charity events to raise money or collect goods for those in need; Create Tomorrow: helping local communities by sharing our knowledge and experience through consulting, technical advice, financial know-how and access to our extensive network; and Create the Future: nurturing future talent through educational programs to promote the positive impact our profession can have on the world.

Local Sparks

Local Sparks is a global community engagement program where Arcadis employees can lead and volunteer in their own community impact initiatives. Since Local Sparks launched in 2019, Arcadians can participate in three ways: through the Local Sparks Platform (central hub); the Local Sparks Challenge (short-term projects); and the Local Sparks Accelerator (long-term projects).

In 2022, Local Sparks supported 18 Challenge projects and 8 Accelerator Projects, engaging 150+ Arcadians from seven different countries. The 2021-2022 round of Accelerator projects completed this year, with 83 Arcadians involved in impacting tens of thousands of local community members through projects, ranging from digital services to hands on renovation of community spaces and improving communities with sustainable practices. Local Sparks continued to support projects from the COVID-19 Recovery Program. Three Local Sparks workshops hosted over 300 Arcadians to promote program opportunities, with one workshop held in collaboration with the Help Ukraine Task Force and another with the KNHM Foundation.

Shelter

Working in partnership with UN-Habitat, the Arcadis Shelter program is addressing one of the world's most urgent sustainability challenges: urbanization. Since 2010, Arcadians have supported 129 UN-Habitat projects in more than 30 countries, improving living conditions for some of the world's most vulnerable people. In 2022, 52 Arcadians provided pro-bono expertise to implement primarily virtual missions, but we were also able to perform the first in-country mission in almost three years. Eleven workshops were held to introduce more than 1,200 Arcadians to the Shelter Program and to share lessons learned during missions.

Ukraine Task Force

At Arcadis, treating all people with dignity and respect is aligned with our company's core values. This means we strive to act and support others suffering hardship or human rights abuse, ultimately helping to contribute to a more sustainable, inclusive, and equitable world.

In response to the war in Ukraine, we established a task force and donated over €1 million to UNICEF, Polish Humanitarian Action (PAH) and the Red Cross to raise much needed funds to provide food, water and psychological support to the most vulnerable groups. This included elderly people, women, and children, who have been displaced or are pinned down in bomb shelters across Ukraine. These organizations also provide first aid and medical kits, personal protection gear and other emergency humanitarian supplies to these shelters, as well as to hospitals in the combat zones.

We have seen overwhelming response from Arcadians in Poland, Romania and across the world who are showing support to displaced children and families, whether opening their homes or delivering supplies to the border, supporting through financial donations or helping to find skilled jobs in our business for those whose livelihoods have been violently uprooted by this tragedy. Together, we have expanded our refugee hiring and our global Community Engagement programs to support these efforts and the people of Ukraine.

Global Sustainability Business Partnering

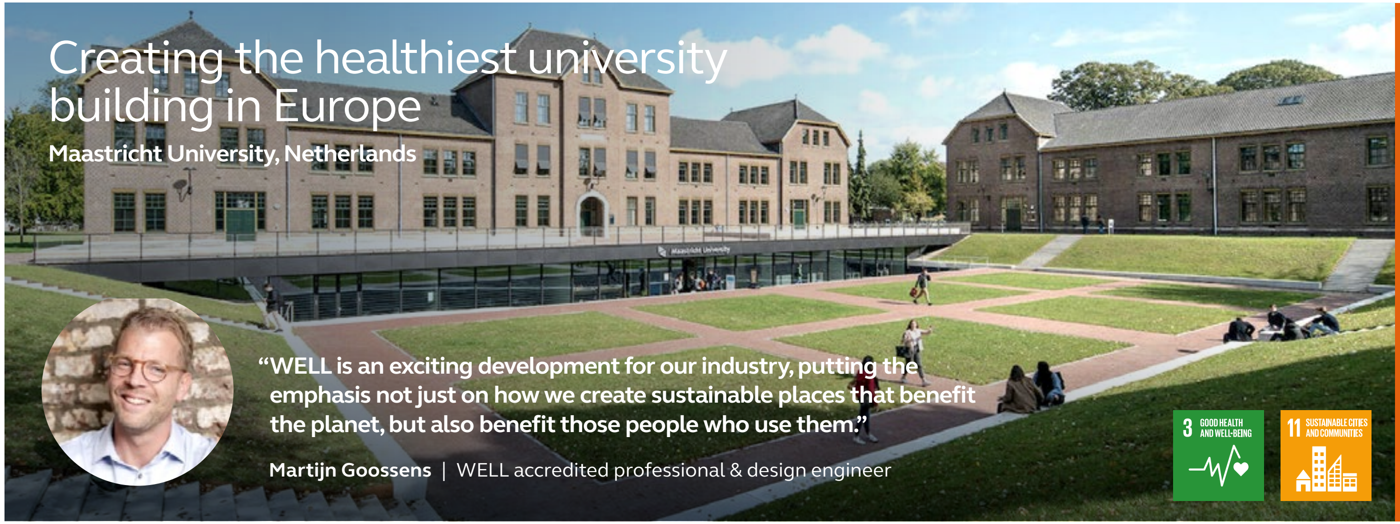
To support the business in effectively translating the Arcadis Global Sustainability Strategy into business-specific insights, breakthrough targets, and actions plans, the Global Sustainability Business Partners' activities help teams acquire the sustainability knowledge and behaviors necessary to make them effective change agents within the industry. Working with key stakeholders in the Growth and Operations teams, the focus is to embed sustainability into all client activities – client engagement, bids and projects.

During 2022, and through engagement across the business, the GS BP team have identified immediate needs to support client facing and service delivery teams. Collateral has been developed to address these immediate needs including a number of 'How-to Guides'. For example, 'How to Start a Sustainability Client Conversation' and 'How to Integrate Sustainability into a Bid'.

A key ambition for 2022 was to better define what sustainability means to people in Arcadis, where the capability sits, and to identify points of contact. The Growth team had identified a specific need to know who to go to for specific sustainability topics. The GS BP team have built a map of the Arcadis Sustainability Ecosystem which includes key points of contact for different sustainability themes.

The GS BP team have working closely with the Global Service Directors during 2022 to establish key sustainability themes and priorities for each service area. This has included development and facilitation of leadership workshops and trainings for groups from Core Service areas and the development of a sustainability capability pilot for Project Managers working with clients in the Financial Services sector.

During Q4 2022, the GS BP team worked with the GBAs on an engagement approach for 2023, which will improve embedding sustainability in client projects and help GBAs prioritize activities. Sustainability Roadmaps for each GBA were developed during Q4 2022 to support engagement.



Creating the healthiest university building in Europe

Maastricht University, Netherlands

“WELL is an exciting development for our industry, putting the emphasis not just on how we create sustainable places that benefit the planet, but also benefit those people who use them.”

Martijn Goossens | WELL accredited professional & design engineer

1,000 students + 20 staff

benefiting from the new facilities

How we are different

Using the WELL Building Standard to design a place that promotes high levels of health and wellbeing, creating optimal conditions for students and academics.

Impact

The first WELL certified university building in Europe, aligned to the university’s own sustainability aspirations and academic research.

The Challenge

Maastricht University is a popular destination for students and scientists looking to progress their academic careers. It has been growing for many years and now has more than 21,000 students and almost 5,000 staff. But to meet future demand the university needed to expand. Acquiring the Tapijnkazerne – a neighboring former army barracks – meant there was scope to provide much needed capacity for an additional 1,000 students and 20 staff, but the site’s aged design and accommodation were not consistent with the university’s strategy for sustainability, or their aspirations for the student and staff experience. Furthermore, there was an appetite from the university to push the boundaries and create an exemplar that encapsulated the teaching and research prowess of the faculty.

The Solution

Our WELL-accredited professionals partnered with the design team and contractors to support the implementation and validation of WELL Building measures. Given the Tapijnkazerne’s listed status, we had to be sympathetic to the original design. For example, modifications were made to improve (rather than replace) the original ventilation. This saw 'intelligent' controls installed to continuously measure air quality, adjusting to enhance and filter air according to the number of people. Light was also a consideration, with calculations and daylight simulations prior to construction to optimize design and ensure compliance with the highest European standards. Heating, ventilation, and air conditioning were designed to focus on ‘thermal comfort’, while sound-limiting interventions were made to aid concentration and focus, including sound-insulation to listed windows, and sound mapping to create acoustic barriers between zones.

The Impact

Maastricht University has become the first university in Europe to meet the WELL Building Standard. It is this focus on human sustainability, performance and productivity that most closely resonates with the Faculty’s own research agenda, supporting their existing staff and students to be happier, more engaged, more productive and healthier, and hopefully encouraging others to join the university in the future. Furthermore, Maastricht University will use the knowledge it acquired during the WELL Building process within future real estate activities, and it is hoped that the building will serve as a living lab for Health research.

Impact and systems

Impact and Systems supports embedding ESG considerations into our operations and value chain, assesses our own impact, reports on sustainability-related performance and sets global policies related to sustainability. In line with our ambition to improve quality of life to accelerate the transition to net zero, we are committed to operating our company in a way that reduces greenhouse gas and waste emissions in our operations while enhancing biodiversity.

To do this, we have established a science-based target for our global operations (Scopes 1-3 emissions) with a near-term target aligned with a 1.5°C pathway and a commitment to net zero, approved in February by the Science Based Target initiative (SBTi), a partnership of four leading NGOs that collectively validate organizational greenhouse gas reduction targets. Since then, Arcadis has grown through acquisitions and has updated its scope 3 inventory, triggering the need to apply to SBTi for approval again in 2023. In addition to the preparedness this will bring our organization regarding adapting to and mitigating the effects of climate change, we are confident that the development of our own net zero transition plan will also help to maintain and improve our top-quartile performance as ranked by our core rating agencies and contribute to key insights we will share with our clients.

Furthermore, we have begun evaluating our own biodiversity footprint and establishing targets related to our operations' impact on biodiversity. Arcadis has joined the Science Based Targets Network Corporate Engagement Program, a group of companies, consultants, industry coalitions and financial institutions helping the Science Based Targets Network to develop science-based targets for nature.

At Arcadis we quantify and track our Energy, Climate & Biodiversity KPI by calculating our carbon footprint for our Scope 1, 2 and 3 emissions (MT CO_2 per FTE). The target for this KPI aligns with the SBTi 1.5°C pathway. Our 2022 estimated carbon footprint is presented in the Emissions and Environmental Management section of this report. The efforts in place to reduce our emissions are described in the section Net Zero Commitment.

Net Zero Commitment

In September 2021, Arcadis announced a commitment to accelerate reductions to achieve net zero faster within the company's global operations (Scopes 1-3). This step is part of the ambition the company set out in its three-year strategy to build on Arcadis' pioneering heritage and maximize its impact by reinforcing sustainability at the heart of client solutions, business operations, and the communities of today, tomorrow and the future.

Arcadis supports the aims of the Paris Agreement and Glasgow accords and has committed to reduce Scope 1 and 2 GHG emissions 74% per full time employee by 2035 from a 2019 base year. Arcadis also commits to reduce Scope 3 GHG emissions 74% per full time employee by 2035 from a 2019 base, focusing on business travel, fuel & energy related activities, commuting and working from home. Additionally, Arcadis committed to increase annual sourcing of renewable electricity from 6.8% in 2019 to 100% in 2022 and achieved that target. In addition, Arcadis sourced renewable electricity certificates for the first time covering the electricity consumption of its company-owned/ leased vehicles, employee's private vehicle consumption for business travel and commuting purposes, and for the estimated electricity consumption for work from home situations for its employees.

In addition, as an interim step to net zero, we invest in high quality Gold Standard and VCS certified offsets for our Scope 1 and 2 emissions and key Scope 3 emissions that protect and restore ecosystems in Cambodia and improve quality of life and abate emissions by providing cookstoves in India to help mitigate climate change.

The **Keo Seima Wildlife Sanctuary** (KSWS) 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 securing of legal title to their traditional lands. Working with the Fair Climate Fund, Arcadis has been investing in 136,700 of the forest's carbon credits in the past three years (2020-2022), saving approximately 110.5 hectares of protected forest land – an important step in our journey to mitigate climate change. The contribution will also positively impact Keo Seima's indigenous people through support in the land titling process, as well as sustainable management of the forest, protecting it and its wildlife against the imminent threats of deforestation and forest degradation.

Annually our Dutch operations invests in cookstoves, helping families in the India countryside. The project saves energy and supports local employment since the ovens are fabricated and serviced locally. Since this project is closely related to the carbon footprint of Arcadis, the 2022 investment in cookstoves will be determined once the final footprint is published. Please visit our website for updates.

Emissions and Environmental Management

Since 2010, we have consistently reported on our global emissions and energy consumption, based on the Greenhouse Gas (GHG) Protocol. This initiative is implemented and monitored via our Global Environmental Management System Standard (EMSS). By using this standard, each entity has flexibility regarding how to approach their roadmap to achieve their net zero targets and reduce environmental impact, but all entities consistently report progress using the Global Standard as a minimum requirement. In the Global Standard, Arcadis requires entities to report on metrics that were determined "material" to our organization's environmental impact. For more information refer to the Stakeholder Dialogue section in this report. Metrics are compiled globally and summarized herein; additional details are published publicly via the Carbon Disclosure Project (CDP). Carbon footprint data are reported locally to sustainability professionals, who review the data. This review includes a comparison to other entities and historical performance. Before data is released in our Annual Integrated Report (AIR) it is third party verified. Currently, 68% of Arcadis entities run a certified ISO 14001 Environmental Management System (EMS); although each entity is required to run an EMS, the system does not have to be certified.

Since the release of our annual report occurs before full year energy consumption data is available, the energy consumption and carbon footprint presented in the following tables are estimations based on measured data from January to November 2022. The most up to date releases regarding information regarding energy consumption and carbon footprint will always be posted on our website.

The scope 1 and 2, and select scope 3 emissions for 2022 will be offset as soon as we will have finalized our full year reporting cycle.

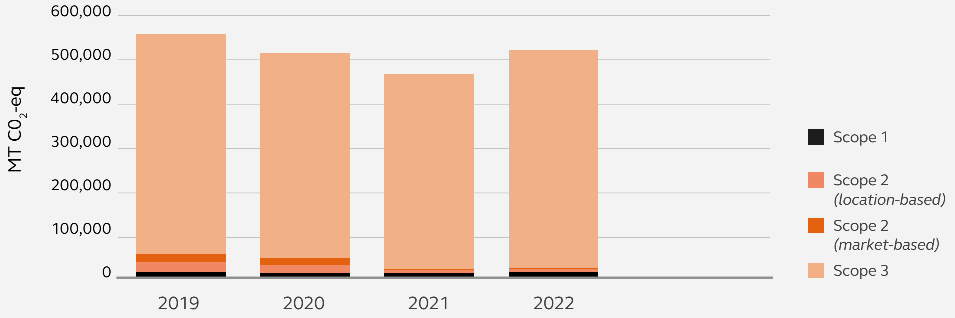
Arcadis global 2022 carbon footprint in MT CO_2eq (MT = metric tons) (absolute values are rounded to 10)

	2022	2021	2020	2019
Scope 1	10,650	7,670	8,950	10,480
Scope 2 (location-based)	7,810	8,340	18,130	21,960
Scope 2 (market-based)	220	1,320	16,960	20,480
Scope 3 (all categories)	503,240	449,490	469,370	504,520
Scope 3.1: Purchased goods & services	458,200	414,500	424,250	434,000
Scope 3.2: Capital goods	5,400	1,170	4,540	7,900
Scope 3.3: Fuel-and-energy-related activities (not included in Scope 1 or 2)	3,250	2,580	2,740	5,640
Scope 3.5: Waste generated in operations	1,050	200	200	200
Scope 3.6: Business travel	21,410	12,610	12,510	42,820
Scope 3.7: Employee commuting (incl. working from home)	14,930	18,420	25,140	13,970
Total Absolute Footprint (all scopes, market-based)	**515,110**	**458,480**	**495,270**	**535,480**
Per FTE				
Scope 1 + 2 (market-based) / FTE	0.40	0.32	0.97	1.17
Scope 1 / FTE	0.39	0.27	0.33	0.40
Scope 2 (market-based) / FTE	0.01	0.05	0.63	0.77
Scope 3 / FTE	18.5	16.0	17.6	19.1
Total relative Arcadis Footprint (all scopes. market-based)	**18.9**	**16.4**	**18.5**	**20.3**

The 2022 estimates for Scope 2 are shown as location- and market-based emissions. For the market-based emissions, the renewable electricity we purchase via appropriate certificates (e.g., GOs and i-RECs) is taken into account.

The following figure depicts our reported emissions from our baseline year (2019) compared to our last three years of emissions. Please note that the COVID-19 pandemic has greatly reduced our emissions in 2020-2022.

Arcadis Global Carbon footprint



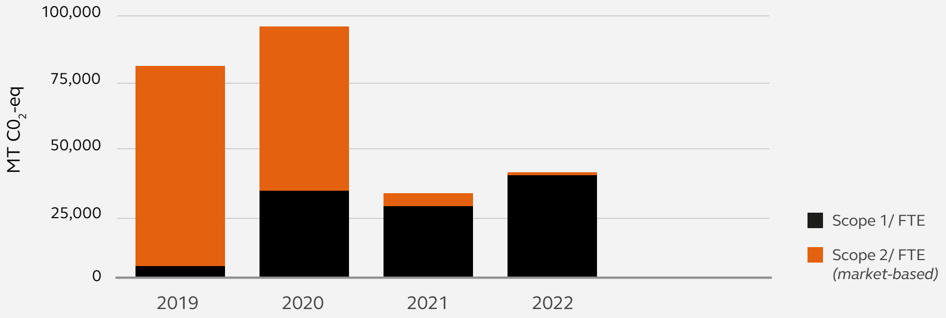
* Remaining emissions which will be offset by carbon removals

In February 2022, our science-based target was approved by SBTi. Since that time, Arcadis acquired several companies (including IBI and DPS). Furthermore, in 2022 we conducted a 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 expanded our inventory to include additional scope 3 categories to align with leading practice. Due to these changes, we plan to resubmit our GHG reduction target to SBTi for approval and have started this process with SBTi.

The companies Arcadis acquired in late 2022 are out of scope for all emission calculations presented here. Excluding these acquisitions, we have calculated and are reporting the results for the GHG emissions related to scope 3, categories 1, 2 and 5 for the first time. For the preliminary GHG emissions shown here, we have calculated these additional scope 3 categories (1, 2, 3, 5 and 7) for the years 2021 and 2019. For 2020, we are using the arithmetic average of 2019 and 2021, for 2022 we use actual figures. We will publish our final 2022 GHG emissions in Q2 2023 with updated values for both historic as well as 2022 final figures.

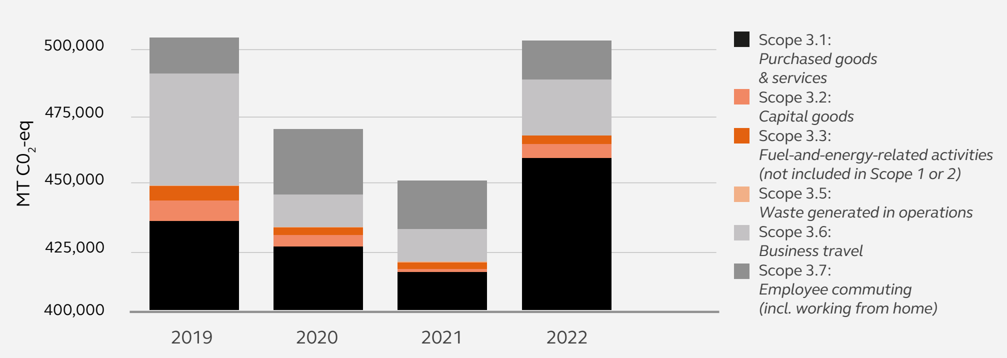
To reduce our electricity-related emissions, we have purchased green electricity via certificates ((i) RECs & GOs) for all offices which do not yet have direct green electricity contracts to cover 100% of our office electricity consumption. For the first time, we have additionally purchased certificates 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 + lighting) and for employee commuting with electric vehicles.

Arcadis Global Carbon footprint FTE



* Remaining emissions which will be offset by carbon removals

Arcadis Global Carbon footprint Scope 3



* Remaining emissions which will be offset by carbon removals

Since 2017, Arcadis has participated in KLM's Corporate Biofuel program. Through this program, Arcadis pays a surcharge to the airline that covers the cost difference between sustainable biofuel and traditional kerosene. A large-scale shift to sustainable biofuel has the potential to decrease carbon emissions from the airline industry by up to 80%. Participating in this program helps us demonstrate demand for more sustainable business travel options.

Detailed methodology
Addition to our indirect emissions (scope 3): For the first time we are reporting emissions for scope 3 category 1 (Purchased goods and services), category 2 (Capital goods) and category 5 (Waste generated in operations). We have used a spend-based methodology and EEIO factors to calculate these emissions and the spend data was provided by our Finance function.

For scope 3 category 3 - Fuel-and-energy-related activities (not included in Scope 1 or 2), consumption is captured in our NFR platform by each country and calculated according to the mapped emission factors (from Defra and IEA, see separate section in glossary).

For scope 3 category 6 - Business travel, data is collected by an external provider, Thrust Carbon, directly from our travel agencies, and in cases where travel is not booked via these providers either data is 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 incl. working from home (WFH), data was 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 (https://ecometrica.com/knowledge-bank/insights/the-ecometrica-homeworker-methodology).

For our scope 1 and 2, consumption is captured in our NFR platform by each country and calculated according to the mapped emission factors from Defra v11 (09/2022) and IEA v5 (12/2022), see separate section in glossary.

Our US electricity-related emissions had been calculated using prior Defra factors which still represented the US grid mix of the year 2015. This has been updated for our 2021 and 2022 scope 2 values with the newest available factors from IEA v5 (12/2022) which represent the US grid mix of the year 2020. This update affected only our scope 2 (location-based) figures, which are now 21% lower (for 2022) and 26% lower (for 2021).

Valid for scope 1, 2 and 3
Arcadis divested a few countries' operations, and where no data could be retrieved because of the divestment, missing data was completed with the average of the previous months of 2022 if available or else with the arithmetic average of the whole year 2021.

For our global KPIs, absolute emissions have been divided by the FTEs to calculate the intensity figures (GHG emissions per FTE).

Pledge to Race to Zero

To further reiterate our commitment to becoming a Net Zero company, Arcadis continues to participate in the Pledge to Net Zero. Through this commitment, we joined the Race to Zero, a UN backed global campaign aimed to rally leadership and support from businesses, cities, regions, investors to take action to shift to a decarbonized economy that prevents future threats, creates jobs, and unlocks inclusive, sustainable growth.

Ratings and Recognition
In line 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 stakeholders. Progress is reflected in several Environmental, Social and Governance (ESG) performance benchmarks and assessments, including Sustainalytics, CDP, MSCI, ISS and EcoVadis. We take a pro-active 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, in our own business operations and through the way we engage with people and communities. The table below shows our scores for several key Environmental, Social, Governance (ESG) related rating agencies over the last two years. Our Non-Financial Reporting webpage includes more information and details on these assessments.

	Score 2022		Score 2021	
	Score	Rank	Score	Rank
Sustainalytics (Lower ESG Risk Rating score = lower risk)	ESG Risk Rating: 14	Top 1% (1st place) in industry Top 8% of all companies	ESG Risk Rating: 12.9	Top 1% (1st place) in industry Top 4% all companies
EcoVadis	Overall score: 77/100 points Platinum medal	Top 1% of industry Top 1% of companies globally	Overall: 69 points, Gold medal	Top 2% in industry Top 4% all companies
MSCI	TBD April 2023	TBD April 2023	AA (leader)	Top 19% of industry
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	A-	Leadership category	B	Above industry and Global average

Sustainable procurement

Responsible and sustainable procurement has been recognized as a material theme for Arcadis.

We are further developing our Sustainable Procurement Program and building an impact-based approach. In 2022, these developments included, but were not limited to:

- A small-scale Supplier Sustainability Collaboration Pilot as a basis for larger scale collaborations. This pilot paved the path to larger scale deep diving on points 2 and 3.
- Reviewing and reducing our greenhouse gas impact through our supply base. Further development of our Scope 3 analysis, reporting, and reduction focuses on purchased goods and services. A Supplier Collaboration program on reduction of our Scope 3 impact is being developed[1].
- Growing our phased Human Rights approach based on our Human Rights policy and roadmap addresses the supply chain in alignment with the United Nations Guiding Principles on Business and Human Rights.
- Risk assessments on procurement category level help us identify possible environmental and human rights risks. Measures for risk mitigation include:
  – internal training of our (procurement) community for higher awareness;
  – engagement of AI-monitoring services help us to trace potential non compliances in our supply base;
  – the extension for suppliers to raise concerns through an Integrity Line.

Training of our international procurement community to familiarize key stakeholders in this community with external sustainability developments and internal tools.

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 outlines the collaborative approach we aim for with our supply base. It also details Arcadis' expectations that suppliers need to meet regarding ESG topics.

To strengthen our approach, we follow ISO20400 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.

Supporting Sydney's growing aviation needs and setting

Western Sydney International Airport

"This project isn't simply about creating a new airport – it also forms the nucleus for a new city in the west of Sydney. It is a true city shaping development that will unlock the potential and improve quality of life for Western Sydney communities and beyond."

Jonathan Yearsley | Design Manager / Associate Technical Director - Highways

1,780 ha.

site in Western Sydney

How we are different

Arcadis is drawing on strong sustainable, cultural, and aesthetic principles by harnessing its multiple disciplines nationally and utilizing its global expertise.

Impact

Completing this world-class facility ensures seamless travel and significant economic benefits to Western Sydney residents and businesses.

The Challenge

Western Sydney's diverse population of more than two million is expected to increase by 46% over the next 20 years. To accommodate for future growth and the region's rising aviation needs, the Western Sydney International Airport is set to deliver simple, smart, and intuitive experience for travelers and be a catalyst for long-term development, opening up new employment and economic opportunities in the Western Sydney corridor. Opening in 2026, this is the first new greenfield international airport in Australia since Melbourne Airport opened in 1970.

The Solution

Arcadis is bringing technical expertise and knowledge from Australia and globally. The construction of the project is split into several major contracts. Arcadis was involved in the Bulk Earthworks contract as part of CPB Contractors and Acciona Joint Venture, which is the first major package for construction. Following the success of our initial work, we continued to provide cutting-edge detailed design in a Joint Venture with Aurecon and partner NACO for the Airside Civil and Pavement works that form the foundation of the new airport. To achieve our sustainability and environmental targets, Arcadis was instrumental in developing pavement materials made using recycled materials. Digital engineering is a vital component. Federating various 3D models, which is unique for this project, saves significant processing time, reduces risks, and mitigates errors, helping to improve quality and safety.

The Impact

As the detailed designer, together with our JV partner, Arcadis is completing the cutting-edge detailed design of the airside package, including the runway, roads, taxiways, pavement, utilities, and water systems. Western Sydney International Airport will provide a seamless experience for passengers thanks to smart technologies and services. Focusing on operational efficiency and reliability makes flying fast, easy, and smooth. Aside from opening thousands of employment and business opportunities for locals in the Western Sydney corridor, the airport will also stimulate the development of new and modern infrastructure, such as motorways, train lines, and roads, shortening travel time and increasing safety for generations to come.

Disclosures related to environmental matters

In line with our Global Sustainability Policy, we measure, monitor, and communicate our sustainability performance in a manner that is transparent and responsive to the needs of our stakeholders.

Our progress is reflected in several Environmental, Social and Governance (ESG) performance benchmarks, including Sustainalytics, CDP, MSCI, ISS and EcoVadis. We take a pro-active 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, in our own business operations and through the way we engage with people and communities.

Environmental non-compliance

Our efforts in sustainability are guided by the UN Sustainable Development Goals and by the Arcadis General Business Principles (AGBP) which set guidance for our business decisions and actions throughout the world at all levels and apply equally to company actions and to individual behavior of all our employees in conducting Arcadis' business.

In 2022 there has been no environmental violation or notice of violation from a regulatory environmental authority where a monetary civil penalty of an amount higher than €10 K was imposed on Arcadis.

Taskforce on Climate-related Financial Disclosures (TCFD)

TCFD disclosures assess the risk and opportunities for Arcadis related to climate change. In 2022, we carried out both qualitative and quantitative Climate Scenario Analysis (CSA). The CSA outputs have helped us to assess climate-related physical and transition risks and opportunities for the business. The insights generated from the CSA will help us set a course of actions for next year. The complete TCFD disclosure is presented in the section Additional Information at the end of this report.

Arcadis EU taxonomy disclosure

Context

According to the Regulation (EU) 2020/852 (the "Taxonomy Regulation"), Arcadis is subject to disclosing the share of its economic activities, for the period ending on 31 December 2022, in terms of sales revenue, capital expenditures and operational expenditures that are taxonomy eligible and taxonomy aligned under at least one of the two published environmental objectives defined by the European Commission. Today, the two published environmental objectives are the climate change mitigation and climate change adaptation objectives. In the future, the disclosures will be extended to cover all the six environmental objectives. According to the EU Commission, today's criteria cover the economic activities of roughly 40% of EU-domiciled listed companies, in sectors which are responsible for almost 80% of direct greenhouse gas emissions in Europe.

An economic activity is taxonomy eligible if it is part of the list of activities described by the Delegated Acts to the Taxonomy Regulation, corresponding to the activities identified by the European Commission as likely to substantially contribute to one of the following environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

An economic activity is qualified as taxonomy aligned where that activity:

- Substantially contributes to one or more environmental objectives, by meeting the specific technical criteria detailed in the Delegated Acts to the Taxonomy regulation;
- Does not cause any significant harm to the other environmental objectives, meeting the applicable "Do No Significant Harm" criteria described in the Delegated Acts to the Taxonomy regulation;
- is carried out in accordance with minimum safeguards and complies with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

31 December 2022 reporting

Eligible activities

Arcadis conducted a detailed analysis of its activities to identify those that correspond to activities described in the two published Delegated Acts around climate change mitigation and climate change adaptation.

This analysis was carried out jointly by the Global Accounting Officer responsible for the disclosure of the annual integrated report, the Global Growth Finance Director of GBA Mobility, and the Non-Financial Reporting Director.

Eligibility Assessment Methodology

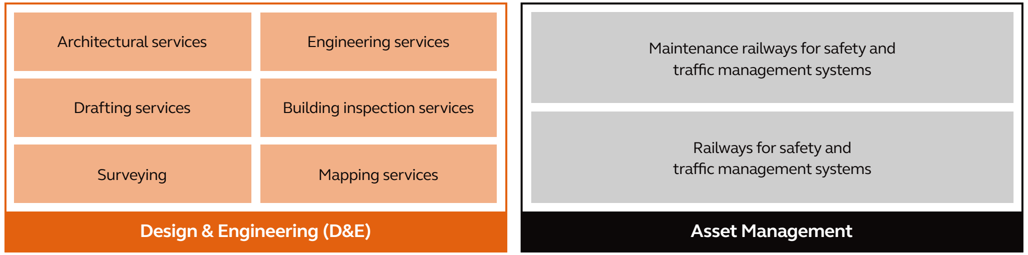
Arcadis, being one of the world's leading companies delivering sustainable design, engineering, and consultancy solutions for natural and built assets, has an important place in the value chain. Arcadis' services enable other companies to be more sustainable, as in the example of construction or maintenance works. Since Arcadis is almost never engaged in the latter activities, the actual list of relevant taxonomy activities to Arcadis is very narrow. It is important to note that although Arcadis is having Sustainability in the core of their strategy, many of the advisory activities such as Project and Program management, Design and Engineering, Contract Solutions, Commercial and Procurement strategies, and many more do not fit in the EU Taxonomy, as Arcadis does not carry out the actual construction works.

Though Arcadis' designs and plans are key to determining whether the environmental objectives are likely to be achieved for its clients, due to Taxonomy eligibility requirements, this work often does not accrue under the final eligible economic activity totals.

Arcadis classifies its value propositions through Solutions. At project start, projects are tagged in the ERP system which allows categorization of each project by Global Business Area, by Solution, and or by type of Service. Each Solution at Arcadis has been screened in joint efforts with the Solution leaders, in order to identify possible eligible activities. Where necessary, further detailed analysis took place with help of e.g. project managers, finance staff and other relevant stakeholders. Each Solution in which eligible activities were found, is briefly explained below.

Rail Solutions

All projects under the Intelligent Rail Solutions are mostly Design & Engineering (D&E) projects for railways, subways, bridges, tunnels, stations, terminals, or rail service facilities. The total turnover associated with the list of projects inside this Solution is found eligible under activity "6.14 Infrastructure for rail transport" in the Climate Mitigation objective. No CAPEX nor OPEX (according to the taxonomy definitions) dedicated to Intelligent Rail projects have been identified.



Climate Adaptation Solution
The Climate Adaptation Solution ensures communities continue to thrive in the face of climate uncertainty by providing full climate adaptation measures across the life-cycle of any asset – from risk mapping, vulnerability assessments, and community-based resilience plans to the design and engineering of flood defense systems and stormwater infrastructure. The Solution works with framework contracts, that often have a time horizon over several years and cover a wide variety of technical consultancy services, which are all dedicated to adaptation to climate change, making the Solution eligible under activity "9.1 - Engineering activities and related technical consultancy dedicated to adaptation to climate change" in the Climate Adaptation objective. No CAPEX nor OPEX (according to the taxonomy definitions) dedicated to Climate Adaptation projects have been identified.

Environmental Restoration Solution
A comprehensive assessment of projects under "Environmental Restoration" Solution have been performed against descriptions of several taxonomy activities. The assessment led to identifying two eligible projects relating to the improvement of wetland functions located on land matching the international definition of wetland under activity "2.1 Wetland Restoration". No CAPEX nor OPEX (according to the taxonomy definitions) dedicated to Environmental Restoration Solution projects have been identified.

Net Zero Facilities & Sustainable Communities Solution
Assessment of the "Net Zero Facilities & Sustainable Communities" Solution have led to confirming the eligibility of mechanical, electrical, and plumbing (MEP) projects. All MEP projects fall under technical consultations (energy consultations, energy simulations, project management, production of energy performance contracts, dedicated trainings) linked to the improvement of energy performance of buildings and thus are eligible under activity "9.3 Professional services related to energy performance of buildings" in the Climate mitigation objective. No CAPEX nor OPEX (according to the taxonomy definitions) associated with MEP projects have been identified.

Non eligible activities
- Non-Eligible Activities
- The assessment covered all the Solutions with likely eligible activities generating Turn Over (TO) or engaging a CAPEX or OPEX. No further taxonomy eligible activities have been identified.

Individual Measures
Our eligibility screening has covered individual measures involving TO, CAPEX, or OPEX and that are rather managed at group level. The assessment has led to identifying activities "6.5 Transport by motorbikes, passenger cars and light commercial vehicles" and "7.7 Acquisition and ownership of buildings". Leased vehicles accounted for under IFRS 16, as well as all KPIs related to leased buildings are eligible.

Recent acquisitions
Arcadis has acquired companies during 2022, notably IBI Group, September the 27th and DPS Group December the 1st. IBI and DPS revenues, OPEX and CAPEX are included in the denominator of the calculations for Eligibility and Alignment. IBI and DPS leased assets have been identified as eligible and included in the numerator of the CAPEX KPI. Turnover of acquisitions could not be reviewed in the short period of time, in result is considered not eligible. Aside from that, turnover of acquisitions in the months being part of Arcadis was not having material impact on the total revenue of Arcadis. No material impact on the eligible turnover nor the eligible OPEX was identified in relation with these acquisitions. In 2023 an in-depth review of their activities will be done to assess whether they should be considered as eligible.

Eligibility Assessment Results

The assessment led to the identification of the following eligible activities falling under the two published climate objectives:

Taxonomy activity		Objective	Taxonomy description	Corresponding Arcadis activity	KPI
2.1	**Environmental protection and restoration activities**	Climate Mitigation	Restoration of wetlands refers to economic activities that promote a return to original conditions of wetlands and economic activities that improve wetland functions without necessarily promoting a return to pre-disturbance conditions	The projects corresponding to the taxonomy description relate to design and restoration of water quality and biodiversity systems along major European rivers.	Turnover
6.5	**Transport by motorbikes, passenger cars and light commercial vehicles**	Climate Mitigation	Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1, both falling under the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council234, or L (2- and 3-wheel vehicles and quadricycles).	Arcadis company cars leased under IFRS 16.	Capex
6.14	**Infrastructure for rail transport**	Climate Mitigation	Construction, modernization, operation and maintenance of railways and subways as well as bridges and tunnels, stations, terminals, rail service facilities, safety and traffic management systems including the provision of architectural services, engineering services, drafting services, building inspection services and surveying and mapping services and the like as well as the performance of physical, chemical, and other analytical testing of all types of materials and products.	Arcadis Intelligent Rail Solution provides various types of architectural and engineering services as well as maintenance services.	Turnover
7.7	**Acquisition and ownership of buildings**	Climate Mitigation	Buying real estate and exercising ownership of that real estate.	Arcadis' buildings, owned or leased under IFRS 16.	Capex
9.3	**Professional services related to energy performance of buildings**	Climate Mitigation	Professional services related to energy performance of buildings.	MEP Projects partially under Net Zero Facilities & Sustainable Communities Solution and partially under Performance Driven Engineering & Business Advisory (Services).	Turnover
9.1 (II)	**Eng. activities and related technical consultancy dedicated to adaptation to climate change**	Climate Adaptation	Engineering activities and related technical consultancy dedicated to adaptation to climate change.	Projects under Climate Adaptation Solution.	Turnover

Analysis of the alignment of the activities

A thorough analysis of the technical screening criteria has been performed for all eligible activities based on a comprehensive data analysis covering all concerned projects. The assessment involved Solution leaders, country controllers, and project managers overseeing eligible projects. All substantial criteria, alongside DNSH criteria listed in Annex 1 of the EU Regulation 2021/2139 were examined for all eligible activities.

(6.14) Infrastructure for rail transport

All substantial criteria have been examined, while DNSH criteria related to circular economy and pollution have been judged non-applicable for activity (6.14) given that Arcadis is a Design & Engineering firm never involved in actual works. Arcadis, consequently, does no significant harm to the transition to a circular economy nor to pollution prevention and control.

(9.1) Climate Adaptation

All activities in this business were screened against the substantial contribution criteria and were found to be in line with all alignment requirements, since the main purpose of this solution is to offer nature-based solutions, such as flood prevention, restoration of biodiversity loss and integration of green areas in cities, to adapt to climate change in densely populated and affected areas. Only one criterion concerning architectural services was considered as “non applicable”, since no projects offer services in architecture. In addition to being key parts of the design process, all projects respect stringent local regulations on environmental impact assessments and water quality assessments, as required by DNSH 3 (Sustainable use and protection of water and marine resources).

(9.3) Professional services related to energy performance of buildings

All MEP projects in Arcadis involve technical consultations (energy simulations, & project management) linked to the improvement of energy performance of buildings. For activity (9.3), according to (Annex 1) of the EU Taxonomy, all DNSH criteria are non-applicable except for the Climate Change Adaptation.

(7.7) Acquisition and ownership of buildings

For buildings to demonstrate compliance with the substantial contribution criteria, adequate evidence was examined to prove that the buildings have at least an Energy Performance Certificate (EPC) class A, or as an alternative that they are within the top 15% of the national or regional stock. For projects based outside the EU, and for EU countries with no solid national classification, the analysis was based by using the French threshold. For activity (7.7), according to (Annex 1) of the EU Taxonomy, all DNSH criteria are non-applicable except for the Climate Change Adaptation.

(6.5) Transport by motorbikes, passenger cars and light commercial vehicles

All leased fleet vehicles with CO_2 emissions lower than 50kgCO_2/km (electric and hybrid (PHEV) vehicles) were considered meeting the substantial contribution criteria. Screening of the circular economy DNSH was conducted regarding end of life use and waste management, while all European vehicles are compliant with EU directives regarding eco-design and pollution prevention.

Adaptation to the climate change

A climate risk and vulnerability assessment has been performed to assess the materiality of the physical climate risks on the Arcadis’ activities. The assessment covers Arcadis’ assets located in all countries. Climate perils are classified by level of sensitivity based on scientifically calculated hazard scores, and displayed by number of impacted employees, and by impacted project net revenues. An assessment of adaptation solutions that can reduce the identified physical climate risk has been performed. Arcadis is not considered as vulnerable to the climate change hazards as the activity is spread in a wide variety of geographies, allowing a risk diversification. Furthermore, home office and remote working is easy to put in place in case of a climatic hazard. It has been conclude that DNSH2 is respected over all Arcadis’ activities.

Minimum Safeguards

Arcadis is aligned to all minimum safeguards requirements pursuant to Article 3 of the Taxonomy Regulation, and has disclosed all procedures put in place to comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, and has also integrated all principles and rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Evaluation of these elements was carried out in collaboration with the Global Compliance Officer, the Global People Director as well as the Human Rights lead.

Arcadis has been a member of the United Nations Global Compact (UNGC) since 2009 and supports the Ten Principles regarding four areas: human rights, labor standards, environmental stewardship, and anticorruption. Our operations and strategy reflect the UNGC principles, and our membership to UNGC is a statement of our commitment and our ambition to be a sustainability leader.

Human Rights Due Diligence

Arcadis made progress on implementing a human rights due diligence process in order to prevent, mitigate, and remediate any negative human rights impacts caused by, contributed to, or linked to our business activities. An updated Human Rights Policy was published in 2021 detailing our long-term strategy towards implementing the due diligence process.

Anti-corruption

Arcadis has embedded its commitment to preventing corruption by developing specific anticorruption guidelines that are an integral part of the Arcadis Code of Conduct.

Taxation

Arcadis’ commitment to sustainability, our core values and the AGBP form natural and essential foundations of our approach to tax which is laid down in the Arcadis Tax strategy and principles as published on our external website. Arcadis has also endorsed the VNO-NCW Tax Governance Code, which is largely aligned with the Arcadis Tax strategy and principles. Progress on our commitment to fully comply with this Tax Governance Code will be published on our website.

Fair Competition

Arcadis supports the principle of free enterprise and unrestricted competition as a basis for conducting our business and we observe applicable competition laws and regulations. Specific guidance on fair competition form an integral part of the Arcadis Code of Conduct.

Legal Monitoring

Arcadis closely manages its key legal claims and proceedings and collaborates with the Risk team to address potential legal risks. Arcadians receive regular trainings on legal topics, including new legislation and legal risks.

Key Performance Indicators as of 31 December 2022

The figures reported below relates to the consolidated companies included in Arcadis consolidated financial statements.

Revenue

As of 31 December 2022, the total turnover used as a denominator for the calculation of the Taxonomy Turnover KPI amounts to 4 028 M€ and corresponds to the group Gross revenue as set up in the Group’s consolidated financial statements.

The eligible turnover amounts to 571 M€ and corresponds fully to the gross revenue generated by the Intelligent Rail Solution, MEP projects, Climate Adaptation projects, and few Environmental Socio Permitting projects.

Capital Expenditures
As of December 31, 2022, the total capital expenditures used as a denominator for the calculation of the Taxonomy CapEx KPI amounts to 160 M€ and corresponds to additions to tangible and intangible assets over the period, including increases in IFRS 16 right-of-use and additions related to business combinations.

Goodwill is not included in Capex, as it is not defined as an intangible asset in accordance with IAS 38. The figures can be reconciled to note 14, 15 and 16 of the financial statements.

As of December 31, 2022, eligible capital expenditures amount to 119 M€ and relate to increases in buildings IFRS 16 right-of-use (112 M€, out of which 67 M€ related to IBI and DPS recent acquisition) and company cars (8 M€) IFRS 16 right-of-use.

Operating Expenditures
As of 31 December 2022, the total operating expenditures used as a denominator for the calculation of the Taxonomy OpEx KPI amounts to 4 M€ and corresponds to Research and Development, and Operation and Maintenance expenses only.

This amount being not significant compared to the total OpEx of Arcadis Group (3,802 M€ as of 31 December 2022), the Group use the materiality exemption for the OpEx. The amount of eligible OpEx is considered as null.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
Economic activites (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year N (18)	Taxonomy aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		Currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
Infrastructure for rail transport	6.14	421	10%	100%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	10%		E	
Engineering activities and related technical consultancy dedicated to adaptation to climate change	9.1 (II)	86	2%	0%	100%	0%	0%	0%	0%	Y	N/A	Y	N/A	N/A	N/A	Y	2%		E	
Professional services related to energy performance of buildings	9.3	24	1%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	N/A	N/A	N/A	Y	1%		E	
Turnover of environmental sustainable activities (Taxonomy-aligned (A.1)		**531**	**13%**														**13%**			
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																				
Infrastructure for rail transport	6.14	24	1%																	
Wetland Restoration	2.1	17																		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**41**	**1%**																	
Total (A.1 + A.2)		**571**	**14%**														**13%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			14%																	
Turnover of Taxonomy-non-eligible activities (B)		3,457	86%																	
Total (A + B)		**4,029**	**100%**																	

1 The percentage line “A1+A2” column 18 refers to the amount of taxonomy aligned activities divided by the KPI denominator

2 In the three mandatory templates, “N/A” refers to DNSH tagged as not applicable in the EU Taxonomy Delegated Act

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
Economic activites (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx(4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of CapEx, year N (18)	Taxonomy aligned proportion of Capex, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		Currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	3	2%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	Y	Y	N/A	Y	2%			
Acquisition and ownership of buildings	7.7	57	36%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	N/A	N/A	N/A	Y	36%			
CapEx of environmental sustainable activities (Taxonomy-aligned (A.1)		**60**	**38%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**38%**			
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	4	3%																	
Acquisition and ownership of buildings	7.7	55	34%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**59**	**37%**																	
Total (A.1 + A.2)		**119**	**75%**														**38%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CAPEX of Taxonomy-non-eligible activities (B)		40	25%																	
Total (A + B)		**159**	**100%**																	

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
Economic activites (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of OpEx(4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of OpEx, year N (18)	Taxonomy aligned proportion of OpEx, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		Currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
OpEx of environmental sustainable activities (Taxonomy-aligned (A.1)		**0**	**0%**																	
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)				0%	0%	0%	0%	0%	0%								0%			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**																	
Total (A.1 + A.2)		**0**	**0%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OPEX of Taxonomy-non-eligible activities (B)		4	100%																	
Total (A + B)		**4**	**100%**														**0%**			

Non-Financial reporting

Delivering on our sustainability purpose and commitments, requires that we continuously improve our Non-Financial Reporting capabilities.

A program has been set up for that with focus on improving the integral governance over non-financial reporting, as well as introducing a global sustainability data management platform.

Towards 2023, the program is continuing to improve timing and quality of reporting, as well will have the focus on further implementation of EU Taxonomy as well as new and upcoming legislation such as CSRD. The focus of the program will also cover the selection of non-financial KPI's and metrics. These KPI's should fully fit into our sustainability targets to be defined in our new 3-year strategic cycle, that in its turn will be based on the updated materiality analysis.

Digital Leadership at Arcadis is about creating new revenues and improving profitability with digital services, solutions, and products for clients and Arcadians; digitalizing high volume core services, developing and scaling digital solutions for clients, developing ecosystem partnerships, investing in standardized technology and automation of internal processes, and developing a culture of Intrapreneurship[1].

Digital leadership

85%

Arcadis Way implementation progress at constant perimeter as % of net revenues

[1] The term intrapreneurship refers to a system that allows an employee to act like an entrepreneur within a company or other organization. Intrapreneurs are self-motivated, proactive, and action-oriented people who take the initiative to pursue an innovative product or service.

Our objective is to create value by optimizing existing technology, partnering with best-in-class technology companies, investing in start-ups and being curious about technology advancements. We deliver value to our clients through collaboration and the strong relationships between our technology experts, subject matter experts, innovation practitioners and chosen partners. We invest to enhance the skills of Arcadis, empowering them to create enduring solutions that leverage the best technology that meet our client's greatest challenges.

6	New Digital Solutions launched to market
10	Digital Solutions accelerated through scaling
3	New Ecosystem Partnership Agreements
40	Arcadians trained in Citizen Development
100+	Arcadians in formal Product Development roles

Delivering on Innovation & Ecosystems mission

Our 2022 mission was to develop and launch new digital solutions into the market and to establish new ecosystem partnerships that deliver value to Arcadis clients. Throughout 2022 we explored some of the most pressing challenges our clients are facing, we implemented agile methodology to validate and rapidly test those business ideas and creating minimum viable products. We developed our ecosystem partnerships, leveraging Arcadis's technical know-how and investing in the development of innovation skills that has led to the launch of new digital solutions.

Progess made in 2022

In 2022 we sharpened our focus on where we invested our time and resources while continuing to be a digital leader and push the boundaries of our solutions. The Global Innovation and Ecosystems team has worked with each Global Business Area on key projects that focus on digitalization and the development of new solutions and new business models, including Software as a Service.

1. **Optimize:** We continued the **digitalization of our global services and solutions**, standardizing and automating across our core service areas of Design and Engineering, Program and Project Management, Environmental Services, Cost and Commercial Management and Asset Management. To better leverage our development resources and maximize return on investment, Arcadis discouraged the sale of standalone, custom solutions to our clients, preferring to focus instead on standardized, scalable solutions that can be sold multiple times. Ideally, a client's specific requirements are addressed through configuration of a standard solution.
2. **Accelerate:** Created new **Ecosystem Partnerships** to accelerate growth and co-create new solutions for our clients, leveraging innovation in technology, extending our capabilities, and managing risk
3. **Explore, test, launch, scale:** We accelerated our development of **new digital solutions for clients**, strengthening our ecosystem, introducing Software as a Service (SaaS) products as part of our solutions, and scaling existing digital services developed in 2021 such as Field Now and Smart DD, expanding the features and functionality to address client needs and embedding these into more projects globally.

Optimize: Digitalizing Global Services and Solutions

In 2022 we continued to optimize our global services and solutions through digitalization. Here are some examples that demonstrate our commitment to pushing boundaries to deliver exceptional value to our clients.

Model Based Systems Engineering (MBSE)

The Challenge
Large (infrastructure) projects with high information, organizational and stakeholder landscapes complexities , demonstrate a high risk of failing to meet clients' expectations. This is often caused by unclear scope definition, lack of demonstrable assurance and misalignment with desired project end goals.

The Solution
With Systematic Assurance (SA), Arcadis has a proven and scalable solution for MBSE, that uses linked-data technology and open-source information exchange, differentiating it from other solutions in the market and supports information exchange within the supply chain.SA MBSE is a design methodology and process, supported by tooling that provides a single source of truth for all project stakeholders, accessible through a user friendly and online platform.

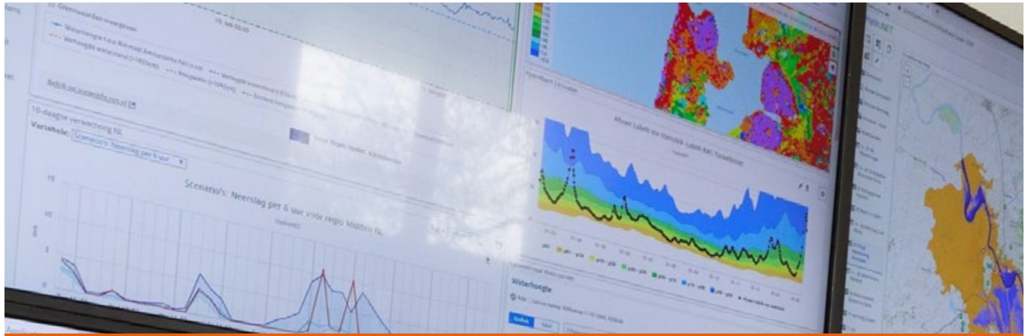
The Impact
- Increased Project Margin through increased efficiency
- Client satisfaction increase, reduction of rework
- Sales differentiator (in US and Australia)

Design & Engineering Automation System (DEAS)

The Challenge
Lack of a centralized way to manage the development, storage and monitoring the usage of automation scripts for design and engineering modelling.

The Solution
A centralised cross GBA Design & Engineering operations portal that will capture and show regularly what design automations are being used by the business and have a means to correlate this to real world project resourcing, and relative to D&E project revenues.

The Impact
- Understanding of available automation tools and experience lead to efficiency
- Cost savings will increase project margin
- Improve client experience



HydroNET

The Challenge
Climate change and a fast-growing population in cities forces water professionals to deal more often with excessive rainfall, (flash)floods, water quality issues, longer periods of drought and rising sea levels.

The Solution
HydroNET supports water management professionals in better anticipating these extreme weather conditions, and enables them to make well-informed, transparent, and accountable decisions for managing water-safe environments, this thanks to a digital operations platform combines weather and water data with models and knowledge. Easy access to the right information is essential in reducing impacts and risks before, during and after events.

The Impact
Currently, over 4,500 water management professionals, including regional water authorities, city councils and expert centers in the Netherlands and worldwide, make use of HydroNET's services.

NIRICSON

Niricson

Arcadis is partnering with Niricson, a company launched in 2020 through the Arcadis/Techstar Accelerator Program. Our objective is to disrupt the market of infrastructure assessment and proactive asset management through a new digital solution.

The Challenge
Due to the ineffectiveness and cost of current technologies and methodologies, bridge owners and operators struggle to inspect their assets frequently enough, which sometimes results in fatalities, network disruptions and costly damages.

The Solution
We help asset owners to avoid bridges failure by proposing an efficient and non-invasive inspection and defect detection. We use new technologies like drones combined with AI technologies, automation and Arcadis' expertise which leads to an integrated Asset Management service.

The Impact
We help our clients to reduce the number of injuries and fatalities, and disruptions in the transport network, while increasing the efficiency of inspection, data collection, opex and capex for asset owners.

Asset Generator (AG)

Capital planning and early design stage processes are often inefficient and complex resulting in additional time to deliver outcomes and additional risk. Asset Generator is a Web/Cloud based tool to develop built asset masterplan layouts and imagery. This automated design tool will speed up the design process and developing planning documents. You can upload your own files from your local storage or from another BIM360 site or you can design your own asset by uploading a standardized design spreadsheet to the AG site, which uses Autodesk's cloud-based tools. This file can then be modified as the design progresses towards completion.

Accelerate through Ecosystem Partnerships

When we create new solutions for our clients it is very rare that we can deliver an end-to-end solution as a single organisation. Understanding where innovation is happening, where new start-ups are forming and where we can co-create value with our clients and our peers help us to focus on the right organisations to partner with. In 2022 we have formed new partnerships that have accelerated the development, launch and scaling of digital solutions and the enhancement of some existing solutions.

Object Type Library (OTL)

Customers use varying definitions for assets as well as hierarchy of objects when designing projects. This can create ambiguity in project information, hinders collaboration and increases cost during project delivery. To help we have created Object Type Libraries (OTLs) for key asset types. By doing so, structuring project data, ensuring consistency of information and being able to reuse data and design specifications. The impact is improved project margins through increased efficiency, connection between design, cost, and sustainability and the ability to capture valuable benchmark data throughout the life cycle.

Building on our strong relationship with Microsoft, we engaged in the Microsoft Customer as a Partner program. In 2022, this has delivered several benefits. Microsoft validated our approach to innovation and provided positive feedback as well as coaching on areas for improvement. We were able to test and validate some of our projects in incubation and further explore different business models and commercial strategies. Specifically, we used this program to aid the development of a new digital twin solution that has enabled us to test and open new channels to market.

Explore, test, launch, scale: new Digital Solutions for clients

Creating new digital solutions through business model innovation is challenging, not least because of the sheer complexity, diversity, and variability of the challenges that we help our clients to solve. In 2022, we have continued to explore new opportunities for business model innovation whilst focusing on operationalizing and scaling digital solutions created in 2021.

Smart DD

To enhance our leading position in transaction advisory, Arcadis has developed a new digital platform called Smart DD to support the delivery of technical due diligence services. This helps to mitigate transaction risks and identify value creation opportunities for our real estate investor clients. From single assets to large portfolio acquisitions, the Smart DD platform provides clients with a consistent experience, able to accommodate commissions involving multiple geographies and assets. This enables teams to deliver more efficiently and meet timescales. The platform was launched in 2022 and expected to support 1,500 transactions pa with a target of 3,700 transactions once three new modules are launched in 2023.

Transport Strategy Optimizer (TSO)

Our mobility clients face many challenges, from climate change to safety. They look for a way to balance these complex goals with budget to identify the appropriate investment priorities. Arcadis has launched an innovative AI-solution called Transport Strategy Optimizer which helps our clients to prioritize their investments while allowing a more collaborative decision-making process. This is available as a SaaS product, as well as an integrated part of Arcadis's solutions. In 2022, two pilots have been run in the UK, and the tool is now being used to help Birmingham City Council develop their local transport plan.

Investment in Digital Twins: A New Solution for Non-Revenue Water

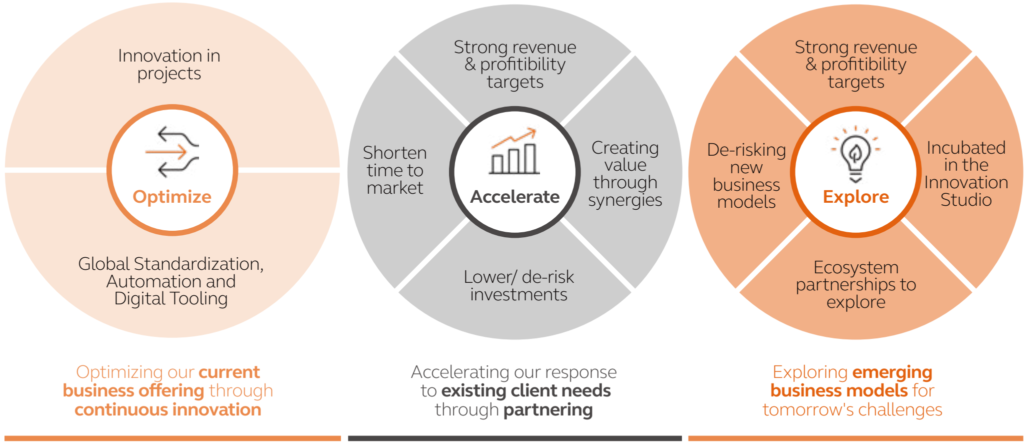
Non-revenue water loss is a persistent problem in municipal water. The need to better manage – including identifying and solving non-revenue water loss – is critical in a water constrained environment. We have developed a digital twin proof of concept to reduce water leakage, resulting in lower customer charges, less use of chemicals and a reduction in water and energy use. Our solution can identify leaks to support in the reduction of lost water. Based on a Microsoft Azure platform, we have created several algorithms that ingest data from multiple sensors, hydraulic and network models to identify leakage. The outcome will be more clean water reaching those who need it, better understanding of measures to reduce leakage for water companies.

Developing and scaling Field Now®

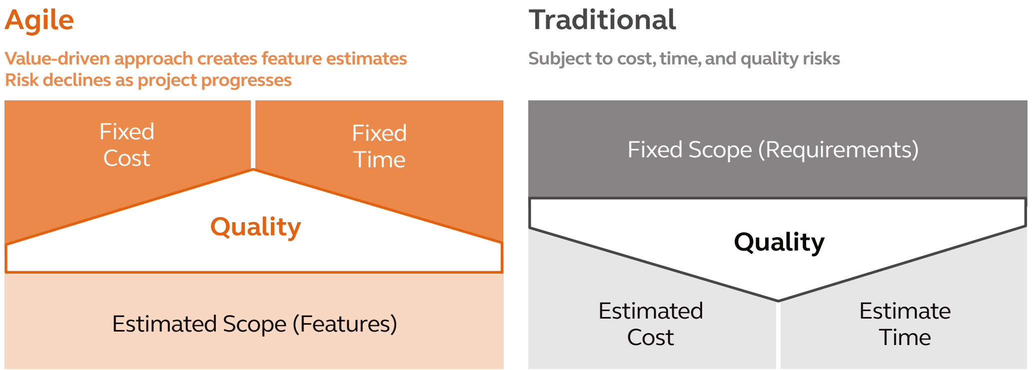
In 2021, we launched FieldNow – an electronic tool to collect field data. In 2022, we have added new features to enable greater adoption into Arcadis projects. Work has been completed to create new modules (e.g. soil and sediment sampling) which have accelerated our ability to build end-to end workflows, including our digital site characterization solution which streamlines the delivery of PFAS remedial investigations. Over 50 projects were onboarded to our new FieldNow® solutions in 2022.

Our model for Innovation and Digital Investments

In 2022, we matured our governance model for Innovation and Digital Investments. We introduced The Innoverse to replace Quick Launch as our Innovation Framework to source ideas and opportunities, channel ideas to the right decision makers, enable transparent tracking of ideas and opportunities and communicate the status at any given point in time. Through The Innoverse we enable different types of innovation:



The Innoverse improves transparency and promotes collaboration so we can maximize scalability and bring the best of Arcadis to all our clients. As an innovation management system, it has allowed us to build a robust innovation pipeline and measure our progress across innovation projects. Since its launch in June 2022, we have over 10% of our workforce actively participating and we had more than 80 new ideas submitted during the second half of the year of 2022.



Delivery through Agile

For the creation of new digital solutions, we introduced Agile Principles & Methodology to enable faster decision making and greater autonomy to the Global Business Areas. Agile has enabled us to create new ideas and respond to change. It provides us with a way of dealing with, and ultimately succeeding, in an uncertain and turbulent environment. We follow established methodologies, such as Scrum, to drive our automation and digitalization efforts. Agile creates a paradigm shift compared to the traditional waterfall approach.

During 2022, we created a community for Agilists across the organization, with over 200 members joining. We created a Product Owner Community of Practice with over 100 members. This community is focused on practical, hands-on training to improve how we deliver in our product-focused roles. We were able to share how we have successfully used them when developing products.

Delivering on our Technology mission

Our 2022 Technology mission was to provide effective technology that empowers Arcadians to deliver high value services and solutions to our clients, that will ensure that Arcadis thrives in an increasingly digitally driven business environment. Throughout 2022 we have transformed our classic IT support organization into a Global Technology team that drives the digital transformation of Arcadis by creating value through technology.

Digitization

In 2021, 78% of our Design & Engineering projects used BIM (Level 2) to deliver projects for our clients, demonstrating close to complete digitization of our professional delivery processes[1]. In 2022 the focus switched away from measuring percentage use of BIM and towards Standardization and Automation.

IT Service Management

In 2022 we implemented a new, industry-leading IT Service Management system called 'Helix'. This will improve the automated management of our IT environment, improving operational excellence and decreasing risks. Helix is expected to free up our IT support staff allowing them to improve support to our staff, resulting in higher productivity and decreased operational risks. In 2023 we will focus on the continued automation of our support and services and broaden the use of Helix beyond Technology.

Citizen Development

According to Gartner, the use of low- and no code platforms for rapid application development or high productivity development, will grow significantly in coming years. This is driven by the shortage of professional developers and the increased accessibility and power of low- and no code platforms. In a project-based organization like Arcadis, these platforms will deliver even more value as they provide an alternative for the automation of specific project-based client-needs which are difficult to automate with professional scalable solutions. There for we formalized this approach in our Citizen Development program to accelerate the value creation in our projects.

1 As not all projects can be executed in a BIM environment, and because of the type of work or client demands, 100% is not achievable

To help accelerate the use of low- and no code platforms in a safe way, we provided targeted training to 40 key Citizen Developers in 2022. We also organized a low-code hackathon, established a core support team, and established an easy-to-understand engagement model to help the business understand when Citizen Development is appropriate and when professional development or a fusion team approach (business working together with technology experts in one team) is needed.

Cloud

In 2022 Arcadis transitioned most of its IT Infrastructure to the cloud (both networking and hosting). This increased the scalability of our global IT infrastructure for both core IT services and SaaS products. The largest portion of our infrastructure costs are now allocated on a "pay-as-you-go" basis. We started to automate the provisioning of development environments including DevOps tooling like automated testing on Cyber security which will further increase the scalability of our solutions.

ERP Implementation

To be able to operate as a global company, we are streamlining our ERP environment on a global scale. In 2022, we migrated Continental Europe and the GEC's to Oracle Cloud. We also completed 10 major enhancements (implementation of organizational changes or new modules). With this, the Oracle implementations are nearing completion and we will start to increase focus on improving Oracle performance and user experience. In line with this intent, we finalized more than 1,500 minor improvements in 2022 which resulted in a 47% reduction of IT tickets over those submitted in 2022.

Information Security

The increase of digitalization implies an increase of cyber risk: the more we depend on information technology and industrial control systems, the more impact it has on our organization and our clients when these systems are not available or do not work properly. For this reason, we have further invested in Information Security in 2022.

We strengthened our security incident response capabilities, so we are able to react more quickly when an incident occurs and limit the potential impact. We continued to improve our capabilities to identify and detect risks and anomalies in line with industry standards and we executed cyber-attack exercises to test our detection and response capabilities. In 2022 we paid special attention to educate all our people across the world to recognize phishing emails and other malicious attempts and make sure they understand how to respond.

We were able to renew our ISO27001 and Cyber Essential Plus certifications in 2022 and prepared to expand the scope of these security certifications in 2023.

Strategic environmental consulting for the voluntary carbon market

Carbon credit viability analysis, Amazon

"When it comes to selecting projects for offsetting, additionality is key. This means focusing on projects where we can be sure the investment will make a significant difference."

José Neto | Environmental coordinator

14

different methodologies assessed

How we are different

Detailed, early assessment of carbon offset projects in line with international standards supports better decision-making.

Impact

Chosen projects will be those that have maximum impact when it comes to preserving biodiversity and reducing the impact of climate change.

The Challenge

Carbon credits are an important mechanism in the drive to reduce harmful greenhouse gases. For companies whose goal is to reduce overall carbon emissions, an offset program can be a vital element and key interim step on the path towards net zero. This was the case for our client; who was looking for certified and globally recognized projects that would make the most difference. The focus was the Amazon; the world's largest tropical rainforest and home to more than 10% of the planet's biodiversity. Arcadis was tasked with assessing the feasibility of implementing different types of AFOLU (Agriculture, Forests and other land use) offsetting projects in the region, based on forest preservation and the recovery of degraded areas and ensuring projects were selected in line with internationally accepted standards.

The Solution

We began by evaluating three options for carbon credit projects that could be developed in the region: i) Avoiding Planned Deforestation and/ or Degradation (APDD); ii) Avoiding Unplanned Deforestation and/ or Degradation (AUDD) and iii) Afforestation, Reforestation and Revegetation (ARR). When selecting a project, it's important providers adhere to either the Gold Standard, Verified Carbon Standard (VCS)/ VERRA, or similar REDD+ local standards. This means we can be sure the kind of projects selected to be developed will also benefit local populations. We therefore deepened our analysis in line with VC/ VERRA, reviewing 14 methodologies that could be linked to the three project options before carrying out a strategic analysis to define which would best meet the client's objectives.

The Impact

Our analysis enabled us to table all the requirements the client needed to consider when choosing carbon credit projects, including a matrix weighing the different project options and any associated risks. In this way, we have been able to support our client in making an informed decision about which carbon offsetting projects they should pursue. The result is not only the preservation of vital biodiversity in the region, but we have also given our client peace of mind that they have done everything possible to ensure their investment will have maximum positive impact in the region.

2022 has been another successful year for Arcadis. The business is in a strong position, with healthy organic and profitable growth and record net revenue and backlogs. Our organic growth was driven by continued strong client demand including from energy transition solutions, new mobility and industrial manufacturing.

Focus and scale

3,019

Net revenues in € millions

9.8%

Operating EBITA margin as % of net revenues

We strengthened our portfolio in 2022 by the acquisitions of IBI, DPS, HydroNET and Giftge Consult. Through these acquisitions, we not only significantly grow our presence in North America and Europe, but we will also be in the position to provide complementary client services and solutions in high growth markets, including life sciences, semiconductors, and industrial manufacturing. As we look ahead to 2023, our focus is on fully embedding the acquisitions into our four Global Business Areas, and the shaping of our fourth GBA Intelligence.

We have also made significant progress in optimizing our portfolio and focusing our efforts on geographies where we see the most attractive opportunities. This has resulted in the divestments of operations in Thailand, Czech Republic, Slovakia. Singapore, Malaysia, our Design and Engineering business in Hong Kong, Switzerland and our environmental restoration business in France.

With the integration of our acquisitions well underway we are not only on track to extract cost synergies, but are also seeing many new opportunities to better serve our clients, including from our enhanced architecture and urbanism offering within the Places GBA, our new process technology advisory and clean room capabilities from DPS and our recently launched fourth GBA Intelligence. With the continued strong client demand we are experiencing combined with the pipeline of private and public sector opportunities and our financial discipline, we are on track to deliver on our strategic targets in 2023.

Financial performance 2022:

- Record net revenue at €3,019 million; organic growth of 8.9%[1]
- Record backlog at €3,119 million; pro forma organic backlog growth year-on-year of 8.9%
- Operating EBITA margin improved to 9.8% (2021: 9.6%)
- Net Working Capital and DSO remained strong at 10.7% and 63 days
- Sound free cash flow generation of €173 million (2021: €234 million)
- Proposed dividend growing 6% to €0.74 per share (2021: € 0.70)

[1] Excluding the impact of currency movements, acquisitions, divestments, or footprint reductions (such as the Middle East)

Direct economic value generated

Gross revenues for the year amount to €4,029 million. Net revenues totaled € 3,019 million and increased organically by 8.9%. Growth was driven by all GBAs, with Resilience and Mobility being exceptionally strong in North America and the UK. The acquisition impact was 4.5%, mainly related to IBI, as this acquisition was formally closed on 27th of September 2022. The currency impact was 4.7%.

Direct economic value distributed

The basic Earnings per Share (EPS) for 2022 amounted to €1.53 (2021: €1.88). Earnings per Share based on Net Income from Operations amounted to €2.26 (2021: €1.96). See note 13 to the Consolidated Financial Statements for further details.

Arcadis' dividend policy is aimed at dividend stability and a pay-out of 30-40% of Net Income from Operations, to provide shareholders a respectable dividend yield, to maintain a healthy financial structure, and to retain sufficient earnings in order to grow both organically and through acquisitions. In line with our policy, a dividend of €0.74 per share (2021: €0.70) is proposed, being 33% of Net Income from Operations.

Backlog and order intake

As of 31 December 2022, backlog, expressed in expected net revenues, reached a record high level of €3.1 billion (2021: €2.2 billion) reflecting a book-to-bill ratio of 1.03. The group secured €3.0 billion order intake during the year and added €494 million of backlog from IBI and €460 million from DPS. The organic backlog growth was 4.2% and 8.9% pro forma, as the IBI backlog grew by 10% in 2022 and the DPS backlog by 34%.

Profit and loss performance

Our operating EBITDA was €400 million and increase of 15% compared to 2021 (€347 million). Our EBITDA in the year was €338 million (2021: €338 million). Operating EBITA increased by 20% to €295 million (2021: €246 million1). The operating EBITA margin improved to 9.8% (2021: 9.6%), driven by a year-on-year improvement in Places, mostly in the UK and the US.

Non-operating costs were €62million (2021: €9 million) and include transaction costs related to the three recently announced acquisitions, a net loss on divestments of operations in Singapore, Malaysia, Hong Kong (Design & Engineering business), Switzerland and France (Environmental Restoration business) and restructuring costs.

Personnel costs

Personnel costs were €2,363million, a 18.3% increase compared to the previous year (2021: €1,996 million[1]. Our global total workforce was 35,570 up 21.6% versus last year (29,236) mainly driven by the acquisitions.

Other operational costs

Other operational costs were €298 million (2021: €240 million[1] and increased due to a normalization of travel costs post-COVID and acquisition related consultancy services.

Net finance expense

Net finance expenses increased to €24 million (2021: €19 million). The interest expense on loans and borrowings of €14 million (2021: €11 million) increased due to higher average gross debt to finance the acquisition of IBI Group and DPS Group and higher interest rates.

Results for associates and joint ventures

Income from associates was €1.6 million (2021: €11 million). In 2021 an exceptional income was included due to a favorable outcome of a commercial arbitration.

Income taxes

The underlying income tax rate was 31.3% (2021: 25.1%) and was impacted by, amongst other things, non-deductible costs and non-deductible losses on divestments.

Net income from Operations

Net income from operations increased by 15% to €202 million (2021: €175 million) or €2.26 per share (2021: €1.96).

Balance sheet performance

Year-on-year, the balance sheet total increased to €3,852 million (2021: €2,736 million) mainly as result of the acquisitions.

(Net) Working Capital and Days Sales Outstanding (DSO)

Net working capital as a percentage of annualized gross revenues and Days Sales Outstanding (DSO) were in line with last year with respectively 10.7% and 63 days demonstrating our discipline in working capital management.

Net Working Capital, and Net Working Capital as a percentage of Gross revenues was calculated as follows:

In € millions	2022	2021
Trade receivables (excl. receivables from associates)	745	520
Contract assets (unbilled receivables)	645	500
Contract liabilities (billing in excess of revenues)	(482)	(381)
Provision for onerous contracts (loss provisions)	(24)	(26)
Accounts payable	(338)	(232)
Net Working Capital	**546**	**383**
Q4 gross revenues, annualized	5,119	3,560

Cash and cash equivalents
Cash and cash equivalents at year-end amounted to €273 million (2021: €351 million).

Equity
The movements in total equity are summarized in the Consolidated statement of changes in equity on page 170.

Loans and borrowings
Net debt increased to €1,005 million (2021: €168 million), driven by the additional loans for the acquisition of IBI and DPS. The average net debt/ EBITDA ratio increased to 1.6 (2021: 0.8). The proforma net debt/ EBITDA ratio at year-end was 2.2 (2021: 0.5), well within our strategic target range of 1.5x to 2.5x.

Financial covenants
The leverage covenant for the €500.0 million syndicated Revolving Credit Facility and the remaining Schuldschein loans prescribes that the average net debt to EBITDA ratio is not to exceed the maximum of 3.5, which is confirmed to the Lenders twice a year. This leverage covenant is aligned to IFRS 16. At 31 December 2022 the average net debt to EBITDA ratio calculated in accordance with the credit documentation of the Schuldschein loans and the €500.0 million syndicated Revolving Credit facility is 1.6. No other financial covenants exist for these credit facilities.

All outstanding Schuldschein loans and the syndicated Revolving Credit Facility do not longer contain an interest coverage ratio.

Cash flow performance
Free cash flow generation during the quarter was €146 million generating a full year free cashflow of €173 million (2021: €234 million). Higher capex, financing cost and normalization of working capital levels contributed to the lower free cash for the year. Net debt increased to €1,005 million (2021: €168 million), driven by the additional loans for the acquisition of IBI and DPS.

Performance by segment
The four Global Business Areas or the Arcadis segments reflect the operating model applicable for 2022. The performance and developments of these Segments are described in more detail in the next sections of this Annual Integrated Report.

Arcadis shares in general
Arcadis shares are listed on Euronext Amsterdam under the symbol ARCAD, where it is a constituent of the Amsterdam Midkap Index (AMX). The average daily trading volume in Arcadis shares on Euronext Amsterdam in 2022 was 119,803 shares (2021: 189,225). Of the total volume traded, 81% of the shares were traded via Euronext, 18% via BATS, and 1% via Equiduct. On 31 December 2022, and pursuant to the Dutch Financial Supervision Act, the largest shareholders in Arcadis were:

Stichting Lovinklaan	18%
APG Asset management N.V.	10%
KNHM	4%
Petrus Advisors, LTD	4%
Impax Asset Management, LTD	3%
Fidelity International Limited – FIL	2%

Arcadis has an active investor relations policy aimed at supporting the Company's long-term plans by keeping existing and potential shareholders fully abreast of its strategy and latest operational and financial developments. To emphasize its focus on the long term, Arcadis releases a trading update for the first and third quarters of the year, and a full set of financial results for the full and half-year. Four times a year, at the presentation of its results, Arcadis hosts an analyst webcast, which is broadcasted live over the internet. As part of its communications policy, Arcadis regularly keeps the public informed about important developments, such as significant project wins or acquisitions, through press releases.

In 2022, Arcadis held investor roadshows and participated in virtual investor conferences in the world's major financial centers including Brussels, Frankfurt, Paris, London and New York. Approximately 200 investor meetings were held in the year. Arcadis is currently covered by five financial analysts.

The annual General Meeting is scheduled for 12 May 2023 at 2.00 p.m. CET. The agenda for this meeting will be made available in March 2023 will be published on the Company's website.

Number of outstanding ordinary shares

The total number of outstanding ordinary shares at 31 December 2022 was 90,118,714 (see note 26 of the Consolidated financial statements). During 2022, 2,316,839 shares were repurchased to cover obligations related to incentive plans and stock dividend, while 590,501 previously repurchased shares were used for the exercising of options and vesting of Restricted Share Units.

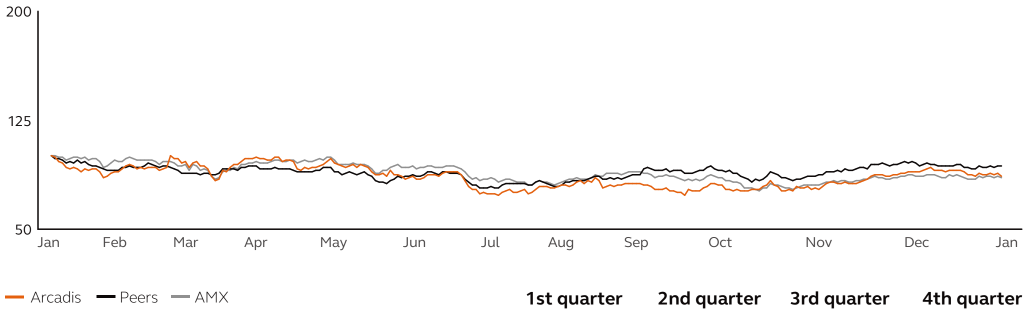
The average number of shares, used for calculating earnings per share, decreased to 88.3 million (2021: 89.4 million). For more information on the number of outstanding shares and options, see notes 10, 13 and 26 to the Consolidated financial statements.

Share price development

On the last trading day of 2022, the Arcadis share price closed at €36.96 (2021: €42.34), a year-on-year decrease of 13%.

The peer group consisted of the following publicly listed companies in the consulting and engineering industry with activities and size comparable to those of Arcadis: Aecom (New York Stock Exchange); Alten (Euronext Paris); Fugro (Euronext Amsterdam); Jacobs (New York Stock Exchange); AFRY (The Nordic Exchange, Stockholm); Spie (Euronext Paris); SNC-Lavalin (Toronto Stock Exchange); Stantec (New York Stock Exchange); Sweco (The Nordic Exchange, Stockholm); Tetra Tech (NASDAQ); Worley (Australian Securities Exchange); WSP (Toronto Stock Exchange).

Share price



	1st quarter	2nd quarter	3rd quarter	4th quarter
High	€42.54	€41.68	€35.96	€39.06
Low	€35.40	€30.92	€31.24	€32.50

Financial dates

The financial publication dates for Arcadis NV in 2023:

4 May 2023	Trading update Q1
12 May 2023	Annual General Meeting
27 July 2023	First half-year results
26 October 2023	Trading update Q3

Make Every Project Count

The Make Every Project Count (MEPC) program, which aims to significantly improve project financial performance by aligning our people, behaviors, processes, and systems with The Arcadis Way continued in 2022 as it remains a fundamental lever to drive improvement in our financial performance and deliver our Capital Market Day commitments.

In 2022, we witnessed a further reduction in both the number of below target margin projects as well as their collective impact to performance. The improvements were widely dispersed and evident across all business areas. As with previous years, the number of negative surprises in project performance also declined in 2022. Efforts to instill the importance of structured reviews, transparency of issues, effectively managing scope changes, and engaging senior leadership for assistance when warranted have proven highly effective as has a close collaboration with growth teams to ensure effective handover at contract award.

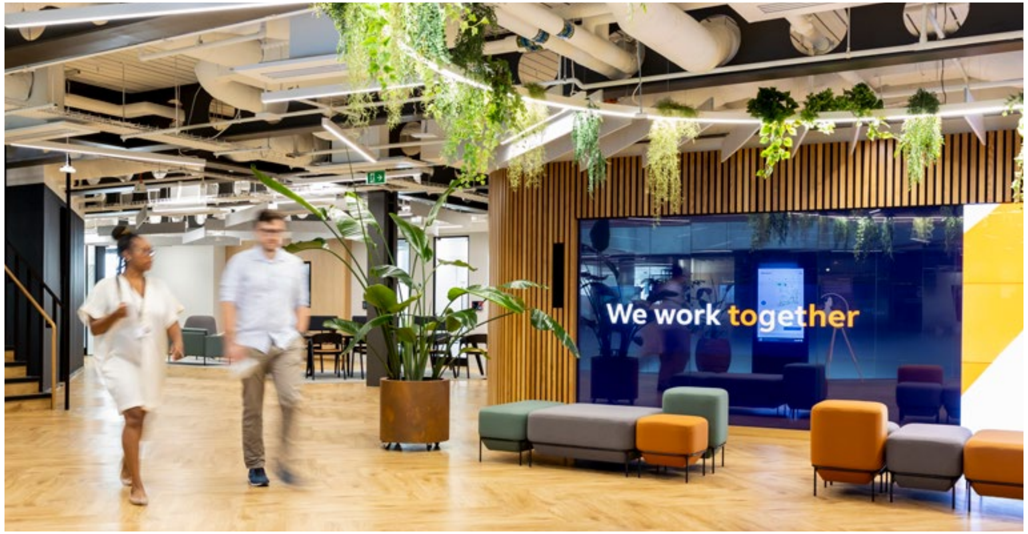
Building upon the initial success of the MEPC program, our refreshed program entitled Make Every Project Count Plus (MEPC+) continues as one of our Strategic Transformation initiatives. A network of Project Delivery and Performance Managers is empowered to identify and embed improvements based on the insights of MEPC+ and is supported by Finance, Legal, and Risk Management functions to leverage the entire breadth of the company's expertise. Given the benefits of the program, it will continue in 2023, with a focus on supporting further development of Project Management capability and additional standardisation and automation of systems, tools and work processes.

One Arcadis Brand

Our brand is how our company is represented in our markets. It's what sets us apart from the competition. It's the promise that we make to stakeholders, whenever and wherever we interact with them. The Arcadis brand manifests itself in how we design solutions, products, and services. It is also how we attract and retain talent.

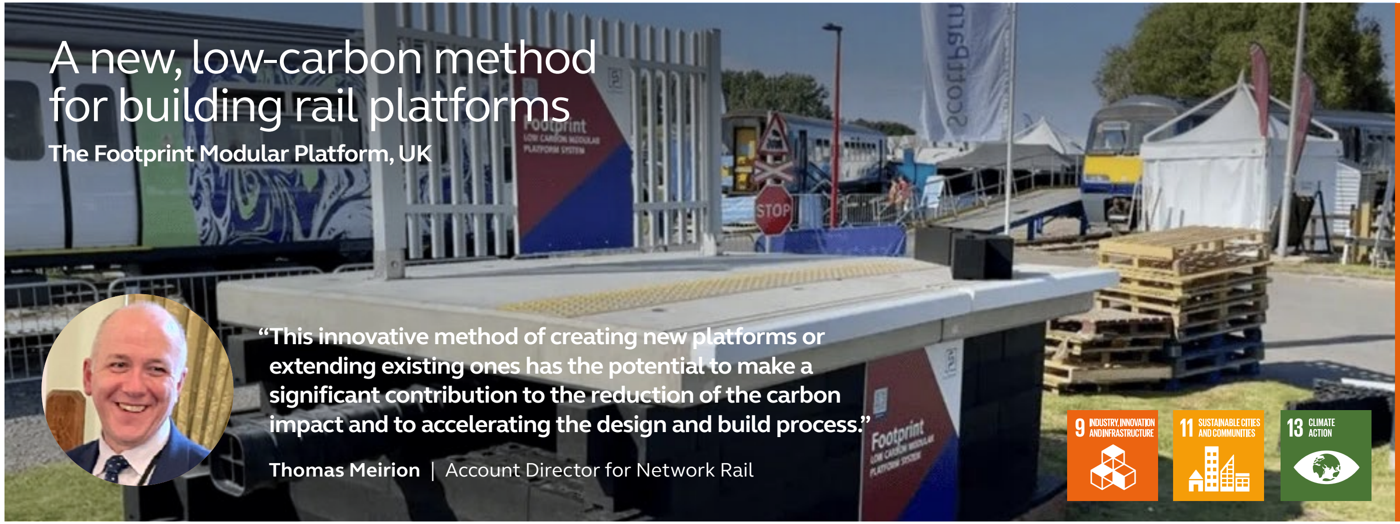
Over 2022 we continued to grow the Arcadis brand. As part of our business transformation, we have established a Global Brand and Marketing Campaigns team, which is specifically focused on developing content that demonstrates how Arcadis delivers on its brand purpose: improving quality of life. We gauge the success of our brand efforts through brand strength and brand awareness measurements, compared to our competitors and we also measure the effectiveness of our thought leadership program, which is closely connected to business opportunities.

In 2022, the Arcadis brand was valued at 479 million dollars (USD), an increase of 20 million from the year before. This means our company has the fifth highest brand value within our competitor set. Our efforts to enhance the Arcadis brand can also be seen in the success of our award-winning brand campaign: The Arcadis Sustainable Cities Index 2022: Prosperity Beyond Profit. This was honoured as Best International Campaign by B2B Marketing Awards.



A new, low-carbon method for building rail platforms

The Footprint Modular Platform, UK



"This innovative method of creating new platforms or extending existing ones has the potential to make a significant contribution to the reduction of the carbon impact and to accelerating the design and build process."

Thomas Meirion | Account Director for Network Rail

25 tons

of CO_2 saved per 36 meters of platform

How we are different

We helped develop a low-carbon, Footprint Modular Platform, which is comprised of rubber blocks made from recycled tyres.

Impact

The modular platform can save many tons of carbon emissions, while allowing the UK to ramp up its rail capacity.

The Challenge

International targets to keep global warming below 1.5C can only be achieved through a shift in how we travel. However, transport authorities face a challenge when it comes to encouraging residents to leave their car at home and use public modes of transport, like trains and trams. To succeed, the rail network will need to be expanded to deal with a rise in demand, and this includes more frequent and longer trains. To accommodate longer trains, existing infrastructure therefore also needs to be upgraded, with the construction of many new platforms and the extension of existing ones. But building these platforms can be a lengthy and disruptive process, generating a significant amount of carbon emissions that are often embodied in building materials such as concrete and steel.

The Solution

Arcadis experts helped Scott Parnell Ltd develop an innovative sustainable alternative to standard platform construction: the Footprint Modular Platform. This new type of platform is the result of a collaboration between Footprint Civil Solutions (promoter), Rosehill Rail (manufacturer), Scott Parnell (distributer), and Arcadis (designer). The low carbon platform is comprised of individual blocks, which are made from recycled tyre rubber. The blocks are relatively lightweight and therefore easy to transport and set in place. Furthermore, because the Footprint Modular Platform is made according to Network Rail's specifications, it can be used right across the UK.

The Impact

The Footprint Modular Platform has a significantly smaller carbon footprint than platforms made with traditional materials. A 36-meter platform, made using this new approach, saves 25 tons of carbon emissions. Additionally, the rubber blocks can reduce installation time. This is because construction is less contingent on the weather, unlike laying concrete. Secondly, off-site modular manufacturing enhances consistency and quality of the components, decreasing the risk of delays. And third, the lightweight components are easier to handle and quicker to install, without needing heavy lifting equipment. This innovative method of establishing new platforms or extending existing ones has the potential to help increase UK rail capacity. And this in turn will stimulate more people to use public transport instead of single-owner vehicles, contributing to lower carbon emissions and a cleaner environment.

Governance & Compliance Operating responsibility

Composition of the Executive Board

Chief Executive Officer and Chair of the Executive Board
IT/Arcadis Way, Legal & Compliance, Internal Audit
Other positions: Executive Committee Member of the World Business Council for Sustainable Development
Non-Executive Board position: Member Supervisory Board TKH Group N.V.

Peter Oosterveer was appointed Chief Executive Officer and Chairman of the Executive Board of Arcadis NV in 2017. He successfully led the company in achieving its 2018-2020 strategic goals, strengthening its balance sheet, significantly reducing the voluntary turnover and closing out several legacy issues. Additionally, he led the company to become a frontrunner in using data and digital platforms, and an industry leader in delivering sustainable solutions to client challenges.

At the end of 2020, Peter unveiled Arcadis' corporate strategy for 2021-2023: Maximizing Impact. In it, Arcadis has committed to addressing global mega trends like Climate Change, Urbanization, and evolving Societal Expectations, by making sustainability the common thread, by preserving and expanding its digital leadership, and by focusing on the global delivery of scalable solutions. This strategy is underpinned by Peter's conviction that by embedding sustainability into all that Arcadis does, the company can further improve its financial performance, while having an outsized, positive impact on the environment and helping to create resilient communities. A significant part of this impact will be created through Arcadis' commitment to be Net Zero.

Before joining Arcadis, Peter worked at Fluor Corporation which he joined in 1988 as Controls System Engineer. Peter led Fluor's global SAP implementation, worked as General Manager for the company in the Netherlands and ultimately became part of Fluor's Corporate Leadership Team, working in the United States, initially as President of Energy and Chemicals and from 2014 as Chief Operating Officer.

Prior to his career at Fluor, Peter worked for Hoogovens IJmuiden (now Tata Steel) and Alpha Engineering. Peter Oosterveer is also a former Director of the US-China Business Council and a former Director of FMC Technologies. Peter has a bachelor's degree in information technique from the HTS Leeuwarden.

1 In October 2022, Peter Oosterveer announced his retirement per the end of the AGM in May 2023

Chief Financial Officer and Member of the Executive Board
Financial Planning, Reporting & Business Appraisal, Tax, Treasury, Risk & Control, Investor Relations and M&A
Non-Executive Board position: Independent Board Member, Audit Committee Chair and Member of the Sustainability Committee of Elior Group.

Virginie decided to join Arcadis partly because of the inspiration she took from discovering the many innovative projects the company does that create a tangible, positive impact on the world. In her role as Chief Financial Officer, Virginie is tasked with ensuring the company's financial stability and growth, so that Arcadians can continue focusing their creativity and expertise on improving quality of life.

Virginie started her career in 1997 as an external auditor and spent more than ten years at Arthur Andersen and Ernst & Young (now EY), before joining the French television broadcaster Canal+ as Compliance Officer for Accounting Standards. Virginie held several finance positions at Technip, and then TechnipFMC, where she became Group Deputy Chief Financial Officer and a member of the Senior Leadership Team. Directly before joining Arcadis, she was the Chief Financial Officer of the publicly listed company Gemalto and led the defence process of that group in 2017, which resulted in the acquisition of Gemalto by the Thales Group.

Virginie Duperat-Vergne has a master's degree in finance and management from Toulouse Business School.

Composition of the Executive Leadership Team in 2022[1]

Mary Ann Hopkins
US nationality, 1965

MS
Chief Growth Officer

Global Account Management, Global Commercial Excellence, Global Strategy and Business Development, Global Marketing and Communications, Global Sales

In ELT since 11 March 2018

Alan G. Brookes
British nationality,1961

BSc, FRICS
Chief Operating Officer

Global Places, Global Mobility, Global Resilience, Arcadis Gen, CRTKL, Global Operations (Project) Services

In ELT since 1 April 2018

Jacoline C.M.L. van Blokland
Dutch nationality, 1964

MSc
Chief People Officer

People Strategy & Culture

In ELT since 1 October 2019

Edel Christie
British nationality, 1970

BEng
Chief Transformation Officer

Transformation

In ELT since 1 Dec 2022

Stephan K.H. Ritter
German nationality,1968

MB
Chief Innovation Officer

Global Technology, Global Sustainability, Global Innovation and Ecosystems, Arcadis Way, Corporate Engagement, Global Business Services

In ELT since 11 March 2018 until he announced his departure from Arcadis in January 2023

1 The full Executive Leadership Team includes the CEO and CFO. For the current composition of the Executive Leadership Team, please refer to the Leadership page on the Arcadis website.

Composition of the Supervisory Board

Michiel P. Lap
Dutch nationality, 1962

Chair Supervisory Board, Chair Selection Committee, Member Audit and Risk Committee, Member Remuneration Committee, Member Sustainability Committee
Term 2015 – 2023

Current other non-Executive Board positions:
- Member Supervisory Board ABN AMRO Bank N.V.
- Non-executive Director Rijn Capital B.V.
- Member of the Supervisory Board (Raad van Toezicht) of Stichting Het Nederlands Kanker Instituut - Antoni van Leeuwenhoek Ziekenhuis

Previous positions include:
Industrial Advisor to EQT Partners (2014 - 2019); Member Supervisory Board Janivo Holding (2015 -2018); Non-executive director Royal Brompton & Harefield Hospitals Charity in London (2012 - 2015); Managing Director and Partner Goldman Sachs Inc. (2004 - 2014); Executive Vice President Orange SA (2001 - 2003); Managing Director Morgan Stanley and Co., London (1988 - 2001); Assistant Vice President JP Morgan (1984 - 1988).

Michael C. Putnam
British nationality, 1960

Vice-Chair Supervisory Board, Chair Sustainability Committee, Member Audit and Risk Committee
Term 2018 – 2026

Current other non-Executive Board positions:
- Non-Executive Director Network Rail Ltd
- Non-Executive Director Southern Water Services Ltd
- Non-Executive Director 'Tideway' Bazalgette Tunnel Ltd

Current other positions:
- Acceleration Unit Expert Panelist of the UK Department for Transport

Previous positions include:
Member of the Advisory Board of the Association of Consulting Engineers (2012 – 2018); Specialist Advisor to the House of Lords Science & Technology Committee, assisting their Report on 'Offsite manufacture for Construction' (2018); Member of the UK Government's Construction Leadership Council (2012 – Jan 2018); Chair of the UK Government's Green Construction Board (2012 – 2017); CEO Skanska UK PLC (2009 – 2017); Several leadership positions within Skanska UK PLC (1995 – 2009); Area Manager and Contracts Manager Balfour Beatty Plc (1988 – 1995); Trafalgar House (1982 – 1987).

Deanna L.M. Goodwin
Canadian nationality, 1965

Chair Audit and Risk Committee, Member Sustainability Committee
Term 2016 – 2024

Current other positions:
- Member of the Board of Directors Kosmos Energy
- Member of the Board of Directors Oceaneering International, Inc.

Previous positions include:
President TECHNIP North America (2013 - 2017); Chief Operating Officer, Offshore TECHNIP North America (2012 - 2013); Senior Vice President Operations Integration, TECHNIP (2011 - 2012); Chief Financial Officer North America, TECHNIP (2007 - 2011); Various positions at Veritas DCG Inc. (1993 - 2007).

Carla M.C. Mahieu
Dutch nationality, 1959

Chair Remuneration Committee, Member Selection Committee
Term 2021-2025

Current other non-Executive Board positions:
- Member Supervisory Board Royal DSM
- Member Supervisory Board VodafoneZiggo

Current other position:
- Board Member Stichting Continuïteit PostNL

Previous positions include:
Member of the Management Board at Aegon N.V. (2016-2021); Executive Vice-President and Chief Human Resources Officer Aegon N.V. (2010-2021); Member Supervisory Board Royal BAM Group (2011-2020); Board room consultant, senior HR leader en interim executive, Talent Management (2008-2010); Senior Vice-President HRM, Royal Philips N.V. (2003-2008); Senior consultant People, Organizational change, Talent management (2001-2003); Consultant and principal, Spencer Stuart (1991-2001); Various leadership roles HRM, Communication and Corporate Strategy, Royal Dutch Shell (1984-1999).

Niek W. Hoek
Dutch nationality, 1956

Member Audit and Risk Committee
Term 2013 – 2023

Current other non-Executive Board positions:
- Chair of the Supervisory Board of Van Oord
- Chair of the Supervisory Board of Anthony Veder (Netherlands Antilles N.V.)
- Member of the Supervisory Board of BE Semiconductor Industries N.V.
- Member of the Supervisory Board of CABKA N.V.
- Member of the board of the foundation Preference Shares NEDAP N.V.

Current other position:
- Managing Director of Brandaris Capital

Previous positions include:
Executive Director Dutch Star Companies TWO (2020-2022); Executive Director Dutch Star Companies ONE (2017-2020); Member of the Supervisory Board of the KNRM (Raad van Toezicht) (2015-2020); Chair of the Supervisory Board of Stadsherstel Amsterdam N.V. (2011 - 2015; member SB 2003 - 2015); Chair of the Supervisory Board of Stichting Zuiderzeemuseum (2011 - 2015; member SB 2008 - 2015); Member of the Supervisory Board of NIBC Bank N.V. (2003 - 2015); Chair Executive Board Delta Lloyd (2001 - 2014; member EB 1997 - 2014); Member of the Supervisory Board of Euronext N.V. (2010 - 2013); Several functions within Delta Lloyd and Shell.

Wee Gee Ang
Singaporean nationality, 1961

Member Remuneration Committee, Member Selection Committee
Term 2017 - 2025

Current other non-Executive Board positions:
- Advisor to RealVantage (R Vantage Pte Ltd)

Previous positions include:
Advisor to TVS Motor Limited, Singapore branch (2019-2021); Board member Building and Construction Authority of Singapore (2016 – 2019); CEO Keppel Land Limited (2013 – 2017); Board member Raffles Institution (2015 – 2017); Board member Keppel REIT Management Limited (2013 – 2017); Executive Vice-Chairman Keppel Land China (2010 – 2012); Executive Director and Chief Executive Officer Keppel Land international (2006 – 2009); Various positions in hotel, real estate, and strategy consulting industries in the USA, Hong Kong and Singapore.

Corporate Governance report

Arcadis is committed to the principles of good governance: integrity, transparency, accountability, and proper supervision. It has complied with the Dutch Corporate Governance Code since it was first introduced in 2003, with few deviations. On 20 December 2022, the Dutch Corporate Governance Committee (the 'Committee') presented a revised Corporate Governance Code with an increased focus on sustainability, diversity and inclusion.

Listed companies have until 31 December 2023 to implement any changes resulting from the new Code. Arcadis will work with internal stakeholders to implement changes required to company policies and processes, if any. Arcadis will report on its compliance with the principles and best practices of the new Code in our Annual Report 2023. In line with the Committee's recommendation, Arcadis will include compliance with the new Code as a separate item on the agenda of the General Meeting of Shareholders (the 'General Meeting') in 2024.

The core topics of the Corporate Governance Code are all explicitly addressed in various chapters of this Annual Integrated Report. For example, diversity in the Executive Board, Executive Leadership Team and Supervisory Board is addressed in this Corporate Governance report on pages 121 to 123. Long-term value creation within Arcadis is addressed on pages 18 to 23 in the Executive Board report. Our company culture is discussed in the section People and culture starting on page 48. The section on Enterprise Risk Management can be found on page 131. An overview of the corporate governance structure of Arcadis in 2022 is provided below. Arcadis applies all principles and best practice provisions of the Corporate Governance Code, with one historical exception. This is described on page 125. For additional information about corporate governance at Arcadis, please visit our website.

www.arcadis.com/en/about-us/governance

Organizational structure

The Executive Board is entrusted with the management of Arcadis NV (the 'Company'), under the supervision of the Supervisory Board. The Executive Leadership Team is accountable for the successful delivery of all components of the strategy. Since 2003, Arcadis NV has been an international holding company. Members of the Executive and Supervisory Boards are appointed and dismissed by the General Meeting. The General Meeting can amend the Articles of Association if and as proposed by the Executive Board, with prior approval of the Supervisory Board and the Arcadis Priority Foundation. Such a decision requires a majority of at least three-quarters of the votes cast in a meeting in which at least three-quarters of the issued share capital is represented. If the quorum is not met, a second meeting is required, in which the resolution can be adopted by a majority of at least three-quarters of the votes, regardless of the share capital represented in the meeting.

Executive Board

The Executive Board consists of the CEO and the CFO. The Executive Board is responsible for the management of the Company as well as the continuity of the Company and the Company's goals, objectives, long-term value creation strategy, policy, and results.

The General Meeting appoints the Executive Board members. For every appointment, the Supervisory Board is entitled to make a nomination. The General Meeting can overrule a binding nomination by the Supervisory Board by a resolution adopted by a majority of at least two-thirds of the votes, representing more than half of the issued share capital. On a non-binding nomination, the General Meeting decides by simple majority. The General Meeting can dismiss an Executive Board member. Such a decision, other than proposed by the Supervisory Board, requires at least two-thirds of the votes, representing at least half of the issued share capital. The Supervisory Board appoints one of the members of the Executive

Board as Chair and determines, in consultation with the Executive Board, the division of tasks. The composition of the Executive Board and information about its members is provided on page 116 of this Annual Integrated Report.

Executive Leadership Team

Per year-end 2022, the Executive Leadership Team consists of the CEO, the CFO and five executives including the Chief People Officer, the Chief Operating Officer, the Chief Growth Officer, the Chief Innovation Officer[1] and, since 1 December 2022, the Chief Transformation Officer. The composition of the Executive Leadership Team and information about its members is provided on page 117 of this Annual Integrated Report. The CEO determines the number of members of the Executive Leadership Team with approval of the Supervisory Board. The members of the Executive Leadership Team who are not Executive Board members are appointed and dismissed by the CEO, subject to approval of the Supervisory Board. At least once a year, the Executive Leadership Team evaluates its own functioning as a whole and that of individual members. At least once a year, outside the presence of the Executive Board and the Executive Leadership Team, the Supervisory Board evaluates the functioning of the Executive Leadership Team, the Executive Board and that of the individual Executive Board members and discusses the conclusions that must be attached to the evaluation, also in light of succession planning.

Supervisory Board

The Supervisory Board supervises and advises the Executive Board and the Executive Leadership Team on the performance of its tasks and supervises the overall development of the Company and its affiliates. In doing so, the Supervisory Board is guided by the interests of the Company and its stakeholders. Pursuant to the Articles of Association of the Company, the Supervisory Board consists of at least three members. Members are appointed by the General Meeting. For every appointment, the Supervisory Board is entitled to make a nomination. The General Meeting can overrule a binding nomination of the Supervisory Board by a resolution adopted by a majority of at least two-thirds of the votes, representing more than one-third of the issued share capital. In the case of a non-binding nomination, the General Meeting decides by simple majority. The General Meeting can dismiss a member of the Supervisory Board. Such a decision, other than proposed by the Supervisory Board, requires at least two-thirds of the votes, representing at least one-third of the issued share capital. The Supervisory Board appoints one of its members as Chair and one as Vice-Chair[2]. In the case of an appointment or reappointment of Supervisory Board members, the Supervisory Board profile is taken into account. Members are appointed for a maximum period of four years. Pursuant to best practice provision 2.2.2 of the Corporate Governance Code, a Supervisory Board member may be reappointed once for a second maximum period of four years, and subsequently for a maximum period of two years, which reappointment may be extended by a maximum of another two years. In the event of a reappointment after eight years, reasons will be given in the report of the Supervisory Board. The Supervisory Board has established the following committees from among its members: an Audit and Risk Committee, a Selection Committee and a Remuneration Committee and – since 2020 – a Sustainability Committee. The task of these four committees is to assist and advise the Supervisory Board in fulfilling its responsibilities. The tasks and procedures of the committees are outlined in their charters, which can be found on our website. The composition of the Supervisory Board in 2022, its committees, and information about the Supervisory Board members are provided on pages 118 and 119 of this Annual Integrated Report.

At least once per year, outside the presence of the Executive Board, the Supervisory Board evaluates its own functioning, the functioning of the Supervisory Board committees, and that of the individual Supervisory Board members, and discusses the conclusions that are attached to the evaluation.

Diversity in the Executive Board, Executive Leadership Team and Supervisory Board

Arcadis believes that diversity and inclusion should extend to all areas of its organization[3]. Arcadis believes that the organization gains from a broad range of skills and a variety of backgrounds. Based on the nature and complexity of the Arcadis business, the markets in which Arcadis operates, and the diversity of the client base of Arcadis, Arcadis identified the diversity aspects of gender, nationality/geographical provenance, and background (education and/or (work) experience) as being most relevant for Arcadis and its business. Based on these diversity aspects, several diversity targets have been identified for the Supervisory Board, the Executive Board and the Executive Leadership Team. The following paragraphs describe these specific diversity targets and their implementation and results against the targets. Going forward, Arcadis will continue to identify and search internal and external candidates for positions in the Executive Board, the Executive Leadership Team and the Supervisory

1 Stephan Ritter (Chief Innovation Officer) announced his departure from Arcadis in January 2023.
2 Since the end of the Annual General Meeting 2022, Michiel Lap has been Chair and Michael Putman has been the Vice-Chair of the Supervisory Board.
3 For more information about Diversity and Inclusion within Arcadis globally, please see page 58.

Board from a variety of backgrounds, whilst at the same time not compromising quality, expertise, and experience. In the event that a global recruitment firm is engaged, Arcadis gives search instructions in line with the diversity policies.

Gender – targets & outcome
The Supervisory Board lead from the top and set the following gender diversity targets: for both the Executive Board and the Executive Leadership Team at least 30% shall consist of women, and at least 30% shall consist of men. Likewise, for the Supervisory Board at least 30% shall consist of women, and at least 30% shall consist of men. Per year-end 2022, the Executive Board consisted of one woman (50%) and one man (50%). Per year-end 2022, the Executive Leadership Team consisted of four women (57.1%) and three men (42.9%). The Supervisory Board consisted of four men (66.7%) and two women (33.3%). With this Arcadis achieved its gender diversity targets.

Measures we take to ensure gender diversity
We review all board and leadership composition by giving special attention to female applicants. This has helped us reach our diversity goal of 30% women at board level. Maintaining this balance is one of the main foundational aspects of our diversity strategy. We have set our global gender target for female leadership (Arcadis level 12 and above) at 22%. To support this, we have a commitment that all advertised senior management roles (Arcadis level 12 and above) have a diverse shortlist (at least one female and one male candidate on the shortlist) and at least one male and one female interviewer. In a male dominated industry we focus on developing our female talent from entry level to board level, thus adding diversity of thought and understanding of society in our design, client approach and decision-making.

Nationality/geographical provenance – targets & outcome
Arcadis is active in many countries worldwide. We therefore intentionally ensure our leadership reflects the experiences (by geography) of our colleagues, clients and partners. Our focus is to build on the diversity of thought and experience across all our leadership teams, recognizing that we can also be more diverse in the societies we represent. For 2022, Arcadis set the following targets in terms of nationality/geographical provenance. In the Executive Leadership Team, nationalities from at least three geographical regions where Arcadis is active shall be represented. In the Supervisory Board, at least three geographical regions where Arcadis is active shall be represented. Based on the composition of the Executive Leadership Team and the Supervisory Board in 2022, Arcadis met these diversity targets.

Background: education and/or (work) experience – targets & outcome
We believe that Arcadis benefits from the comprehensive backgrounds within our Executive Leadership Team and Supervisory Board. Our experience of balancing a focus on our people and culture with developing client relationships and deep technical knowledge allows us to have a balanced and considered approach across the spectrum of our work. The background target for the Executive Leadership Team requires that at least three members shall have experience in the global design, the engineering and/or the consulting industry or an industry adjacent thereto. Arcadis met this target in 2022 as seven members of the Executive Leadership Team have this type of experience. The background target for the Supervisory Board consists of two requirements. The first requirement, which also follows from the Dutch Decree Establishing Audit Committees, is that at least one member of the Supervisory Board shall have a financial background. As three of the six Supervisory Board members have a financial background, Arcadis met this requirement in 2022. The second target set by Arcadis requires that at least one member of the Supervisory Board shall have experience in the global design, the engineering and/or the consulting industry or an industry adjacent thereto. This target was also met in 2022 with six members having this type of experience.

Diversity in the Executive Board and the Executive Leadership Team

	Year of birth	Gender	Nationality
Mr. Oosterveer	1957	Man	Dutch
Ms. Duperat-Vergne	1975	Woman	French
Ms. Van Blokland	1964	Woman	Dutch
Mr. Brookes	1961	Man	British
Ms. Hopkins	1965	Woman	American
Mr. Ritter	1968	Man	German
Ms. Christie	1970	Woman	British

	International experience	Professional service/ engineering and consulting experience	Legal, Tax and Risk management	Finance	Client relationship and external stakeholder management	People and culture
Mr. Oosterveer	●	●	●		●	
Ms. Duperat-Vergne	●	●	●	●	●	
Ms. Van Blokland	●	●			●	●
Mr. Brookes	●	●	●		●	
Ms. Hopkins	●	●	●		●	
Mr. Ritter	●	●			●	
Ms. Christie	●	●			●	

Diversity in the Supervisory Board

	Year of birth	Gender	Nationality
Mr. Lap	1962	Man	Dutch
Mr. Putnam	1960	Man	British
Mr. Hoek	1956	Man	Dutch
Ms. Mahieu	1959	Woman	Dutch
Ms. Goodwin	1965	Woman	Canadian
Mr. Ang	1961	Man	Singaporean

	International experience	Professional service/ engineering and consulting experience	Legal, Tax and Risk management	Finance	Client relationship and external stakeholder management	People and culture
Mr. Lap	●	●	●	●		
Mr. Putnam	●	●			●	
Mr. Hoek	●	●	●	●	●	
Ms. Mahieu	●	●				●
Ms. Goodwin	●	●		●	●	
Mr. Ang	●	●	●		●	

For more information about nationality/ geographical provenance and the background (education/ work experience) of the members of the Executive Leadership Team and the Supervisory Board of Arcadis, please refer to their biographies on pages 116 to 119 respectively.

General Meeting of Shareholders

At least once a year, Arcadis NV convenes a shareholder meeting. Meetings are convened by the Executive and/ or Supervisory Board. Meetings can also be convened at the request of shareholders jointly representing at least 10% of the Company's issued share capital if authorized by the relevant Dutch court. Shareholders who hold at least 3% of the issued share capital have the right to propose an item for inclusion on the agenda. The Company will in principle include the item on the agenda if it receives the substantiated proposal clearly stating the item to be discussed, or a draft resolution, in writing at least 60 days prior to the meeting date. Each shareholder is entitled to attend shareholder meetings in person or be represented by written proxy and to exercise voting rights with due observance of the provisions in the Articles of Association. Each outstanding share entitles the holder to one vote. Resolutions are adopted by simple majority unless the Articles of Association or the law provide(s) otherwise. Arcadis advocates active shareholder participation at shareholder meetings.

Since 2007, the Articles of Association allow for communication and voting by electronic means. For more information about the powers of the General Meeting as well as the Company's Articles of Association, please visit:

www.arcadis.com/en/about-us/governance

Share capital

The authorized share capital of Arcadis NV consists of ordinary shares, cumulative financing preference shares, priority shares, and cumulative preference (protective) shares, each with a nominal value of €0.02. At year-end 2022, the total number of ordinary shares issued was 90,442,091 Currently, only ordinary shares and 600 priority shares have been issued. See note 26 to the Consolidated financial statements for further details. Priority shares and cumulative preference shares have an impact on the governance of the Company.

Priority shares

The 600 priority shares, held by the Arcadis Priority Foundation (Stichting Prioriteit Arcadis NV), entitle the holder to a right of approval regarding certain important decisions. These include the issuance, acquisition or disposal of shares, amendments to the Articles of Association, dissolution of the Company, as well as certain major co-operations, acquisitions, and divestments. Pursuant to the articles of association of the Priority Foundation, the Priority Foundation Board is comprised of two members of the Executive Board, one member of the Executive Leadership Team, seven members of the Supervisory Board, and ten members who are Arcadis employees. All resolutions of the Board require a majority of at least 60% of the votes cast, meaning that both employee support and Board support is needed for those far-reaching decisions.

Cumulative preference (protective) shares

Currently, no cumulative preference shares have been issued. However, an option agreement to acquire and transfer such shares has been entered into between the Arcadis Preferred Stock Foundation (Stichting Preferente Aandelen Arcadis NV) and Arcadis NV, further to the delegation on 31 May 1995 by the General Meeting to the Supervisory Board of the authority to issue shares. The objective of the Arcadis Preferred Stock Foundation is to protect the interests of Arcadis, its enterprises, and all of those involved. In the event of any hostile situation, preference shares can be obtained by this Foundation. This would allow the Executive Board and the Supervisory Board time to duly consider the situation and the interests involved. For more information, please see note 26 to the Consolidated financial statements.

Regulations regarding transactions in Arcadis securities

Arcadis has put in place regulations regarding transactions in Arcadis securities that apply to all employees unless stipulated otherwise. These regulations also prohibit Executive Board members and (other) members of the Executive Leadership Team from executing transactions in the securities of certain identified listed peer companies, regardless of whether they have inside information or not. Members of the Supervisory Board are required to obtain prior approval from the Global Compliance Officer if they wish to execute transactions in the securities of such companies.

Financial reporting and role of auditors

Before being presented to the General Meeting for adoption, annual financial statements as prepared by the Executive Board must be examined by an external certified public auditor. The General Meeting has the authority to appoint the auditor. Each year, the Supervisory Board nominates the auditor for (re) appointment by the General Meeting, taking into account the advice of the Audit and Risk Committee. The auditor's assignment and remuneration are resolved on by the Supervisory Board, on the recommendation of the Audit and Risk Committee. Prior to publication, the half-year results and reports are discussed with the Audit and Risk Committee in the presence of the external auditors, and subsequently with the Supervisory Board. The (quarterly) results and reports of the first and the third quarter are discussed with the Audit and Risk Committee, in the presence of the external auditors, prior to publication.

The external auditor attends all Audit and Risk Committee meetings and the meetings of the Supervisory Board in which the annual financial statements are to be approved and the year-end audit report of the external auditor is discussed. The Arcadis Auditor Independence Policy contains rules and procedures for the engagement of the external auditor, in order to ensure its independence. The Audit and Risk Committee annually reports to the Supervisory Board on the functioning of the external auditor and the relationship with the external auditor, whilst giving due consideration to the Executive Board's observations. The desirability of rotating the external auditor's lead partner is also evaluated. In 2014, PricewaterhouseCoopers Accountants NV was appointed as the new auditor for financial year 2015. PricewaterhouseCoopers has been reappointed by the General Meeting every year since then. In line with the EU Audit regulation[1], as of financial year 2025 rotation of the external auditor is required and the appointment of a new external auditor will be on the agenda of the 2024 annual General Meeting. Arcadis has an internal audit function which operates under the responsibility of the Executive Board (with lines to the CEO, CFO, and the Audit and Risk Committee).

The role of the internal audit function is to assess the design and the operation of the internal risk management and control systems. The scope of work of the internal audit function is regulated in an Internal Audit Charter. In line with the Corporate Governance Code, both the appointment and dismissal of the Head of Internal Audit shall be submitted to the full Supervisory Board for approval, with a recommendation issued by the Audit and Risk Committee. In line with the Corporate Governance Code, the Executive Board, the external auditor and the annual Internal Audit Plan and Risk Committee are involved in the preparation and approval of the annual Internal Audit Plan. The annual internal audit plan is submitted to the Executive Board and Supervisory Board for approval. Internal Audit Reports are discussed with the Executive Board and with the Audit and Risk Committee in the presence of the external auditor.

Compliance with the principles and best practice provisions of the Corporate Governance Code

Arcadis applies the principles and best practices of the Corporate Governance Code, except for the following and for the reasons set out below:

4.3.3: In 2003, the Articles of Association of the Company were amended to abandon the structure regime. At that time, provisions were included in the Articles of Association that prescribe that binding nominations for the appointment or dismissal of members of the Executive and Supervisory Board can only be overruled by the General Meeting by a qualified majority rather than an absolute majority. This was done in view of the percentage of share ownership of the Lovinklaan Foundation. As the percentage of share ownership of Lovinklaan is still significant (18.2% on 31 December 2022, see page 236), the reasons for this deviation are still applicable and the deviation is expected to continue to apply as long as Lovinklaan has a significant ownership. It was further stipulated that nominations to the Executive Board would normally be binding, whereas nominations to the Supervisory Board would, under normal circumstances, be non-binding. The General Meeting explicitly approved this practice in 2003 by adopting the resolution to make the related amendments to the Articles of Association.

1 Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities

Relevant documents on our corporate website

1. Dutch Corporate Governance Code 2016 Download PDF →
   and 2022 Download PDF →
2. Arcadis NV Articles of Association Download PDF →
3. Executive Board and Executive Leadership Team Rules Download PDF →
4. Regulation Supervisory Board Download PDF →
5. Diversity Policy for the Executive Board and the Executive Leadership Team of Arcadis NV Download PDF →
6. Diversity Policy Supervisory Board Download PDF →
7. Regulations regarding Transactions in Arcadis Securities Download PDF →
8. Arcadis Policy on Bilateral and Other Contact with Shareholders Download PDF →

Creating the largest eco-development of its kind in the UK

Agar Grove Passivhaus Regeneration, London

"The regeneration has transformed residents' lives with good quality, spacious homes. Improved energy efficiency makes homes easier to heat, cheaper to run, and more comfortable to live in."

Kerry Fleming | Director

70%

reduction in energy consumption for residents

How we are different

An integrated approach to Passivhaus development, providing net-zero-ready homes with a fabric-first design that provides more insulation and better air tightness.

Impact

Resident's lives have been transformed with quality, spacious homes. Improved energy efficiency makes homes easier to heat, cheaper to run, and more comfortable to live in.

The Challenge

The Agar Grove housing estate was built in the 1960s but, in recent years, the homes were no-longer fit for purpose. Small, damp and outdated, a change needed to be made. With fuel poverty one of the biggest issues facing many people today, Camden Council – the local authority landlord and developer responsible for the homes - needed to improve energy efficiency, making the homes easier to heat, cheaper to run, and more comfortable for residents to live in. Passivhaus was the perfect solution.

The Solution

Passivhaus is a proven approach for delivering net-zero-ready homes, focusing on fabric-first design to provide greater insulation and air tightness. It meant that Camden London Borough Council could provide high-quality, fit for purpose homes, while cutting carbon, minimizing maintenance costs and reducing fuel bills for residents.

Our role was to manage design and delivery, working with Passivhaus consultancy, WARM. Passivhaus designs are demanding to achieve, and the building had to be carefully optimised to reduce heat loss. This is a delicate process but, through close monitoring, early risk identification and collaboration, we achieved the project aims and objectives. Our team of project management experts provided an integrated, holistic service to help Camden Council make more informed decisions throughout the scheme.

The Impact

With two phases now complete and awarded Passivhaus certification, the regeneration of Agar Grove has transformed residents' homes in Camden. The next phase is now under construction, and the success of the development means that families are guaranteed quality, comfortable, spacious homes. Residents are seeing up to 70% reduction in their energy bills, as the home is now able to hold its warmth in winter – rarely dropping below 21°C - but remain cool in summer. And with little maintenance required, the building will stand the test of time. Agar Grove has received 12 awards for its forward-thinking approach to sustainability. It has also been praised by the Mayor of London, Sadiq Khan, who sees the work at Agar Grove - building affordable homes in a green, sustainable way - as a key part of the fight against climate change and integral to making London net zero by 2030.

Business ethics

Today's complex business environment demands that we firmly embed integrity in our values, our culture and our daily business practices. Integrity means that we always work to the highest professional and ethical standards and establish trust by being transparent, honest and responsible.

Integrity is a fulfilment of our high standards of responsibility to our clients, shareholders, business partners and our people, the public, and to governments and the laws and culture of the countries in which we operate. The Arcadis General Business Principles (AGBP), refreshed in 2022, further define our interpretation of business ethics and form our Code of Conduct. The AGBP have been developed by global leadership at Arcadis and set guidance for our business decisions and actions throughout the world at all levels and apply equally to company actions and to individual behavior of all our employees in conducting Arcadis' business. Arcadis recognizes that true integrity in our daily business will be underpinned by the commitment to the principles of the AGBP of our employees and the third parties we do business with.

Governance

Arcadis acknowledges that the ultimate responsibility for the implementation and application of the AGBP lies with the Arcadis Executive Board and the primary responsibility with the operating entities (first line of defense). The Corporate Compliance Committee is composed of the Global General Counsel, the Chief People Officer (member of the Executive Leadership Team) as well as the Global Compliance Officer. The Global Compliance Officer reports on AGBP integrity, compliance and related (alleged) issues to the Corporate Compliance Committee, to the CEO of Arcadis and the Arcadis Audit and Risk Committee of the Supervisory Board (AARC) or directly to the Supervisory Board. Both at GBA and at country level the Compliance function is composed of a Compliance Officer and a Compliance Committee. Each Compliance Committee includes the Compliance Officer as well as Legal and Human Resource/ People expertise. The Compliance function is the second line of defense that assists and supports the first line of defense with identification and analysis of key Regulatory & Policy Compliance risks, trend spotting, mitigation of compliance risks through the introduction of policies, standards, procedures, and guidelines, providing training and awareness and with periodic assessment of the effectiveness of the risk mitigating controls. The Internal Audit function provides the third line of defense and the priorities for Internal Audit are defined in an annual audit plan which could include AGBP integrity or compliance related risks.

Anti-Bribery and Corruption

Specific Anti-Corruption Standards (SACS) provide specific guidelines related to gifts, hospitality and payments to third parties. Arcadis has embedded its commitment to the UN Global Compact principle on anti-corruption by referencing the SACS in the AGBP as well as having a dedicated chapter on anti-bribery and corruption in the refreshed AGBP. Targeted anti-corruption training sessions by leadership and by Compliance Officers were held in various regions and countries throughout the year, tailored to local laws and regulations.

Dealing with dilemmas

The AGBP cannot anticipate the array of dilemmas we may face in our day-to-day operations in each jurisdiction and sector in which we operate. An active policy in this area means recognizing dilemmas and taking responsibility for resolving them. Arcadis encourages its employees to recognize and discuss business dilemmas with each other and with their management, to make integrity an integral part of our culture. Real life AGBP related scenarios are worked into anonymized dilemmas which are fed back into the business via training to raise awareness and ensure lessons learned are impactful and effective. The refreshed AGBP has introduced an AGBP Decision Making Tool that assists employees in handling dilemmas by setting out the key questions to help determine whether a particular course of action is consistent with the core values and the AGBP.

Value for customers

We are a reliable partner for our clients and aim to deliver our services without jeopardizing stakeholder interests. We offer services under terms that do not compromise our independent professional judgment and aim to create value for clients. We are transparent with clients about conflicts of interest that could emerge during the execution of our services.

Responsible employment practices
Arcadis employees are key to its success, and we respect human and labor rights so that our employees may work in a safe, healthy, professional and supportive environment. We encourage engagement and support personal development through comprehensive policies and initiatives. Every Arcadis employee has an equal opportunity for personal recognition, advancement, career development and compensation, regardless of background or beliefs. No form of discrimination is tolerated. The human and labor rights policy applies equally to recruitment, our supply chains and procurement. The policy is supported by a three-year Human Rights Roadmap to drive implementation. This policy lays out Arcadis ambitions aligned with global expectations for our own operations, our supply chains, including procurement, and for the project work we do for clients.

Monitoring and accountability
Arcadis requires all employees to understand, sign off on and comply with the AGBP every other year when Arcadis employees complete online training aimed at increasing awareness of our AGBP and values. This training specifically addresses issues like corruption, bribery, conflicts of interest, anti-competitive practices, and other risks to which our people may be exposed. It was rolled out in October 2022 and made available in 10 languages. Employees that join Arcadis must successfully pass the AGBP training within 30 days of joining. In 2022, a total of 94% of all employees passed the AGBP training[1]. The next round of integrity training for all our employees will be organized in 2023 and will follow an annual training cycle. Arcadis monitors compliance with the AGBP in all operating companies on a quarterly basis through reporting on AGBP (alleged) issues and mid-year reporting on progress against the annually established Global Integrity & Anti-Corruption Program. In addition, management of all operating companies certify compliance and the effectiveness of global controls relating to the Arcadis Risk Category of Regulatory & Policy Compliance through an annual Document of Representation.

Integrity Lines
Arcadis has a reporting procedure which includes an anonymous global Integrity Line managed by a third party for the event people are uncomfortable reporting through their line manager or further in the line, to their Compliance Officer or the relevant Compliance Committee. The Integrity Line is available to our employees 24 hours/ 7 days a week. Reports of potential or suspected misconduct or other AGBP issues can be made in native languages. In 2022, a total number of 64 alleged breaches of the AGBP were reported through the various reporting channels, including to the Arcadis Corporate Compliance Committee (2021: 91). All alleged breaches were assessed and, where necessary, further investigated or advised upon, except for 22 alleged breaches that are still being assessed or, where necessary, investigated. In addition, there were seven reports of alleged breaches from before 2022 which were still being assessed or, where necessary, investigated during the year. Inappropriate behavior (employment-related) was the category with the most reported issues. There were no confirmed corruption or bribery incidents in 2022 based on our assessment and/or investigation. Violation of the AGBP may lead to sanctions, up to and including termination of employment. Company-wide Arcadis had nine dismissals on grounds related to breaches of the AGBP. Arcadis will not hold employees accountable for any loss of business resulting from compliance with the AGBP and its reporting requirements.

Arcadis has a reporting procedure available for its external stakeholders (suppliers, clients and other third parties) to report any concerns they may have that the AGBP and/or related policies are being breached. This procedure includes an anonymous global Integrity Line managed by a third party. This anonymous external Integrity Line is available 24 hours/ 7 days for the event our stakeholders are uncomfortable raising a concern or reporting suspected misconduct or irregularities related to the cooperation with Arcadis directly with their contact person within Arcadis. The availability of Arcadis' External Integrity Line also ensures our compliance with new regulatory requirements (incl. the EU Whistleblower Directive) and UN Guiding Principles for Business and Human Rights. Reporting can be made in native languages and can be accessed through local telephone numbers or the internet. In 2022, a total number of four alleged breaches of the AGBP were reported through the external integrity line. All alleged breaches were assessed and, where necessary, further investigated or advised upon, except for two alleged breaches that are still being assessed or, where necessary, investigated.

[1] Employees who onboarded during the month of December or are on long term leave of absence on 31 December, possibly have not yet passed the AGBP training and test by 31 December. As a consequence, it is likely that Arcadis will not be able to reach a 100% success rate on 31 December of the relevant reporting year

Privacy and personal data protection

The Global Personal Data Transfer program, introduced in 2021 with ELT sponsorship, was further rolled out in 2022. The program included a refresh of the online Privacy Impact Assessment Tool and the development of a Transfer Risk Assessment approach in response to the ruling of the European Court of Justice (July 2020) on the validity of mechanisms for personal data transfers outside Europe ('Schrems II').

This reinforced the importance of effective embedding of Arcadis' Privacy Standards (also called Binding Corporate Rules) and enhanced controls through privacy-by-design in our core business processes and project delivery to our clients. The Global Privacy Program rolled out a global awareness campaign which included interactive sessions with, among others, the Senior Leadership Group on the importance of embedding privacy in all projects and solutions based on the Privacy behavioral framework: 'identify, assess, action & monitor' and the six privacy rules. The Privacy function, with the Privacy Officer Network, has collaborated closely with the Tech and Information Security function in assisting and supporting the business (first line of defense) with identification and analysis of key privacy and personal data security risks. Such risks have been mitigated through the introduction of standards, procedures, and guidelines, providing training and awareness, and assessing the effectiveness of the risk mitigating controls.

Enterprise Risk Management

Exposure to risk is unavoidable in pursuit of Arcadis' strategy with the level of general risk increasing in recent times due to the pandemic and geopolitical events. Emerging risks also present opportunities, which if well-managed, result in value creation. However, uncontrolled risks can threaten the achievement of long-term strategic objectives.

The Arcadis Risk and Control Framework

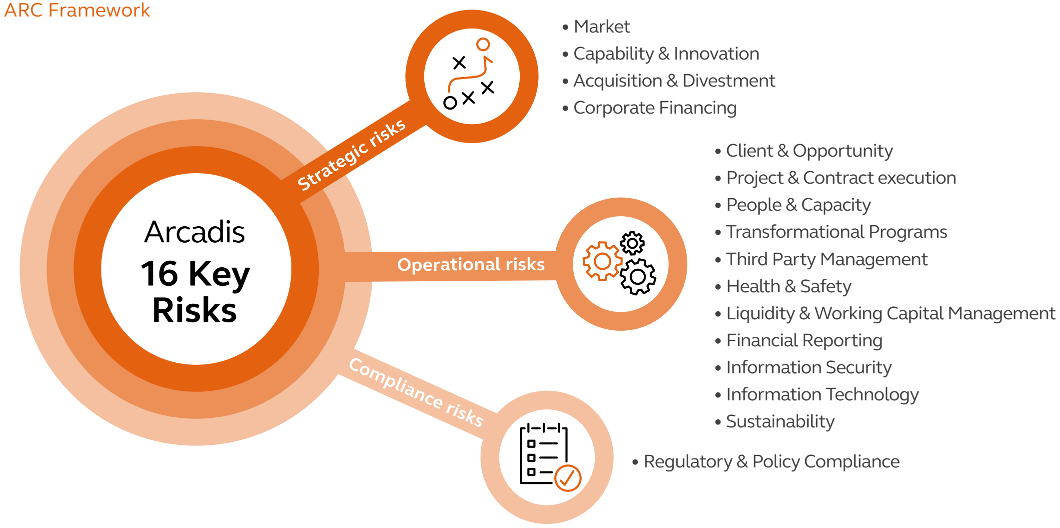
The Arcadis Risk and Control framework ("ARC") enables a culture of risk awareness across the organization by providing a standardized framework for identifying risks and implementing controls. The ARC framework identifies key risks, across three risk categories - Strategic, Operational and Compliance. It includes business controls which are supported by policies, standards, procedures, and guidelines, all of which target risk mitigation in accordance with Arcadis' risk appetite.

The ARC allows the company to evolve its business in line with its risk appetite, execute strategic priorities in a controlled manner and experience less surprises in business performance. The ARC is a cornerstone of Arcadis' risk management approach and supports Arcadis in embedding a risk conscious way of working in all layers of the organization.

Management of Risk

Arcadis' Executive Board is responsible for maintaining a comprehensive risk management and internal control system, and for regularly reviewing its effectiveness. Each year, the Executive Board performs a review of the risks that Arcadis is subject to and based on its risk assessment, the ARC is updated and communicated to leadership. The Executive Board is also responsible for ensuring that the risk management and internal control system is integrated and embedded into the way Arcadis works. The Executive Board is supported in this by the ELT members. In order to strengthen risk oversight, each ELT member is given overall responsibility for one or more of the ARC key risks.

ARC Framework



The Risk Management function, led by the Global Risk Management Director and supported by a Corporate Risk Management team and GBA Risk Managers, provides guidance and assistance to the Executive Board and ELT. This includes driving risk awareness across the organization and supporting the assessments of the design and operating effectiveness of the ARC Framework across the global business (see below 'Arcadis' Risk Assurance Program). The Global Risk Management Director reports directly to the CFO with a dotted line to the COO.

The Risk Management function provides both risk assurance and proactive risk support to the business. Risk Management plays an active role in Pursuit Committees, which seek to ensure that the selection of the clients and opportunities are in line with the strategy. Additionally, Risk Management engages with leadership teams of GBAs and enabling functions to identify, evaluate and mitigate enterprise risks that may impact the achievement of strategic objectives.

The quarterly Risk Management Committee, chaired by the CFO, assesses risk in the context of Arcadis' risk appetite and provides advice to the Executive Board/ELT. It assesses whether Arcadis has identified and mitigated, or managed, known and emerging risks to ensure that robust risk management is in place across Arcadis. The Chair nominates the other members of the Risk Management Committee, to include (at least) five members: at least one Senior Business Representative, the Global General Counsel, the Global Internal Audit Director, the Global Operations Project Services Officer, and the Global Risk Management Director. Their appointment is confirmed by the Executive Board/ELT.

Risk Appetite and Key Risk Indicators

The ARC balances risk and opportunity and helps define the Executive Board's appetite for risk. Arcadis' risk appetite changes over time reflecting strategic objectives and developments in society, legislation, geopolitics, the client landscape, and changes within Arcadis.

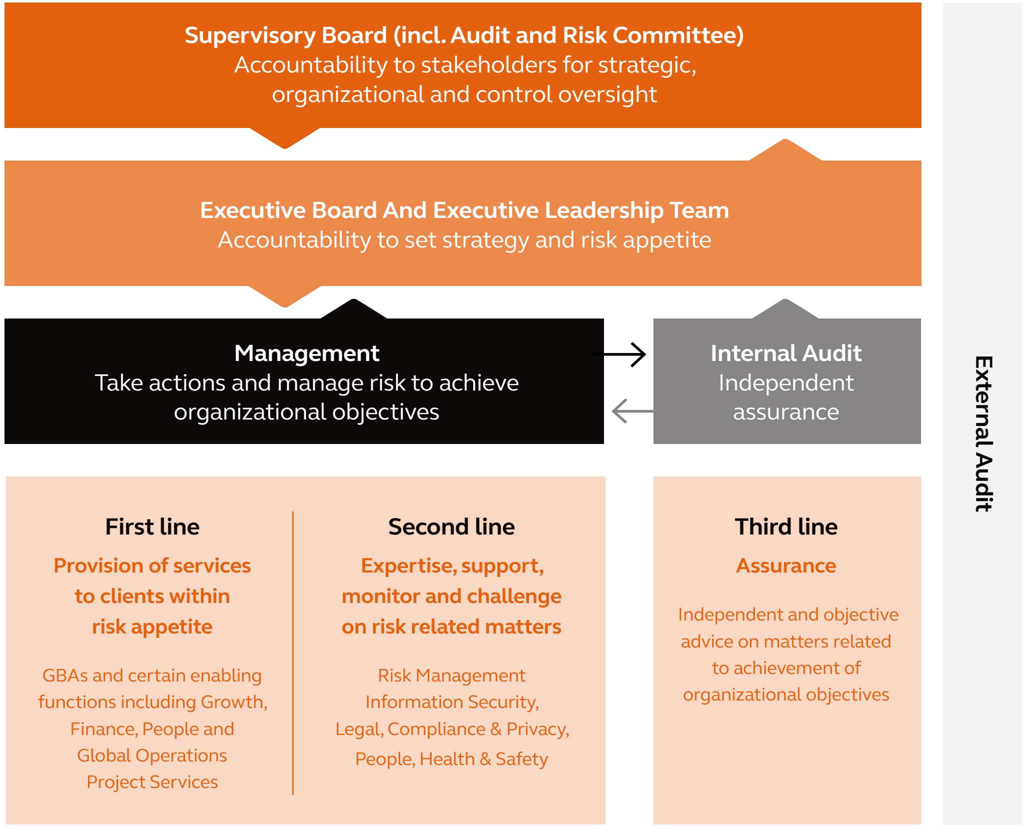
Key Risk Indicators (KRIs) are in place for each of the key risks. KRIs are measured and reported to the ELT and Audit and Risk Committee on a quarterly basis to provide an early warning as to where exposure to certain risks may be exceeding Arcadis' appetite. Where risk exposure is outside of the appetite range, existing mitigating actions may have more focus placed on them, additional controls may be introduced, or Arcadis may choose to tolerate that the current level of risk is outside its appetite, in which case leadership is informed and monitors the situation closely.

Risk management in action

Arcadis adopts a three-lines of defense model to facilitate strong governance and risk management. The GBAs and certain enabling functions are the first line, embedding risk management as a formal part of all major decision making via tools such as risk registers, project watch lists, and client and opportunity Go/No-Go assessments. The Risk Management function is part of the second line of defense along with other enabling functions. These functions assist and support the first line with identification and assessment of key risks. Identified risks are mitigated through the introduction of policies, standards, procedures, and guidelines, and by providing training and promoting awareness. Arcadis' Internal Audit function provides the third line of defense. Its role is explained in more detail on the next page.

Arcadis encounters risks during the implementation of its strategy, as well as through business integrations. Critical to managing these risks is a governance and risk management process which allows Arcadis to balance the benefits from strategic programs and integrations, investments required, and risks managed.

Three Lines Model



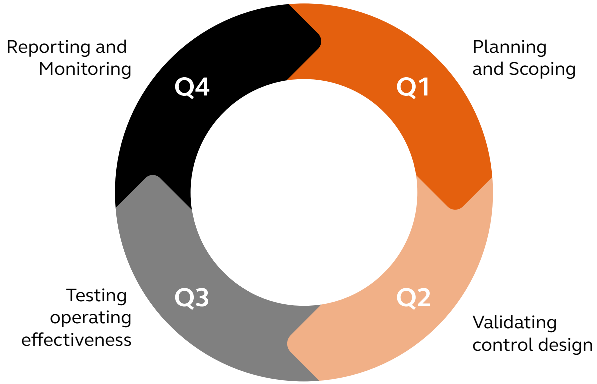
Arcadis' Risk Assurance Program

The Risk Assurance Program provides for a continuous annual cycle for testing the design and operational effectiveness of the controls to provide assurance that the key risks are being effectively mitigated or managed. Each GBA, country and enabling function reports the results of its annual assessment at the end of the financial year to the Global Risk Management Director and Group Controller.

Action plans for controls found not to be designed or operating effectively are formed with deadlines established for remediation to be complete.

The Risk Assurance Program helps identify new and evolving risk causes that require the design of controls to be updated and/or strengthened. Where needed, remediation of the controls is identified and captured in an action tracker, which is periodically monitored by Risk Management to ensure that the remedial actions are on track, with regular status reports provided to the ELT.

Phases of the Risk Assurance Program



Appropriate GBA, country, and enabling function leadership are required to sign an annual Document of Representation (DOR), which is addressed to the Group CEO and CFO. In addition, each ELT member is required to sign an enabling function DOR that addresses the key risks in their areas of responsibility. The DORs include a statement regarding the design and operating effectiveness of controls based on the results of the Risk Assurance Program. Based on the combined DORs, Arcadis NV issues a Letter of Representation (including an In-Control Statement) to the external auditor.

Internal Audit

Arcadis' Internal Audit function operates under the responsibility of the Executive Board. Its role is to enhance Arcadis' performance through assurance. The Global Internal Audit Director has direct access to the Executive Board, Chairman of the Audit and Risk Committee and is a permanent invitee to the Audit and Risk Committee meetings. The priorities for Internal Audit are defined with the ELT and the Audit and Risk Committee and are approved by the Executive Board and the Supervisory Board.

In 2022, Internal Audit updated its annual plan on a quarterly basis to respond to changes in the global risk and internal control environment. Changes have been approved by the Executive Board and Audit and Risk Committee on behalf of the Supervisory Board. Internal Audit continually interacts with the external auditor regarding the preparation and execution of the annual audit plan, changes to the audit plan and the main reported results.

Internal Audit governs itself by complying with the Standards of the Institute of Internal Auditors. It employs a systematic and disciplined approach to evaluate and improve the organization's governance and risk management process. Observations and recommendations, as reported by Internal Audit, are submitted to management of the GBAs or enabling functions. Management is responsible for executing and monitoring the progress of remedial measures put in place to mitigate and manage the reported risks.

The Executive Board and Audit and Risk Committee receive, on a quarterly basis, the results of internal audits and an update on the progress of remedial actions. The role of the Audit and Risk Committee includes monitoring the progress of management follow up on audit findings.

During 2022, Internal Audit observed certain deficiencies and areas for improvement. However, collectively these do not materially impact the overall effectiveness of the risk and control systems, taking into consideration the remediation efforts by the business areas and enabling functions.

Key Risks table

The following table provides an overview of the key risks facing Arcadis, its risk appetite for each risk, and how the organization manages the risk.

Strategic risks

Market

Risk Description
Market developments have an adverse effect on Arcadis' growth.

Arcadis continues to operate in a competitive market that is exposed to uncertain economic cycles, geopolitical shifts, societal, technological, and environmental change and disruption by both competitors and client supply chains.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. Performance of strategic research into megatrends, competitors, the global economy, and external markets via an established intelligence network.
2. Regular internal portfolio assessment reviews and continuous scenario planning which helps navigate the impact of specific market events.
3. The Growth function supports the GBAs by promoting commercial excellence, a uniform growth culture linked to the brand, and enablement of strategy development through both organic and inorganic means.
4. Focusing on client relationships to broaden the value provided, therefore creating a stronger market connection.

Capability & Innovation

Risk Description
Inability to ensure that Arcadians' knowledge and technical capability match prevailing market needs and that Arcadis does not effectively develop and apply innovative solutions for the market with a focus on financial return.

Market needs continue to evolve at pace and maintaining a comprehensive understanding of what is needed to achieve a sustainable future using digital capabilities remains imperative. Arcadis must move at the same pace as the market and influence buying patterns to drive innovation.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. With the support of the Lovinklaan Foundation, Expedition DNA, Arcadis' award-winning online strategic transformation program, enables Arcadis employees to effectively act on digital client opportunities.
2. An Innovation Framework continues to allow Arcadis to maximize the potential of innovative ideas globally. Innoverse, a global innovation platform, facilitates idea generation, validation and development with the support of experts.
3. Combining the experience of Arcadis and the agility of its ecosystem partners increases the pace of innovation and access to technology resources.
4. The creation of the GBA Intelligence, enhances Arcadis' position as a digital leader, and its ability to serve its clients in a more efficient way across all phases of the asset lifecycle.

Acquisition & Divestment

Risk Description
Acquisitions do not deliver the intended return on investment or that assets to be divested are not divested in a timely fashion for the right values.

In 2022, Arcadis completed acquisitions to accelerate its 'Maximizing Impact' strategy and divested certain operations as part of its 'Focus and Scale' strategic axis.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. All acquisition and divestment activities are managed by a central team of experts.
2. Arcadis continues to review its portfolio in certain markets and sectors to continue alignment of its risk profile with its strategy.
3. A formal acquisition process is followed for reviewing targets, their strategic and cultural fit, and for assessing the potential increase of stakeholder value, considering both financial and non-financial impacts. Due diligence is performed by the central team consisting of experienced internal experts, with support from external advisors, when needed. The ELT has continuous input, providing governance and approvals throughout the whole sourcing and acquisition process.
4. For divestments, a formal process is followed to find the most suitable acquirer of the businesses. Specific regard is given to ensuring a good future for the business to be divested and its people, disentanglement and avoiding ongoing Arcadis commitments.
5. An Integration Lead is identified at the start of the due diligence process to allow for an integration roadmap to be developed, including the identification of opportunities and cost synergies to be tracked during the integration process.

Additional detail on how business integrations are managed is provided in the Transformation Programs risk section on page 138.

Corporate Finance

Risk Description
Inadequate access to capital from external sources at commercially acceptable terms resulting in an inability to invest in organic growth and/or business acquisitions.

Arcadis has increased its short-term debt to fund its acquisitions in 2022. In combination with rising interest rates, Arcadis has increased its focus on this risk.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. The Group Treasury function provides expertise for all corporate financing activities and approves all facilities.
2. The global treasury policy is implemented across the organization, including defining the risk appetite, guiding principles, corporate finance and liquidity management policy, interest rate management policy, and foreign exchange management policy.
3. A 3-year financial scenario analysis is performed to provide continuous insight into the impact of material changes, such as business underperformance, the financial impact of acquisitions and divestments, and/or an increase in net working capital.
4. Arcadis retains a focus on diversification of sources of capital to avoid becoming overly reliant on certain investor types or capital providers as it replaces acquisition debt with long-term debt. Arcadis' access to debt capital markets is facilitated by its external credit rating from Standard and Poor's.

Operational risks

Client & Opportunity

Risk Description
An insufficient number of strategic pursuits are converted to profitable wins, resulting in growth in revenue falling short of business objectives.

In 2022, inherent uncertainties have existed across the markets, economies, and sectors in which Arcadis operates. As it moves into 2023, Arcadis expects these uncertainties to remain, with the threat of recession increasing in some countries and certain sectors likely to be impacted. These uncertainties are accompanied by opportunities to which Arcadis must react with agility.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. A global business operating model increases the visibility of opportunities. Leadership focuses on achieving a robust pipeline of opportunities and a healthy book-to-bill ratio, which are imperative for continued success. Arcadis achieves diversification across geographies, sectors, and solutions while maintaining an appropriate mix of private and public sector clients. Regular monitoring of its client and project mix allows Arcadis to react with agility and impact.
2. The ELT sponsors formal key and emerging client programs. These programs support GBA and sector leadership to prioritize sales efforts. Arcadis is committed to working with key and emerging clients, with exceptions only being considered should an opportunity not align with our strategy or have unmitigable risks.
3. Pursuit committees involving senior stakeholders provide pursuit governance and risk mitigation.
4. Monitoring of government spending programs and private investment in the markets in which it operates allows Arcadis to pursue new and/or accelerated projects. Energy transition and sustainability remain key drivers of spends across both public and private sectors.
5. Performance of an annual client experience survey allows Arcadis to track its performance. Better practices are shared across client account teams and GBA leadership, and plans have been established to address areas for improvement.

Project & Contract Execution

Risk Description
Underperformance in the delivery of projects results in suboptimal project financial results, dissatisfied clients, and claims.

Arcadis manages a variety of risks in project delivery including service delivery quality, schedule compliance, commercial and contract terms, and the impact of external factors on project performance.

Arcadis' risk profile is affected by the provision of new services, the size and complexity of projects, the requirement to adopt alternate service delivery models, the engagement of new clients and attempts by clients to shift risk to service providers.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. A Global Operations Project Services organization has been established to institutionalize the application of a consistent, structured project delivery model across the global business. This organization facilitates improved outcomes in terms of quality, health & safety, and project performance. The organization also oversees the implementation of increased levels of standardization and automation within project services.
2. The MEPC+ program continues to improve project outcomes by improving project performance monitoring, risk management, handover, governance and change control, and cash collection.
3. The adoption of a global business operating model provides Arcadis an improved ability to effectively deploy the best skills and experience to its projects, regardless of geography, and thereby improve client service, project risk management and project performance.
4. The ongoing implementation of a global Integrated Management System sees quality move from being regionally managed to a unified system with a center of excellence at its core.

People & Capacity

Risk Description
Insufficient talent to win and deliver client projects and lead the business to achieve its fullest potential.

Strong competition exists for strong technical and leadership talent in the sectors in which Arcadis operates, requiring a focus on retention and attrition. The importance of the workplace has increased as employees return to the office and work from home in a hybrid manner, and Arcadis remains flexible to employees' individual needs.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. Attrition rates are closely monitored across the business, with actions taken as and when required to address areas where attrition is higher than expected. The employee listening platform, "Your Voice", is operated globally to help measure employee engagement and allow leadership to act on feedback
2. The Aligned Leadership Program activates the leadership framework by allowing the identification and development of senior leadership talent to embed and lead the strategy and transformation throughout the organization.
3. The performance management framework, "Grow Perform Succeed", continues to provide frequent and meaningful performance conversations focused on the future, employee growth, and career development.
4. Leadership is committed to delivering Arcadis' workstyle promise, embracing flexible working arrangements, empowering all employees to succeed, and creating sustainable, inclusive workplaces which enhance employee experience.
5. The implementation of a well-being and resilience strategy enables all Arcadians to focus on their health and well-being while working.

Transformation Programs

Risk Description
Major change programs are not delivered effectively or cost efficiently, impeding the achievement of strategic objectives, including growth, collaboration, and operational efficiency.

A global transformation program is being undertaken to deliver the objectives of the current strategic cycle while simultaneously integrating acquired companies into our global operating structure. Arcadis recognizes that in pursuing the benefits of transformation and integration programs, potential negative impacts require managing due to the disruption they can cause if not handled well.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. Global Transformation and Integration Leaders oversee strategy implementation and business integrations, monitor the achievement of benefits and report directly to the ELT.
2. Both a Transformation Engine and Integration Management office have been established with a clear focus on schedule risk, interdependencies, effective change management, and communication, driving towards the committed business outcomes.
3. A portfolio risk management process has been adopted, which enables prioritizing the key risks to achieving successful transformation and integration while maintaining the current business performance.
4. A Change Management center of excellence provides capability across GBAs and enabling functions.
5. Regarding integrations, Arcadis monitors value creation from past acquisitions with a formal review of acquisitions after one and three years to help optimize the process and learn lessons to benefit future integrations.

Third Party Management

Risk Description
Inadequate selection of and/or performance by third parties (e.g., suppliers, sub-contractors, joint venture partners and ecosystem partners) negatively impacts financial and non-financial performance, disrupt business operations, and result in reputational damage.

Major infrastructure projects in certain key markets have increased opportunities to enter teaming arrangements with third parties, requiring Arcadis to effectively manage the risks around such arrangements.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. A Global Procurement function and Ecosystem Partnerships team serve the global business operating model of the organization, strengthening the ability to select third parties that are financially stable and align with Arcadis business principles and core values, including integrity, human rights, and sustainability.
2. An Engaging with Third Parties standard defines the minimum requirements around selecting and contracting with third parties. The standard supports successful engagement with third parties to deliver great outcomes for Arcadis and its clients.
3. Sustainable procurement training is provided to our Procurement function.
4. Arcadis has used tooling to assist in screening and monitoring third parties. We continue to mature this within the organization, aiming to standardize this process.
5. A Global Procurement Policy and Supplier Code of Conduct includes a focus on sustainability and human rights considerations to achieve alignment with Arcadis' strategy. Using ISO 20400, Arcadis continues to enhance its sustainable procurement practices.

Health & Safety

Risk Description
Health and safety incidents or other crises adversely affect our people and our business, resulting in harm to employee(s), personal liability, financial loss, and reputational damage. Arcadis' core business activities remained substantially the same in 2022; thus, the risk of health and safety incidents has not significantly changed this year.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. H&S leaders are embedded in the GBA management teams, supported by the Global H&S Director, the Global Operations Project Services officer and the COO.
2. The global H&S management system is underpinned by a set of standards and procedures defining a common approach to H&S across the organization.
3. The online delivery of monthly H&S communication campaigns, Global Health & Safety Day, Take Time for Safety calls, and Track to Zero Awards successfully promote the Arcadis H&S culture to employees. Monthly campaigns increase awareness across the organization.
4. An Employee Wellbeing and Resilience leader manages employee mental health and well-being programs across the global organization.
5. H&S concerns regarding potential projects are raised at an early stage during the Go/No-Go process. This enables the H&S function to provide consistent input and H&S controls to be scoped and priced into projects.

Liquidity & Working Capital Management

Risk Description
The business cannot fund its operations due to insufficient free cash flow.

This risk is a key area of focus as we integrate acquisitions completed in 2022. A period of sustained growth requires Arcadis to retain its sharp focus on cash conversion to sustain its cash performance.

Risk Appetite: Low

Averse Low Medium High

How Arcadis Manages the Risk
1. Arcadis runs a centrally controlled program across all GBAs, focusing on unbilled, aged, and overdue receivables. Monthly reviews are performed with business leadership, and a formal escalation process is in place when required.
2. Using analytical reports facilitates monitoring, identification of changes required in commercial behavior, and operating procedures to better manage net working capital.
3. Free cash flow is forecast and monitored against the plan each month.
4. Account leaders are accountable for the payment performance of their clients, with weekly monitoring and actions/escalation taken where required.
5. Leadership incentive structures are updated throughout the year in response to our cash targets.

Financial Reporting

Risk Description
Financial statements contain material misstatements, leading to a loss of confidence in the accounts by key external and internal users.

As a globally operating publicly listed company, Arcadis must comply with financial reporting requirements. Material misstatements in reporting could significantly affect Arcadis' reputation and/or its stock market value.

Risk Appetite: Averse

Averse Low Medium High

How Arcadis Manages the Risk
1. A central Group Reporting function led by the Chief Accounting Officer oversees and supports financial reporting across all entities within the group. Global business process owners lead standardization and automation of processes.
2. Continuous monitoring of upcoming and effective changes in accounting and/or reporting standards, laws, and regulations, and periodic discussions of comprehension and compliance with senior finance leaders and supervisory functions. It is critical that all subsidiaries report to the same standards and deliver the same transparent, high-quality reporting, consistent with accounting and reporting principles applicable to Arcadis NV (IFRS as adopted by the EU).
3. Assessment of cross-functional financial risk and control matrices to support changing financial accounting and reporting processes allows assurance activities to underpin the accuracy, timeliness, and reliability of internal and external financial reporting.
4. PWC is appointed as the external auditor for the Arcadis group. The Independent Auditor's Report on page 254 reflects the significant Key Audit Matters as identified by the external auditor.

Information Technology

Risk Description
Critical IT systems are unavailable or have restricted availability to the business leading to loss of operational functionality and business disruption is a constant threat to Arcadis.

As Arcadis advances its digital strategy, development of software and technologies to support Arcadis' innovative digital solutions requires the management of risks that, if not mitigated effectively, could impact the availability and quality of those solutions.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. A global technology operating model is in place which defines clear ownership and standardization of core technology processes, complemented by a technology function-wide risk assessment and management plan.
2. A centralized technology asset management system facilitates the Infrastructure Operations Center (IOC) activities to scan, monitor, and remediate any vulnerabilities or performance issues identified in the Arcadis network.
3. Developers use software development tools to manage the quality of code as it is developed and position fully tested and approved code for promotion to production.
4. Our Citizen Development program enables Arcadians to use low-/no-code platforms to automate project-based challenges in a safe and controlled manner.
5. Arcadis has moved from an external hosting contract to take direct control of its cloud environments and transform network services with greater reliability and scalability.

Information Security

Risk Description
Information security risks continue to present a threat to daily business activities.

Threats are rapidly changing and constantly evolving, and the potential impact increases as Arcadis fulfils its digital ambitions, and bad actors becoming more sophisticated. Market expectations continue to increase, with regulators and clients taking a greater interest in how organizations protect their data and choose to do business with organizations having the best security ratings.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. A Global Information Security Officer leads an information security team positioned independently from technology and reporting directly to the ELT regarding information security risks. Additionally, the Information Security Committee, which is chaired by the CEO, oversees the organization's information security risk posture.
2. Arcadis continues to strengthen its security incident response and executes cyber-attack exercises to test response capabilities.
3. Arcadis runs a dedicated awareness campaign to teach all Arcadians in the world to recognize sophisticated phishing emails and report these.
4. ISO 27001 and Cyber Essentials Plus certifications have been obtained for certain geographies with additional certifications planned for 2023.

Sustainability

Risk Description
Arcadis does not contribute effectively to advancing sustainable development.

Society, shareholders, and markets demand that companies act responsibly and deliver sustainable products and services. Failure to incorporate sustainability into its client solutions and its own operations could result in Arcadis failing to maximize its impact.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. The Chief Sustainability Officer drives strategic impact across the business, amplifying achievements and accelerating the implementation of the sustainability ambition and strategy. The central sustainability function works directly with GBAs to build sustainability into client solutions and services. Additionally, the Sustainability Advisory team offers its expertise on a global scale, supporting the clients and communities we serve.
2. The Supervisory Board's Sustainability Committee drives improved governance. To foster leadership engagement, Arcadis includes ESG risk management ranking as a performance criterion in the long-term incentive remuneration for ELT members.
3. Arcadis sets targets and measures performance to reduce its environmental impact from business operations across the organization, using the ISO 14001 Environmental Management System standard. A science-based target approved by the Science Based Target Initiative (SBTi) covers Arcadis' operations and is aligned with the 1.5°C global warming target limit above pre-industrial levels.
4. The EU taxonomy, a classification system established to clarify environmentally sustainable investments, is being adopted across all Arcadis solutions. Additionally, the Task Force on Climate Related Financial Disclosures (TCFD) facilitates our assessment of the risks of climate change to our business.

Compliance risk

Regulatory & Policy Compliance Risk

Risk Description
Non-compliance with external laws and regulations in applicable jurisdictions in which Arcadis operates or with internal company standards, policies, or guidelines, resulting in penalties, claims, or reputational damage.

Arcadis is experiencing an increasing need to provide positive assurances to external stakeholders, including clients, ecosystems, and investors, regarding ESG-related topics. Additionally, rising expectations around third-party due diligence, especially related to sanction laws, increase the risk.

Risk Appetite: Averse Low Medium High

How Arcadis Manages the Risk
1. The Legal, Compliance and Privacy function is aligned to provide the GBAs with effective business partnering.
2. The Global Compliance Officer, supported by a team of appointed privacy and compliance officers provides governance and management systems strengthening the global businesses and enabling functions.
3. Arcadis does business in accordance with the AGBP, laws, regulations, accounting standards, governance and periodic filing requirements, applicable in the jurisdictions in which it operates. The AGBP was reviewed for societal, legislative, and other developments and refreshed in 2022 to also include a code of conduct. Training was rolled out across the entire organization with completion of training monitored.
4. The Global Integrity and Anti-Corruption Program supports the global business leadership to maintain focus on integrity, remain accountable, and to enhance the culture of integrity and a safe "speak-up" culture.

Management statements

As a result of the Risk Assurance Program testing carried out in 2022, the GBAs and enabling functions issued signed Documents of Representation and In-Control statements to the Executive Board. This process is in line with the Risk Assurance Program as described on page 133. In 2022, both IBI Group and DPS Group (acquired in Q3 and Q4 respectively) were required to also issue signed Documents of Representation and In-Control statements to the Executive Board.

The Executive Board, supported by the ELT, has reviewed the Documents of Representation and In-Control statements, along with reports from Internal Audit and the external auditor. Other than the impact of companies acquired, there were no significant changes in the internal risk management and control systems during 2022. It has assessed the effectiveness of the design and operation of the ARC Framework in 2022 and discussed with the Audit and Risk Committee and the Supervisory Board.

During 2022, no significant weaknesses in the design or implementation of the controls under the ARC framework were observed (i.e. no deficiencies that resulted in material losses or impact). Where a control did not operate as expected, areas for improvement were identified, remedial action plans were formalized, and progress against the plans was monitored throughout 2022.

As substantiated in this Enterprise Risk Management chapter of the Annual Report, based on the information referred to above and its assessment, the Executive Board believes that:

1. The Annual Report provides sufficient insights into any significant deficiencies in the effectiveness of the internal risk management and control systems;
2. The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
3. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
4. The Annual Report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report. See in particular the Key Risks table on page 135.

In accordance with Article 5:25c of the Financial Markets Supervision Act (Wet op het Financieel Toezicht), the Executive Board confirms, to the best of its knowledge, that:

- The Consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of Arcadis and its consolidated companies;
- The Annual Report gives a true and fair view of the position as at 31 December 2022 and the developments during the financial year of Arcadis and its group companies included in the consolidated financial statements; and
- The Annual Report describes the main risks Arcadis is facing in the Key Risks table on page 135.

The above statements are given on the basis that the ARC framework is primarily designed to bring Arcadis' risk exposure within its appetite and cannot therefore provide full and complete assurance that all human error, unforeseen circumstances, material misstatements, fraud, or non-compliance with laws and regulations will be prevented.

Case | MOBILITY

Sustainable design solutions to improve connectivity, efficiency and safety

Coffs Harbour Bypass, Australia

"Design measures ranging from generous bridge spans and drainage solutions that reduce the risk of erosion and blockage, to a pavement design that adopts asphalt with an innovative binder to increase stiffness and resistance to fatigue, are all solutions that keep sustainability at the forefront of design and focus on reducing carbon footprint."

Belinda Virant | Business Area Director for Mobility

12,000

Number of vehicles diverted away from the town centre every day

How we are different

Drawing on extensive experience from the delivery of five previous sections of the Pacific Highway upgrade over the last decade, Arcadis is helping to maximize benefits for all road users.

Impact

Journeys will be easier, faster and safer, all while supporting local community welfare and the preservation of the environment.

The Challenge

Coffs Harbour is one of the largest urban centres on the Australian Mid North Coast, with a growing population of around 75,000. However, as one of only two locations on the entire eastern corridor where the link road between Melbourne, Sydney and Brisbane passes through an urban area, it is prone to extremely high levels of congestion. At 14km, the Coffs Harbour Bypass seeks to reduce this pressure. It is the last section of the 20 year long Pacific Highway Upgrade to be completed, and aims to improve connectivity, transport efficiency and safety for all road users.

The Solution

Arcadis is lead designer for the Ferrovial Gamuda Joint Venture (FGJV), which was awarded the $1.35 billion major works contract for the new bypass. This design and construct contract includes four lanes of divided motorway and three tunnels at major ridgelines around Coffs Harbour. Arcadis is harnessing digital advances to create sustainable, data-led and connected highway solutions, where the design incorporates a range of measures to minimize impact on biodiversity and restore ridgelines and other areas with native forests. Crucially, the route design has excluded over two hectares of wet sclerophyll rainforest where new plants species have been found. The design also considers the fact that Coffs Harbour is renowned for high intensity rainfall and localised flooding, and so the bypass will be constructed to convey any extreme water flows safely across the highway while safeguarding existing flood mitigation strategies.

The Impact

The upgrade is expected to take approximately 12,000 vehicles out of the centre of town every day. It will help motorists avoid up to 12 sets of traffic lights and effectively cut travel time by 12 minutes.

Thanks to extensive experience and learnings from the delivery of five previous sections of the Pacific Highway upgrade over the last decade, Arcadis is able to help the Australian and New South Wales Governments maximize benefits for all road users and the surrounding community. Journeys will be easier, faster and safer, all while supporting local community welfare and the preservation of the environment.

Supervisory Board report

This chapter reports on the way the duties and responsibilities of the Supervisory Board were fulfilled in 2022, taking a closer look at the Supervisory Board Priorities 2022, the progress made and the challenges encountered.

It also discusses the Supervisory Board's compliance with the Dutch Corporate Governance Code and the results of the annual assessment of the functioning of the Supervisory Board and Executive Board.

Furthermore, a detailed account is given of the activities of the respective Supervisory Board Committees and the topics discussed throughout the year.

Report by the Supervisory Board

Arcadis NV has a two-tier Board structure, consisting of the Executive Board and the Supervisory Board, both with distinct tasks and responsibilities for the Company and its stakeholders. The task of the Executive Board is to manage the Company and to realize its objectives and strategic goals. The task of the Supervisory Board is to supervise and advise the Executive Board.

2022 was the second year of the implementation of the 'Maximizing our Impact' strategy; a strategy that is helping the Company's clients navigate the complex and varied palette of challenges and opportunities they are facing in today's uncertain world. The war in Ukraine, its impact on the world economy, the climate crisis, and the continued impact of COVID-19 on the Company, its people and its clients have made for a challenging year. Thanks to the remarkable talent, focus and dedication of Arcadians around the globe, the Company was able to further improve its financial performance and make great strides towards delivering its strategic targets. 2022 was also a year of transformation for Arcadis itself, during which the Supervisory Board was closely involved in the implementation of the Global Business Area (GBA) structure - Resilience, Places and Mobility; the acquisitions of IBI Group, DPS Group, HydroNET and Giftge Consult; and the creation of the fourth GBA - Intelligence.

At the outset of 2022 the Supervisory Board identified the themes it considers most important in light of the Company's strategy for long-term sustainable value creation, and the Board's supervisory and advisory role. These Supervisory Board priorities 2022 are set out below and formed the common thread of the Supervisory Board's discussions and deliberations in 2022. This Report by the Supervisory Board sets out the way the Supervisory Board fulfilled its duties and responsibilities. It describes the Supervisory Board priorities 2022 in more detail, it details progress made against them and dilemmas encountered (priorities in bold below).

The Company's strategy, the Supervisory Board Priorities 2022 and Our Role as Supervisory Board

1. Contain and improve attrition
2. Institutionalize the GBA Operating Model and deliver on 2022 plan
3. Maintain confidence of investor base
4. Further improve performance of CRTKL, for integration of architectural business into Places GBA
5. Maintain momentum on ESG, including deployment of detailed net zero roadmap and implementation of non-financial reporting
6. Deploy M&A strategy aligned with GBA strategy and goals
7. Succession planning

Containing and improving attrition was high on the Supervisory Board's agenda in 2022. Each meeting, the Chief Operating Officer and the Chief People Officer provided an update on the Company's efforts regarding resourcing and retention. Four key attention areas were (i) talent and acquisition (including how to reduce the lead time for new hires and improve their onboarding experience) (ii) resource planning (including how to increase the use of forecasting and scenario planning) (iii) retention (including how to further improve and simplify the promotion process at Arcadis) and (iv) billability. Regarding retention, data from employee engagement surveys consistently confirmed the importance of the capability, stability, and capacity of (in particular mid-level) line management, which was addressed as a priority. Targeted actions were identified and implemented, led by joint People and business teams. These efforts contributed to overall attrition stabilizing throughout the year. The meeting also regularly discussed employee engagement scores and was pleased to see improvement throughout the year.

The Supervisory Board was closely involved in the **institutionalization of the GBA Operating Model**. Each of the three GBA Directors presented their respective visions, ambitions and challenges to the Supervisory Board. At each subsequent meeting of the Supervisory Board, progress was discussed and challenges were addressed. Considering the magnitude of the program and its far-reaching ripple effects, a wide variety of topics were tabled, including collaboration between the GBAs, creating one way of working, ownership for performance and growth, connecting the skills of Gen and CRTKL with the GBAs, the transformation of the enabling functions, how to address resistance to change, and the need for clear communication and transparency. The Supervisory Board and the Executive Board regularly discussed the importance of keeping client focus and collaboration front and centre, also in times of transformation. The Supervisory Board strongly supports the appointment of Edel Christie, Chief Transformation Officer, to the Executive Leadership Team.

Client focus and collaboration, and the resulting strong and predictable financial performance in 2022 led to Arcadis **maintaining the confidence of the Company’s investor base**. Each meeting, the Supervisory Board discussed the financial performance of the Company's GBAs. Healthy organic and profitable growth, solid margins and record backlogs were the result of a relentless focus of Arcadians around the globe on working together to deliver exceptional outcomes for clients.

The Supervisory Board also discussed the actions taken by the ELT and GBA management to get **CRTKL** back on track. The Supervisory Board fully supports combining the strengths of IBI Buildings and CRTKL as an integral part of GBA Places, under the experienced leadership of Mansoor Kazerouni.

Major strides were made to **maintain momentum on ESG**, as was also demonstrated by the Company’s continued excellent ESG rankings in 2022. Sustainability is embedded into the operations of Arcadis around the globe (for example, key sustainability questions are included into the Company’s client selection framework), and the company has worked hard on putting a more mature, comprehensive and transparent non-financial reporting system in place. The Supervisory Board remains impressed with the Company’s bold commitment to its net zero journey, sustainability KPIs and to ESG standards more broadly.

More information about the activities of the Supervisory Board's own Sustainability Committee in 2022 can be found below.

The Supervisory Board fully supports the Company’s implementation of its **M&A strategy** in 2022. The Supervisory Board is confident that the acquisitions of IBI Group and DPS Group and the resulting creation of the new Architecture and Urbanism division in GBA Places and the fourth GBA: Intelligence will help accelerate the delivery of the Company’s strategy. The coming together of these companies will create exciting new opportunities for Arcadis’ clients and its people. The Supervisory Board advised the Company in all stages of the acquisitions of IBI Group and DPS Group; from early discussions to due diligence to negotiation of transaction terms. The integration of the acquired companies will be one of the Supervisory Board’s priority topics in 2023. The Supervisory board also received regular updates on the divestments completed in 2022.

In Q4 2022, the Supervisory Board started a deep dive into the Company’s long-term technology strategy, looking at (the pace of) digitalization and technology trends in the architecture, engineering and consultancy sector and taking into account the addition of IBI Group to the group. The meeting looked at digitalization progress within Arcadis and how to further scale up value creation through digitalization and maximize digital impact by creating a fourth GBA: Intelligence.

The Supervisory Board is encouraged by the work done in 2022 regarding diversity and inclusion and **succession planning**. It also recognizes that a lot of work remains to be done. In 2022, The Supervisory Board received regular updates on talent and diversity efforts. The Supervisory Board regularly discussed emergency, medium- and long-term Executive Board, Executive Leadership Team and Supervisory Board succession planning, the diversity of candidates in the succession pipeline, and the need to perform a succession gap analysis. The Supervisory Board will remain closely involved with succession planning in the coming years.

Regarding health and safety, apart from the obvious attention for the enduring impact of the COVID-19 pandemic, in particular in Asia, we continued to start each meeting with an update on a Health & Safety topic or statistics and/ or a Health & Safety moment, with special attention for the mental health of Arcadians in these challenging times. By sharing experiences and suggestions the Supervisory Board continues its stewardship of the topic and contributes to further awareness and improvement. The Supervisory Board is pleased with the Company’s H&S performance in 2022.

Supervisory Board meetings 2022: other topics discussed

In 2022, the Supervisory Board held five regular scheduled meetings. All our meetings were attended by the members of the Executive Board and the members of the Executive Leadership Team. We also had five 'Supervisory Board-only' meetings. In addition to these regular scheduled meetings, three intermediate calls were scheduled. All three intermediate calls focused on the Company's M&A and divestment activities and the financing thereof.

In each of our scheduled meetings we discussed progress against the Supervisory Board priorities listed earlier in this Report, as well as topics that we address every meeting, including financial performance, important project wins, the functioning of the Company's governance (including the aforementioned succession planning and remuneration) Internal Audit (including the approval of the Internal Audit plan 2022) and Risk Management. To mirror the Client and Project focus of Arcadis, business leaders from around the globe were regularly invited to present on the work performed for specific key clients. Furthermore, IT and information security topics, legal developments, claims and claim related trends, Integrity, Compliance and the Integrity and Anti-Corruption program and privacy topics were discussed.

In December, the Supervisory Board discussed the Plan 2023 and the Company's approach to the strategy refresh (2024-2026 cycle); the Supervisory Board will be closely involved in each of the steps that comprise the refresh cycle. The Company will use a 10-15 year vision and a five year strategy roadmap to get to a more defined three-year strategy. The Supervisory Board emphasized the importance of scenario testing and risk workshops with business leaders, to ensure alignment between, inter alia, the 2024-2026 strategy and budgets.

Supervisory Board meetings 2022: attendance

The attendance percentage for the full Supervisory Board meetings in 2022 was 100% (2021: 100%), for Supervisory Board-only meetings 100% (2021: 100%), for Audit and Risk Committee meetings 100% (2021: 100%), for Remuneration Committee meetings 100% (2021: 100%), for Selection Committee meetings 100% (2021: 100%) and for meetings of the Sustainability Committee also 100% (2021: 100%).
Next to interaction during Supervisory Board meetings, one-on-one discussions between Supervisory Board members and members of the Executive Board, the Executive Leadership Team and other senior leaders and functional heads took place throughout the year.

Finally, we like to mention that all Supervisory Board members and Executive Board members, as well as one Executive Leadership Team member (Mary Ann Hopkins), are members of the board of the Priority Foundation, the holder of the Priority shares in the capital of Arcadis. Ten Arcadis employees from across the organization make up the other half of the board of the Priority Foundation. As a group, these ten employees are joined up in the board of the Bellevue Foundation. The board of the Priority Foundation came together three times in 2022, inter alia to discuss Arcadis current affairs and to approve the acquisition of IBI Group. Reference is made to note 26 of the Consolidated financial statements for further information on the Priority Foundation and the Bellevue Foundation.

Functioning of the Supervisory Board, the Executive Board and the Executive Leadership Team

At the end of each scheduled Supervisory Board meeting, the members of the Supervisory Board evaluated the meeting amongst ourselves. Annually we perform assessments of the functioning of the Supervisory Board, the Supervisory Board Committees and the individual Supervisory Board members. In December 2022, we performed these assessments with two structured questionnaires prepared in co-ordination with the Company. As always, the assessment of the functioning of the Chair of the Supervisory Board was led by the Vice-Chair of the Supervisory Board.

In conclusion, we noted that the Supervisory Board continues to be a safe environment for open and constructive discussion. The relationship with the Company's leadership is good. Although the Supervisory Board's close involvement in many topics is seen as adding much value, the Board did discuss how to keep the appropriate distance to maintain the required helicopter view. This will be kept under review going forward. The members of the Supervisory Board have welcomed the return of in-person meetings and are pleased with the balance struck between in-person and (more cost-efficient and sustainable) virtual meetings. Overall, we are pleased with the quality of the information we receive from the Company. There remains room for further improvement in making presentations to the Supervisory Board less of a knowledge transfer and more of a dialogue around, for example, dilemmas encountered. The Supervisory Board recognizes the need to further bolster its knowledge of digital, IT and Information Security matters. In the search for new Supervisory Board members, extensive experience in these fields is high on the Board's wish list.

As in past years, in the Board meetings each of the Supervisory Board members takes responsibility that certain specific attention areas/ topics are addressed. This helps ensure that we give the topics the required attention and optimize our respective expertise. In our evaluation we re-emphasized that Executive Leadership Team members are encouraged to reach out to 'their' Supervisory Board member proactively throughout the year.

In February 2022 we set personal targets for the Executive Board. During the year we monitored the performance of the Executive Board and the individual Executive Board member(s) in our Supervisory Board-only meetings. In February 2023 we assess the performance of the Executive Board, the two Executive Board members and the Executive Leadership Team in 2022. Following the discussions during the year, and following the assessments early 2023, we have provided or will be providing feedback to all involved. The Supervisory Board has concluded that its relationship with the Executive Board and Executive Leadership Team is an open and constructive one, whilst remaining sufficiently critical. This is considered essential to having the Executive Board, Executive Leadership Team and Supervisory Board function properly.

Composition Supervisory Board, Executive Board and Executive Leadership Team

On 31 December 2022, the Supervisory Board consisted of six members, the Executive Board of two members and the Executive Leadership Team of seven members (including two Executive Board members). For information about diversity in our Supervisory Board we refer to the chapter on Corporate Governance in this Annual Integrated Report. For the current composition of the Executive Board, the Executive Leadership Team and information about its members, please refer to pages 116 and 117 of this Annual Integrated Report. For the current composition of the Supervisory Board, its Committees, and information about its members, please refer to pages 118 and 119 of this Annual Integrated Report.

During the General Meeting in 2022, Mr. Putnam was re-appointed for a period of four years. Mr. Lap succeeded Mr. Hoek as Chair of the Supervisory Board.

Corporate Governance

In the chapter on Corporate Governance in this Annual Integrated Report, the governance structure of the Company is described, and we explain the one deviation from the principles and best practice provisions of the Corporate Governance Code. The Supervisory Board meets the requirements of the Code regarding the independence of its Chair, of the other Supervisory Board members, and of the Supervisory Board as a whole. The Supervisory Board also complies with the best practice provision that its members do not hold more than five supervisory board positions at certain 'large' (listed) companies or entities. The Executive Board members do not hold more than two supervisory board positions with such companies.

The Supervisory Board took note of the publication of the updated Dutch Corporate Governance Code in December 2022 and welcomes its increased focus on sustainability, diversity and inclusion. In 2023, the Supervisory Board will be working closely with the Company on implementing changes required to existing Company policies and processes, if any.

During 2022, no material transactions involving conflict of interest occurred for Executive or Supervisory Board members and no material related party transactions as referred to in section 2:169.1 Dutch Civil Code were entered into.

Supervisory Board Committee reports

Audit and Risk Committee report

M. Lap (Chair until AGM 2022), D. Goodwin (Chair since AGM 2022), N. Hoek, M. Putnam

In 2022, the Audit and Risk Committee (AARC) met seven times. There were four regular meetings, all attended by the CEO, the CFO and the internal and external auditors. Three intermediate calls allowed for deep dives into priority topics. Two deep dives were attended by the CEO and the CFO, and one deep dive was attended by the CFO only.

The Chair of the Committee had regular meetings with the CEO and the CFO, but also with the external auditor and the Head of Internal Audit, the Head of Risk Management, the Global Compliance Officer and the Global Company Secretary to discuss focus items like financial performance, business risks, claims, compliance and other matters. It is customary that the Committee shares its main deliberations and findings in the Supervisory Board meeting immediately following the AARC meeting.

This year, the topics of the deep dives included M&A financing, Non-Financial Reporting (including EU Taxonomy), the alignment of the Finance function to the new GBA operating model, a Q4 deep dive into PwC's IT audit findings and a closer look at the Company's efforts to rationalize the number of legal entities in its group. These deep dives have proven very effective and insightful and will therefore remain a fixture on the AARC's rolling agenda.

The financial performance of the Company remained the common thread of the Committee's discussions and activities throughout 2022. Each meeting, the AARC reviewed the financial results per GBA, billability, the performance on important projects, and it discussed goodwill allocation, also in light of the new operating model. DRO and the continued importance of cash collection, checks and balances in the financial control framework, and attrition as a risk factor were recurring agenda items, as was IT user life cycle management. Special attention was given throughout the year to non-financial reporting, to the implementation of the Arcadis Way and to the topic of Information Security.

The Company's Chief Information Security continued to provide quarterly updates to the AARC alongside the Chief Technology Officer. Technology topics discussed in 2022 include a regular review of the Tech risk register, Tech spend (including the spend on innovation and digitalization versus the spend on daily operations). Information Security topics discussed in 2022 include progress on implementing the Information Security roadmap, key risks and vulnerabilities and the Company's readiness to respond to cyberthreats, and culture and behaviour. The AARC discussed the lessons learned from Information Security awareness month, which was held in June and included a wide variety of (phishing) tests, training sessions, awareness raising and a mandatory e-learning around the globe.

In each meeting, in the presence of the Head of Internal Audit the past quarter's main internal audit findings and management follow-up were discussed and progress made against the annual internal audit plan was discussed. This year, particular areas of focus included Information Security, the quality of management follow-up on reported observations and the embedding of privacy controls in business processes. The Head of Internal Audit also presented the Committee with the positive outcome of a self-assessment on compliance with the requirements that the Dutch Corporate Governance Code imposes on the Internal Audit function.

Also in each meeting, in the presence of the Chief Risk Officer, the meeting discussed various risk management topics, including a quarterly update on Key Risk Indicators, with special focus in 2022 on global economic uncertainty, supply chain and procurement issues, attrition, risks related to the transformation to a GBA-led operating model, and the rate of digital transformation, standardization and automation.

The meeting also regularly discussed, and reported to the Supervisory Board on, the Arcadis Risk Assurance Program. The main findings of this annual assessment cycle are discussed in AARC and Supervisory Board meetings each year. As an overall conclusion for the year, the meeting confirmed that further progress was made on firmly embedding risk management into the way Arcadis works. Arcadis leaders take ownership of the key risks, their management and, where necessary, mitigation, and promote an appropriate balance between risk appetite and perceived risk exposure.

Further work remains to be done, inter alia, to embed and execute the controls regarding privileged IT access, further improve opportunity approval processes in certain jurisdictions, further mature supplier selection processes, and improve the consistent quality of execution of the Risk Assurance program.

As is customary, the AARC also evaluated the performance of PricewaterhouseCoopers (PwC), the Company's external auditor, and discussed certain improvement areas (for both PwC and the Company). PwC also presented its audit plan for 2022, which was discussed and approved. During the July Committee meeting, PwC's half-year review report was discussed. PwC's key financial reporting risks for 2022 and its audit findings, both at mid-year and at year-end, were aligned to the focus items identified by the Committee and by the Internal Audit department. They included the accounting impact of the acquisition of IBI Group and DPS Group, the reallocation of goodwill to the GBAs, non-financial reporting and EU Taxonomy. Throughout the year, the Committee discussed and assessed with PwC the progress made regarding its key audit findings.

At the end of the year, the Committee evaluated the performance, independence and financial literacy of the Committee and its members, with a positive conclusion.

Like every year, the Committee frequently reviewed and discussed the Company's quarterly reports on key legal claims and pending litigation, as well as claims statistics and trends. There were presentations by the Global Tax Director on the Arcadis tax position and tax trends, including upcoming new EU/ OECD rules and the impact of the new operating model on the Company's tax position and processes, and by the Corporate Insurance Manager on the Arcadis insurance program (with special attention for the captive cell underwriting results) and challenges in the insurance market.

The Committee was kept closely informed on progress made to further embed the Company's Privacy program in the business, including the continued actions to mitigate the consequences of the Schrems-II ruling of the European Court of Justice (determining that the EU-US Privacy Shield is invalid as a transfer mechanism for EU originating personal data). A global privacy awareness and training campaign was rolled out in 2022. The committee furthermore discussed the importance of proper management of data and data flows, also in light of the transformation to the GBA-led business model, and of continued privacy awareness raising and accountability for privacy across the organization on a day-to-day basis.

The Committee was also regularly updated on (potential) integrity issues and related statistics, as well as on the status of the Integrity and Anti-Corruption program 2022, including the roll-out of a new, global AGBP campaign, including mandatory e-learning, to all Arcadians in Q3 2022.

Finally, in the context of the annual results 2022, the meeting discussed and reconfirmed the Company's dividend policy and recommended the dividend proposal of €0.74 per ordinary share to the Supervisory Board.

Remuneration Committee report
C. Mahieu (Chair), M. Lap (as of AGM 2022), N. Hoek (until AGM 2022), W.G. Ang

In 2022, the Arcadis Remuneration Committee (RemCo) met three times. The CEO, the CPO and the CFO were invited to attend (parts of) the meetings.

In the first quarter, based on the performance assessment of the Executive Board and the Executive Leadership Team, the RemCo advised the Supervisory Board with regard to the STI payout. In addition, the RemCo advised the Supervisory Board regarding the remuneration of the Executive Leadership Team members, based on a benchmark analysis performed.

Other topics that were discussed and advised upon during the RemCo meetings in 2022 include the VWAP calculation methodology, the STI metrics for the following year and the requirements for the Annual Remuneration report as part of the Arcadis Annual Integrated Report.

Selection Committee report
N. Hoek (Chair until AGM 2022), M. Lap (Chair as of AGM 2022), C. Mahieu, W.G. Ang

In 2022, the Arcadis Selection Committee (ASC) met two times. The CEO and the CPO attended (parts of) these meetings.

During the first quarter the annual performance of the Executive Board and the Executive Leadership Team and succession planning were discussed. During the meeting in the fourth quarter, the committee continued the discussion on succession planning and discussed Mr. Ang's intention to step down as member of the Supervisory Board to focus on his activities in Asia. The meeting furthermore discussed the intended appointment of new Supervisory Board members. These items will be on the agenda of the annual General Meeting in May 2023.

Sustainability Committee report
M. Putnam (Chair), D. Goodwin, M. Lap

The Sustainability Committee (SusCo) of the Supervisory Board met four times during 2022. In its first meeting the committee was educated on the emerging debate around ESG in relation to how Arcadis defines sustainability. It then discussed prioritization of Arcadis rating agency submissions, was introduced to the newly established Sustainability Advisory activities, reviewed the LTI sustainability performance for 2021 (achievement) and 2022 (target setting), as well as the 2022 Global Sustainability plan.

In its second meeting it discussed the Education and Engagement Program for Sustainability, co-funded by the Lovinklaan Foundation. Measurement of engagement levels was deemed critical. The Science Based Targets Initiative (Supervisory BoardTi) approved near-term targets and net zero transition next steps, as well as scope 3 emission reduction potential and associated actions were discussed. An update was provided on non-financial reporting in relation to emerging legislation such as EU Taxonomy and CSRD.

The third meeting focused on the marketing outlook for sustainability, also in relation to global meetings like the UN COPs. The redesigned Go/ No-Go and Key and Emerging Client Sustainability Criteria and Processes were reviewed, targeted for rollout into client engagements at the earliest opportunity. The committee was presented with how Global Sustainability supports the business with emerging sustainability propositions, such as Project Carbon. An update on the net zero transition concluded the meeting.

In its fourth meeting the Sustainability Committee reviewed the new indicators for non-financial reporting and the basis for this reporting. It discussed the outcomes of the stakeholder engagement and materiality assessment process, and took note of the approach and double materiality methodology. A presentation was given on the GBA Places Global Solution: Net Zero Facilities & Sustainable Communities. Finally, the performance of Global Sustainability during 2022 was reviewed, including the increases in scores from some of the major rating agencies, and a preview of 2023 activities discussed.

2022 financial statements and dividend

The Executive Board has prepared this Annual Integrated Report, including the 2022 financial statements. PricewaterhouseCoopers, the external auditor, has issued its auditor report which can be found starting on page 254 of this Annual Integrated Report.

The members of the Executive Board have issued the statements required under section 5:25c.2.c of the Financial Markets Supervision Act (Wet op het financieel toezicht). The members of the Supervisory Board and Executive Board sign the Financial Statements in accordance with section 2:101.2 of the Dutch Civil Code (Burgerlijk Wetboek).

The Supervisory Board of Arcadis NV recommends that the General Meeting (i) adopts the 2022 Financial Statements, (ii) approve the proposal to distribute a dividend of €0.74 per ordinary share and (iii) discharge the members of the Executive Board for their management of the Company and its affairs during 2022, and the members of the Supervisory Board for their supervision over said management during 2022.

Concluding remarks

2022 was a year of exceptional global turmoil, yet Arcadis' performance continued to exceed expectations. The Company's focus on delivering outstanding results for its clients, its people and their communities is enabling Arcadis to Maximize its Impact. We thank the Executive Board, the Executive Leadership Team and all Arcadians around the globe for their flexibility, loyalty and commitment to performance throughout the year. We look forward to another great year in 2023.

Amsterdam, the Netherlands, 16 February 2023

On behalf of the Supervisory Board
Michiel P. Lap, Chair

Relevant documents on our corporate website

1. Profile Supervisory Board Download PDF →
2. Regulation Supervisory Board Download PDF →
3. Diversity Policy for the Supervisory Board Download PDF →
4. Remuneration policy for the Supervisory Board Download PDF →
5. Re-appointment schedule Supervisory Board Download PDF →
6. Arcadis Remuneration Committee Charter Download PDF →
7. Arcadis Audit and Risk Committee Charter Download PDF →
8. Arcadis Selection Committee Charter Download PDF →
9. Arcadis Sustainability Committee Charter Download PDF →

www.arcadis.com

Remuneration report

The purpose of the remuneration policies is to attract, motivate and retain qualified executives and non-executives. The remuneration policies intend set the framework for competitive remuneration, to enable Arcadis to compete with companies similar to Arcadis, in terms of size and complexity. The remuneration policies for the Executive Board and the Supervisory Board are proposed by the Supervisory Board to the Annual General Meeting, based on the advice of the Arcadis Remuneration Committee ('RemCo'). The current Executive Board remuneration policy was adopted in 2021. The current Supervisory Board remuneration policy was adopted in 2020.

Introduction

This report outlines the application of the remuneration policies for the Executive Board and the Supervisory Board in 2022 as well as actual performance in 2022 against set performance criteria.

2022 General Meeting

During the 2022 General Meeting of shareholders, the remuneration report for the Executive Board 2021 and the remuneration report for the Supervisory Board 2021 were submitted for an advisory vote. The meeting participants did not raise any questions on the reports and positive advisory votes were cast regarding both remuneration reports.

2022 financial performance

2022 has been another successful year for Arcadis. Our business is in a strong position, with healthy organic and profitable growth and record net revenue and backlogs. We have made significant progress in delivering on our strategic priorities by fully implementing our Global Business Area structure and by adding exciting companies and people to our group. Providing sustainable solutions to clients remains at our core and is key to our successful projects with and for clients. With the launch of our new Global Business Area Intelligence we are truly becoming a digital leader in our industry.

We achieved our strong results in the context of geo-political turbulence and increased economic uncertainty. We are encouraged that despite these uncertainties, national governments, public agencies and the private sector continue to invest. They recognize the need to tackle climate change and to address biodiversity loss to enable healthier lives, thriving nature, effortless transport, and more enjoyable places.

Alignment between remuneration and performance of the company

The total remuneration in 2022 for both Executive Board and Supervisory Board is in line with the applicable remuneration policies.

The total remuneration for the Executive Board consists of fixed remuneration and variable remuneration. The short-term incentive financial criteria that were selected for 2022 are EBITA Margin, Free Cash Flow and Net Order Intake Key Clients.

These criteria are directly linked to our Strategy "Maximizing Impact"; accelerating our ability to meet our client's needs driven by the megatrends in the world such as urbanization, climate change, digitalization and societal expectations. We aim to create impact through our Sustainable Solutions, our Digital Leadership and by leveraging our Focus and Scale. These strategic pillars, support the long-term performance of the company. The financial criteria (EBITA Margin and Net Order Intake Key Clients) are directly connected to sustainable and profitable revenue growth, while making sure enough free cash flow is generated (i.e. the third financial criterion).

To make sure Arcadis has an engaged workforce, the Supervisory Board decided to introduce Employee Engagement as the fourth criterion (replacing the Revenue Growth) and as one of two non-financial criteria. As Employee Engagement is a leading indicator, this metric was chosen over Voluntary Attrition.
As we continued with the implementation of our strategy in 2022, the success of the transformation has been chosen as individual, non-financial fifth criterion for the members of the Executive Board.

For the long-term incentive, the selected criteria Total Shareholder Return, Earnings per Share and Sustainability, reflect the long-term performance of the Company. These criteria ensured alignment with shareholder interests.

The total remuneration for the Supervisory Board is in line with the remuneration policy for the Supervisory Board, as approved by the General Meeting in 2020.

Executive Board remuneration

Remuneration in line with median level of reference groups

The remuneration policy for Executive Board members aims to support the business strategy, enhance the link between pay and performance and align the interests of our Executive Board members with shareholders' interests by stimulating share ownership while adopting the highest standards of good corporate governance. Remuneration for Executive Board members consists of fixed remuneration, short-term variable remuneration, long-term variable remuneration and other benefits, such as a pension scheme. Variable remuneration is an important part of the total package and is based on performance criteria that support long-term value creation.

Arcadis has developed from a multi-local company to a leading global natural and built asset design and consultancy company. In order to align with Arcadis' size (in terms of revenues, average market capitalization, total assets and number of FTE), geographic and industry scope, and labor market competition, a labor market reference group has been defined . The reference group consists of Dutch headquartered companies with significant international activities, supplemented by global industry peers, as presented below.

Dutch headquartered companies with significant international activities	Global industry peer companies
Aalberts Industries	AF Pöyry (FIN)
AkzoNobel	RPS Group (UK)
ASM International	SNC Lavalin (CAN)
BAM	Stantec (CAN)
Boskalis	Sweco (SE)
DSM	WSP Global (CAN)
Fugro	
SBM Offshore	
TKH Group	
Vopak	

Within this group, Arcadis positions around the median in terms of the average of the aforementioned parameters revenues, average market capitalization, total assets and number of FTE.

With the Total Direct Compensation levels (the sum of base salary, short-term variable compensation and long-term variable compensation), the Executive Board remuneration policy aims to be at around the median of the Total Direct Compensation levels of this reference group.

[1] Changes to the reference group may be required from time to time e.g. following mergers or acquisitions in which one or more companies in the reference group are involved.

Internal pay ratio
When developing the remuneration policy for the Executive Board, Arcadis considered the pay ratio within the organization. The methodology used, in line with the guidance of the Dutch Monitoring Committee Corporate Governance assesses the ratio between the total annual remuneration of the CEO at one hand and the average annual remuneration of the employees of the company and group companies whose financial data is consolidated by the company at the other hand, where:

- total annual remuneration of the CEO includes all the remuneration components (such as fixed remuneration, variable cash remuneration (short term incentive), the share-based part of the remuneration (long term incentive), social contributions, pension, expense allowance, etc.) included in the consolidated annual accounts on an IFRS basis;
- the average annual remuneration of the employees is determined by dividing the total wage costs in the financial year (as included in the consolidated annual accounts on an IFRS basis) by the average number of FTEs during the financial year; in addition, the hiring of external employees is considered pro rata, insofar as they are hired for at least three months during the financial year; and
- value of the share-based component of the remuneration is determined at the time of assignment in accordance with the applicable rules under IFRS.

Based on this new methodology, the following pay ratios are determined:

Year	Pay ratio	CEO remuneration (€1,000)
2019	29	2,175
2020[2]	18	1,266
2021	31	2,244
2022	28	2,156

The 2022 CEO pay ratio is slightly lower than the 2021 ratio. This is mainly caused by the fact that the long-term incentive (LTI) award fair value[3] was lower.

Total Direct Compensation Mix

The relative proportion of the annual base salary and the short-term and long-term variable compensation components[4] of the members of the Executive Board is as follows:

Executive Board member	Annual fixed remuneration	Short-term Variable	Long-term Variable	Total
Chief Executive Officer	39%	19%	42%	100%
Chief Financial Officer	40%	20%	40%	100%

The total compensation has a relatively strong focus on long-term remuneration, which reflects the importance of alignment with the long-term strategy and long-term value creation of the Company and with shareholder interests.

Fixed remuneration

In line with the remuneration policy for the Executive Board, the Supervisory Board determines the base salaries of the members of the Executive Board on an annual basis. The Supervisory Board determines the base salaries based on benchmarking against the labor market reference group, market movements, salary increases of employees and other considerations as are deemed appropriate. The increase of base salaries of the members of the Executive Board will not exceed the average increase for employees, unless the benchmarking exercise indicates differently.

In 2022, the Supervisory Board decided to increase the fixed compensation for the Executive Board by 4%, which is in line with remuneration policy for the Executive Board, i.e. compensation for average increase in the market, and in line with the average increase for employees. The following annual fixed remuneration levels applied to members of the Executive Board in 2022.

2 The 2020 pay ratio is significantly lower due to lower value of short term incentive (STI) and long term incentive (LTI) as part of the CEO remuneration. In 2020, the CEO informed the Supervisory Board that he decided not to accept the STI payout due to him. In addition, the LTI value at grant was lower due to the lower fair value of the grant date. This led to a significantly lower CEO remuneration.
3 In 2021, the period used to determine the VWAP was early 2021, whereas the grant date was in May 2021. This led to a difference in award value and fair value, which explains the changing LTI value. This has been adjusted per the 2022 LTI grant.
4 Percentages mentioned are the on-target levels.

Executive Board member	2022 Annual fixed remuneration
CEO (P. Oosterveer)	€687,000
CFO (V. Duperat-Vergne)	€494,000

For 2023, the Supervisory Board decided to increase the fixed compensation of the CEO and the CFO with 2%, which is in line with the remuneration policy for the Executive Board, i.e. compensation for average increase in the market and in line with the average increase for employees. In view of his retirement, the fixed compensation of the current CEO will not be adjusted.

Executive Board member	2023 Annual fixed remuneration
CEO (Successor P. Oosterveer)	€687,000[5]
CEO	€701,000
CFO (V. Duperat-Vergne)	€504,000

Short-term variable remuneration

The short-term variable compensation serves to incentivize the Executive Board to meet short term performance criteria. The short- term variable compensation is a percentage of base salary and ranges from 0% to 85% of the annual base salary, with 50% being the target. The short-term variable compensation is payable in cash. The payment is made in March, the year following the year of review.

No pay out will be made in case none of the performance criteria meet the threshold target. Pay out for performance between threshold and targets and between target and maximum is based on a linear calculation approach. All short-term variable compensation criteria allow for rewarding strong performance.

Performance criteria STI

To support the Company's strategy, the criteria for the short-term variable compensation are based on the strategy and are partly financial and partly non-financial. Based on the annual priorities of the Company, the Supervisory Board determines the performance criteria applicable to the short-term variable compensation in their meeting prior to the performance year.

In line with the remuneration policy for the Executive Board, the Supervisory Board will select from the following performance criteria:

1. Financial criteria (minimum 60% weighting):
- Profit/ Margin
- Revenue/ Growth
- Cash Flow
- Capital return measures (such as ROA, ROE, ROIC)
- Economic/ Market value added measures

2. Non-financial criteria:
- Customer results (e.g. net promotor score)
- People & organization (e.g. employee engagement, voluntary turnover)
- Sustainability (e.g. carbon footprint reduction)
- Individual non-financial criterion (e.g. measuring the success of the implementation of the strategy)

The targets (threshold, target and maximum) for each of the performance criteria will be determined annually by the Supervisory Board by reference to the business plan for the respective year and considering the strategic aspirations of the Company.

The actual realization on each of the criteria will be reported in the remuneration report relating to the relevant performance year. No payout will be made for meeting a performance criterion in case the performance does not meet the threshold target.

The Supervisory Board has the discretion to make adjustments, for example to account for events that were not planned when targets were set or were outside of management's control. The Supervisory Board has not applied the derogation clause in 2022.

5 Amount to be prorated based on appointment during financial year 2023.

For performance year 2022, the Supervisory Board selected the following three financial performance criteria for the short-term remuneration of the members of the Executive Board:

- Reported EBITA%
- Free Cash Flow
- Net Order Intake Key Clients

In addition, considering the strategic importance of attracting and retaining employees, the Supervisory Board selected Employee Engagement as one of two non-financial criteria. The selection of Employee Engagement is in line with our strategy as Employee Engagement is an Environmental, Social and Governmental (ESG) target. Employee Engagement is measured by the employee Net Promoter Score (eNPS), which is measured quarterly. The eNPS score is a rolling average of 12 months. eNPS is measured based on our employee engagement survey. Employees complete a questionnaire on a quarterly basis, which will lead to the eNPS score.

Finally, the Supervisory Board decided to continue to set an individual (non-financial) criterion to measure the success of the implementation of the new strategy. For each member of the Executive Board an individual target applied in line with their role in the transformation. The Supervisory Board assessed the performance against this individual criterion at the end of the year based on the progress made in 2022.

The weighting of each metric is 20%.

In 2022, the performance of the company against the targets set was as follows.

Criterion	Threshold	Target	Maximum	Realization	Payout as % of target	Payout as % of fixed compensation
Reported EBITA %	9.3%	9.8%	10.3%	9,61%	73.4%	7.3%
Free cash flow (€ million)	113	153	183	198.5	170%	17.0%
Net Order Intake Key Clients (€ million)	1,101	1,223	1,345	1,427	170%	17.0%
Employee Engagement	34	36	38	39	170%	17.0%

6 For the 2022 grant, the Volume Weighted Average Price (VWAP) was based on the average share price of five days (9-13 May 2022) prior to the actual grant date (16 May 2022).

Realization of Reported EBITA and Free cashflow based on constant currency and perimeter which excludes Acquisitions and Divestments.

The realization on the individual non-financial criterion linked to the transformation for the members of the Executive Board was assessed by the Supervisory Board at 170%. The target for the members of the Executive Board was developing and implementing the transformation plan. The Supervisory Board concluded this target has been overachieved.

The performance on the financial targets, the non-financial criterion Employee Engagement and the individual non-financial criterion linked to the implementation of the strategy (as assessed by the Supervisory Board) leads to the following payout:

Name	Annual Base Salary (€)	STI target %	Realization (as percentage of Annual Base Salary)						Payout (€)
			Reported EBITA%	Free cash flow	Organic net revenue growth %	Net Order Intake Key Client	Individual non-financial criterion	Total	
CEO (P. Oosterveer)	687,000	50%	7·3%	17.0%	17.0%	17.0%	17.0%	75.3%	517,586
CFO (V. Duperat-Vergne)	494,000	50%	7.3%	17.0%	17.0%	17.0%	17.0%	75.3%	372,180

For 2023, the Supervisory Board decided to make a few changes to the performance criteria for short-term remuneration. Firstly, Reported EBITA margin will be replaced by Operating EBITA margin. For the performance of the business, the Operating EBITA margin is a more appropriate measure. As Arcadis has embarked on a number of acquisitions, the focus on Operating EBITA is even more important. In addition, the Supervisory Board decided to add a Free Cashflow threshold. The group Free Cashflow threshold needs to be met, before any short term variable remuneration is payable.

These changes lead to the following set of criteria:

Financial criteria:
- Operating EBITA margin %
- Free Cash Flow
- Net Order Intake Key Clients

Non-financial criteria:
- Employee Engagement
- Individual criterion: measuring the success of the implementation of the strategy

Threshold applying to any short-term remuneration payout:
- Free Cash Flow

All targets will be disclosed in the 2023 remuneration report.

Long-term variable remuneration: performance shares

The long-term variable remuneration aims to align the interests of the members of the Executive Board with long-term shareholder's interests. Therefore, under the remuneration policy, members of the Executive Board receive annually conditional performance shares. The conditional performance shares will vest and become unconditional after three years and are restricted for another two years after vesting.

The value of the annual award is determined by a percentage of fixed remuneration. The actual grant is determined by the value divided by the applicable Volume Weighted Average Price (VWAP)[6].
In 2022, the members of the Executive Board received the following Long-term variable remuneration:

	% of fixed remuneration	Grant value (in €)	VWAP (in €)	Number of shares	Fair value (in €)	Total IFRS grant value (in €)
CEO (P. Oosterveer)	110%	755,700	37,14	20,350	35,19	716,117
CFO (V. Duperat-Vergne)	100%	494,000	37,14	13,303	35,19	468,133

Performance criteria long-term variable remuneration
In order to support the three strategic pillars of the strategy, the performance criteria are:
- Total Shareholder Return
- Earnings per share
- Sustainability

Each parameter counts for 33.33%.

Performance Criterion 1: Total Shareholder Return
The vesting percentage of the performance shares is conditional upon the achievement of performance measured as relative Total Shareholder Return (TSR), which is defined as share price movements including dividends, assuming dividends are reinvested over three years.

The TSR performance of Arcadis is measured against the performance of direct competitors.

Since various companies in the TSR peer group were delisted in the course of 2022 four companies were added to the TSR peer group to replace the companies that have been delisted:
Q2 Cardno replaced by NV5 (US)
Q3 Wood Group replaced by Alten (FR)
Q4 RPS Group replaced by Spie (FR)
Q4 Hill International replaced by Fugro (NL)

7 % growth from t0 to tx, divided by # years. The score will be based on the Sustainalytics score of 2025.

The current TSR group is as follows:

TSR peer group		
Arcadis (NL)	AF Pöyry (FIN)	Stantec (CAN)
AECOM (U.S.)	Spie (FR)	Alten (FR)
NV5 (US)	SNC-Lavalin (CAN)	Worley Parsons (AUS)
Fugro (NL)	Sweco (SE)	WSP Global (CAN)
Jacobs Engineering (U.S.)	Tetra Tech (U.S.)	

The position of Arcadis within the peer group, after three years, determines the final number of conditional performance shares that vest and becomes unconditional, in accordance with the following table:

Ranking	14 - 8	7	6	5	4	3	2	1
Vesting %	0%	50%	75%	100%	125%	150%	175%	200%

Performance Criterion 2: Earnings Per Share

Earnings Per Share ("EPS") is calculated by applying the simple point-to-point[7] method at the end of the period. EPS is disclosed in our Consolidated Financial statement and is calculated by dividing the net income from operations by the weighted average number of shares outstanding during the period, excluding ordinary shares purchased by the Company and held as treasury shares (i.e. shares purchased to cover share/ option plans). Earnings are adjusted for changes in accounting principles during the performance period. The Supervisory Board has the discretion to include other adjustments, for example, the account for events that were not planned when targets were set or were outside of management's control.

The EPS growth target, threshold and maximum are set annually by the Supervisory Board. Given that these targets are commercially sensitive, EPS targets and the achieved performance are published in the Annual Report after the relevant performance period.

The following performance incentive zones will be used to define the vesting for this part of the conditional grant:

	< Threshold	Threshold	Target	Maximum
EPS	nil	50%	100%	150%

Performance Criterion 3: Sustainability (Sustainalytics score (ESG)

The sustainability target will be measured by reference to the 'Management score' applied to the Company by Sustainalytics, a leading independent global Environmental, Social and Governmental ("ESG") ratings firm which provides a robust analytical framework that addresses a broad range of ESG issues and trends that have a significant and material impact on industries and companies. Sustainalytics analyzes and rates the performance of 16,000+ companies globally across 138 Sustainalytics-defined sub-industry classifications. The analysis is made by looking at and weighting the core and sub-industry specific metrics to determine the overall ESG Risk performance.

The following performance incentive zones and targets will be used to define the vesting for this part of the conditional grant:

	< Threshold	Threshold	Target	Maximum
Sustainalytics score	0	50%	100%	150%
Target performance period 2023 - 2025[8]		76.3	77.3	78.3

The target of this performance criterion was set using the Sustainalytics ESG Risk Rating methodology; realization will be assessed with the methodology applicable to Arcadis' Sustainalytics sub-industry ('non-residential construction') in 2022. Please note the 2023-2025 target is lower than the previous years due to Sustainalytics' methodology being updated to include additional material ESG issues (MEIs) for Arcadis' subindustry in 2022, leading to a change in baseline. Arcadis remains committed to improving its own operations in a sustainable fashion and will continue to focus its sustainability efforts on areas that are most relevant.

8 The score will be based on the Sustainalytics score of 2025.

The sustainability target includes a wide range of performance objectives in Arcadis' material ESG issues as defined by Sustainalytics. For example: human capital (roll-out of global mentorship program with a diversity focus), carbon and environmental management (progress towards achieving our 'Net-Zero' target) and human rights (implementing a three-year roadmap for embedding human rights standards in our operations).

Conditional performance shares held by member of the Executive Board

In 2022, the aggregate numbers of conditional performance shares held by members of the Executive Board are as per below. The Executive board members did not hold any stock options in 2022.

Number of conditional (performance) shares Arcadis NV Current Executive Board members	31 December 2022	31 December 2021
P. Oosterveer	80,738	111,443
V. Duperat-Vergne	35,238	21,935

Vested shares

Conditional performance shares vested in 2022

Over the performance period 2019 – 2021, the performance criteria TSR, EPS and Sustainalytics were applied. The realization on these performance criteria was:

					Realization	
Criterion	Weight	Threshold	Target	Max	Value	Percentage
Total Shareholder Return	33%		n/a		Rank 1	200%
Earnings per share growth	33%	9.3%	10.9%	12.6%	26%	150%
Sustainalytics	33%	72	76	78	80	150%
Overall	100%					165%

As a result of the realization, the following number of shares will vest in 2022 per the vesting date.

# shares	2019 grant	2022 vesting
CEO (P. Oosterveer)	51,055	84,241

Conditional performance shares to vest in 2023

Over the performance period 2020 – 2022, the performance criteria TSR, EPS and Sustainalytics were applied.

The realization on these performance criteria was:

					Realization	
Criterion	Weight	Threshold	Target	Max	Value	Percentage
Total Shareholder Return	33%	-	n/a	-	Rank 3	150%
Earnings per share growth	33%	6.87%	8.09%	9.30%	16.8%	150%
Sustainalytics	33%	75	77	79	80	150%
Overall	100%					150%

As a result of the realization, the following number of shares will vest in 2023 per the vesting date.

# shares	2020 grant	2023 vesting
CEO (P. Oosterveer)	35,817	53,726

The members of the Executive Board must retain the shares awarded under the long-term variable remuneration for a period of at least five years from the grant date, while allowing part of the shares to be sold to cover taxes due on the date of vesting, if any.

Total remuneration

The total remuneration of the Executive Board members over 2022 and 2021, split by component and presented in relative proportion between fixed and variable remuneration is as follows:

Name of Director position (in € 1,000)	Reporting year	1. Fixed remuneration		2. Variable remuneration		3. Extraordinary items	4. Pension Expenses	5. Total remuneration	6. Proportion of fixed and variable remuneration	
		Base salary	Fringe benefits	One-year variable	Multi-year variable				Fixed	Variable
CEO (P. Oosterveer) based on due	2021	820	62	486	0	n/a	19	1,386	64%	36%
	2022	845	58	518	3,098	n/a	19	4,538	20%	80%
CEO (P. Oosterveer) based on IFRS	2021	820	62	486	744	n/a	19	2,130	42%	58%
	2022	845	58	518	1,392	n/a	19	2,832	32%	68%
CFO (V. Duperat-Vergne) based on due	2021	544	190	349	0	n/a	19	1,102	68%	32%
	2022	561	267	372	0	n/a	19	1,220	69%	31%
CFO (V. Duperat-Vergne) based on IFRS	2021	544	190	349	160	n/a	19	1,262	59%	41%
	2022	561	267	372	372	n/a	19	1,592	53%	47%

An overview of the company's performance, the annual change in remuneration of the Executive Board members the average remuneration on a full-time equivalent basis of employees of the company and the annual change in remuneration of the Supervisory Board members is as follows:

	2022		2021		2020		2019		2018		2017
	actual	change (%)	actual	change (%)	actual	change (%)	actual	change (%)	actual	change (%)	actual
Operating EBITA margin (%)	9.8%	2%	9.6%	5%	9.1%	11%	8.2%	12%	7.3%	-4%	7,6%
Free Cash Flow (in € millions)	173	-26%	234	-28%	324	234%	97	-35%	149	53%	98
Organic net revenue growth % (net revenue in %)	8.90%	4.7%	4.2%	5.7%	-1.5%	-4.6%	3.1%	0.1%	3.0%	2,0%	1,0%
TSR (index 2016 = 100)	193	-13%	222	56%	142	30%	109	95%	56	-44%	100
Sustainalytics	80	0%	80	3%	78	7%	73	4%	70	9%	64
Average remuneration employees (€ thousands)	77	8%	71	0%	71	-7%	76	5%	73	0%	72
CEO (€ thousands)	4,538	227%	1,386	-39%	2,273	78%	1,275	14%	1,115	-15%	1,311
CFO (€ thousands)	1,220	11%	1,102	45%	762	-13%	879	19%	737	17%	630
Supervisory Board											
Carla Mahieu	68	49%	46								
Deanna Goodwin	91	26%	72	4%	69	-14%	80	0%	80	-1%	81
Michael Putnam	82	10%	74	7%	69	-14%	80	31%	61		
Michiel Lap	101	44%	70	3%	68	-15%	80	-5%	84	9%	77
Niek Hoek	83	-19%	103	5%	98	-6%	104	-1%	105	0%	105
Wee Gee Ang	77	18%	65	-1%	66	-22%	84	0%	84	47%	57
Ruth Markland			22	-67%	67	-13%	77	-5%	81	3%	79
Maarten Schonfeld					23	-68%	72	-1%	73	0%	73
Ian Grice									29	-57%	68
George Nethercutt											29

Retirement and other benefits, contracts

Retirement benefits

In 2022, all Executive Board members participated in the Arcadis Netherlands pension plan. This is a collective defined contribution plan with the premium based on the ambition of a pension payment. The contribution from the participants is 6,64% of the pensionable salary (annual base salary minus offset) for the salary part below €114,866 (maximum pensionable salary under Dutch tax legislation). Executive Board members participating in the Arcadis Netherlands pension plan also receive an annual cash allowance in line with legislation in the Netherlands for the salary above €114,866. The participation of the Executive Board members is aligned with the arrangement for employees.

Other benefits

Executive Board members receive a net fixed expense allowance, as well as other customary fringe benefits, including the use of a company car or a mobility allowance. In line with best practice, the company provides benefits which the Supervisory Board considers appropriate for a global company which needs to attract and retain Executive Board members from different parts of the world.

Management agreements and severance pay

In line with current Dutch legislation, all Executive Board members work for Arcadis NV under a management agreement: Mr. P. Oosterveer[9] (appointed in 2017 and reappointed in 2021) has a four-year term and Mrs. V. Duperat-Vergne (appointed in 2020) has a term until the general meeting to be held in the fourth year after the appointment. They may be entitled to a severance pay with a maximum of one year's base salary. Management agreements with Executive Board members do not contain provisions on severance payments in case of termination resulting from a change in control.

Other elements of the remuneration policy

The Dutch Corporate Governance Code contains additional best practices regarding executive remuneration. Based on the advice of the RemCo, the Supervisory Board is satisfied that it has complied with these additional best practices in 2022. Before setting proposed targets for Supervisory Board approval, the RemCo carried out scenario analyses of the possible financial outcomes of meeting target levels, as well as maximum performance levels, and how they may affect the level and structure of the total remuneration of the members of the Executive Board.

9 Mr. Oosterveer announced in October 2022 that he will retire in May 2023.

Supervisory Board remuneration

The remuneration of the members of the Supervisory Board consists of a fixed fee and an attendance fee. Given the nature of the responsibilities of the Supervisory Board, the remuneration is not tied to the performance of the Company and therefore includes fixed compensation only. In line with the Dutch corporate governance code, the members of the Supervisory Board will not be rewarded in equity-based compensation.

The remuneration for Supervisory Board members was last adjusted in 2020, based on a benchmark analysis by an external advisor of remuneration at Dutch Headquartered companies with significant international activities.

The remuneration of the Supervisory Board members is as follows:

In €	Chair	Member
Annual fixed remuneration Supervisory Board	85,000	58,000
Membership AARC	12,000	8,000
Membership ASC and RemCo	10,000	7,000
Membership of SusCo	8,000	6,000

In 2020, the General Meeting approved an attendance fee for all Supervisory Board members of €2,500 for every visit for meetings that take place outside of the country of domicile of a Supervisory Board member and that does not involve intercontinental travel, or €4,000 for every visit for meetings that involves intercontinental travel. No attendance fee is paid if the meeting takes place in the country of domicile of a Supervisory Board member or if the Supervisory Board member attended the meeting online.

As is deemed necessary, the Supervisory Board may decide to introduce additional committees. The annual fixed fee for such additional committee membership(s) will be dependent upon the expected number of committee meetings per annum (€2,000 per meeting for the chair, with a maximum fixed annual fee of €8,000; and €1,500 per meeting for a member, with a maximum fixed annual fee of €6,000).

Members of the Supervisory Board participating in more than two committees, will only be compensated for their membership of the two committees with the highest fees. The combined membership of the Remuneration Committee and ASC is considered one committee membership for the purpose of remuneration.

Remuneration of Supervisory Board members is not dependent on company results. Supervisory Board members are not eligible to receive shares or options as part of their remuneration package. Possible share ownership of Arcadis shares by a Supervisory Board member is meant as a long-term investment.

Total remuneration

The total remuneration of the Supervisory Board members over 2022:

In €	Carla Mahieu	Deanna Goodwin	Michael Putnam	Michiel Lap	Niek Hoek	Wee Gee Ang
Supervisory Board membership	58,000	58,000	58,000	75,129	67,871	58,000
Committee membership	10,000	16,538	16,000	15,806	15,462	7,000
Attendance allowance	0	16,000	7,500	10,000	0	12,000
Total	**68,000**	**90,538**	**81,500**	**100,935**	**83,333**	**77,000**

Other information

The Company has not granted any loans, advances or guarantees to Executive or Supervisory Board members. The articles of association of Arcadis NV provide current and former Executive Board members and Supervisory Board members with an indemnification for all costs and expenses arising from and against any claim, action or lawsuit related to actions and/ or omissions in their function as Executive Board or Supervisory Board members.

On behalf of the Arcadis Remuneration Committee
Carla Mahieu, Chair

Financial statements

Consolidated income statement

for the year ended 31 December

In € thousands	Note	2022	2021
Gross revenues	7	**4,028,935**	**3,378,486**
Materials, services of third parties and subcontractors		(1,010,258)	(813,889)
Net revenues[1]	7	3,018,677	2,564,597
Personnel costs	9,10	(2,363,129)	(1,995,931)
Other operational costs	9	(297,677)	(240,402)
Depreciation and amortization	14,15,16	(105,769)	(100,596)
Amortization other intangible assets	14	(15,130)	(11,436)
Other income/ (expenses)	8	(19,303)	9,697
Total Operational costs		**(2,801,008)**	**(2,338,668)**
Operating income		**217,669**	**225,929**
Finance income	11	7,888	4,048
Finance expenses	11	(27,651)	(22,280)
Fair value change of derivatives	11,19	(3,795)	(511)
Net finance expense	11	**(23,558)**	**(18,743)**
Expected Credit Loss on shareholder loans and corporate guarantees	17	-	1,478
Result from investments accounted for using the equity method	17	1,588	11,236
Profit before income tax		**195,699**	**219,900**
Income taxes	12	(60,702)	(51,681)
Result for the period		**134,997**	**168,219**
Result attributable to:			
Equity holders of the Company (net income)		135,530	167,883
Non-controlling interests		(533)	336
Result for the period		**134,997**	**168,219**
Earnings per share (in €)			
Basic earnings per share	13	1.52	1.88
Diluted earnings per share	13	1.52	1.87

[1] Non-GAAP performance measure. Reference is made to the Glossary Financial & Non-Financial indicators on page 286 for the definition as used by Arcadis

The notes on pages 173 to 237 are an integral part of these Consolidated financial statements

Consolidated Statement of comprehensive income

for the year ended 31 December

In € thousands	2022	2021
Other comprehensive income, net of income tax		
Result for the period	**134,997**	**168,219**
Items that may be subsequently reclassified to profit or loss:		
Exchange rate differences for foreign operations	5,456	62,617
Exchange rate differences for equity accounted investees	36	34
Effective portion of changes in fair value of cash flow hedges	129	455
Items that will not be reclassified to profit or loss:		
Changes related to post-employment benefit obligations	(16,433)	22,099
Other comprehensive income, net of income tax	**(10,812)**	**85,205**
Total Comprehensive income for the period	**124,185**	**253,424**
Total comprehensive income attributable to:		
Equity holders of the Company	124,803	253,202
Non-controlling interests	(618)	222
Total Comprehensive income for the period	**124,185**	**253,424**

The notes on pages 173 to 237 are an integral part of these Consolidated financial statements

Non-GAAP performance measure

In € thousands	Note	2022	2021
Net income from Operations[1]			
Result for the period attributable to equity holders (net income)		135,530	167,883
Amortization identifiable intangible assets, net of taxes		14,830	9,954
Disposal and M&A costs, net result from divestments	6	50,796	(975)
Charitable donations		1,054	-
Expected Credit loss on shareholder loans and corporate guarantees	17	-	(1,478)
Net income from Operations		**202,210**	**175,384**
Net income from Operations per share[1] **(in €)**			
Basic earnings per share	13	2.26	1.96
Diluted earnings per share	13	2.26	1.95

[1] Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Glossary non-financial and financial indicators on page 286 for the definition as used by Arcadis

Consolidated balance sheet

as at 31 December

In € thousands	Note	2022	2021
Assets			
Non-current assets			
Intangible assets and goodwill	14	1,553,873	866,206
Property, plant & equipment	15	109,490	82,551
Right-of-use assets	16	275,613	228,987
Investments accounted for using the equity method	17	11,633	18,844
Other investments	18	3,609	2,152
Deferred tax assets	12	71,910	24,674
Pension assets for funded schemes in surplus	28	10,417	26,564
Derivatives	19	-	1,297
Other non-current assets	20	20,889	22,213
Total Non-current assets		**2,057,434**	**1,273,488**
Current assets			
Inventories		265	233
Derivatives	19	15,943	5,810
Trade receivables	21	747,392	521,855
Contract assets (unbilled receivables)	22	644,859	500,268
Corporate tax receivables	12	17,840	27,146
Other current assets	24	73,956	56,584
Assets classified as held for sale	23	-	71
Cash and cash equivalents	25	272,754	351,003
Total Current assets		**1,773,009**	**1,462,970**
Total Assets		**3,830,443**	**2,736,458**

In € thousands	Note	2022	2021
Equity and liabilities			
Shareholders' equity			
Total Equity attributable to equity holders of the Company	26, 46	**1,041,357**	**1,022,788**
Non-controlling interests	27	(2,009)	(1,148)
Total Equity		**1,039,348**	**1,021,640**
Non-current liabilities			
Provisions for employee benefits	28	41,652	53,572
Provisions for other liabilities and charges	29	36,794	34,390
Deferred tax liabilities	12	30,271	44,869
Loans and borrowings	30	901,935	187,510
Lease liabilities	16	235,947	192,509
Total Non-current liabilities		**1,246,599**	**512,850**
Current liabilities			
Contract liabilities (billing in excess of revenue)	22	481,872	380,787
Provision for onerous contracts (loss provisions)	22	24,228	26,092
Current portion of provisions	29	16,921	13,095
Corporate tax liabilities	12	63,478	19,087
Current portion of loans and short-term borrowings	30	56,230	76,057
Current portion of lease liabilities	16	71,816	62,506
Derivatives	19	21,904	4,836
Bank overdrafts	25	15,156	91
Accounts payable, accrued expenses and other current liabilities	31	792,891	619,417
Total Current liabilities		**1,544,496**	**1,201,968**
Total Liabilities		**2,791,095**	**1,714,818**
Total Equity and liabilities		**3,830,443**	**2,736,458**

The notes on pages 173 to 237 are an integral part of these Consolidated financial statements

Consolidated Statement of changes in equity

In € thousands	Note	Share capital	Share premium	Hedge reserve	Translation reserve	Retained earnings	Shareholder equity	Non-controlling interests	Total equity
		Attributable to equity holders of the Company							
Balance at 1 January 2022		**1,809**	**372,460**	**649**	**(51,616)**	**699,486**	**1,022,788**	**(1,148)**	**1,021,640**
Result for the period						135,530	135,530	(533)	134,997
Other comprehensive income:									
Exchange rate differences		-	-	-	5,577	-	5,577	(85)	5,492
Effective portion of changes in fair value of cash flow hedges	19	-	-	129	-	-	129	-	129
Taxes related to effective portion of changes in fair value of cash flow hedges	12	-	-	-	-	-	-	-	-
Remeasurements on post-employment benefit obligations	28	-	-	-	-	(21,329)	(21,329)	-	(21,329)
Taxes related to remeasurements on post-employment benefit obligations	12	-	-	-	-	4,896	4,896	-	4,896
Other comprehensive income, net of income taxes		**-**	**-**	**129**	**5,577**	**(16,433)**	**(10,727)**	**(85)**	**(10,812)**
Total comprehensive income for the period		**-**	**-**	**129**	**5,577**	**119,097**	**124,803**	**(618)**	**124,185**
Transactions with owners of the Company:									
Acquisitions and transactions with non-controlling interests	27	-	-	-	-	-	-	(26)	(26)
Dividends to shareholders	26	-	-	-	-	(116,053)	(116,053)	(217)	(116,270)
Issuance of shares	26	-	-	-	-	-	-	-	-
Share-based compensation	10	-	-	-	-	8,568	8,568	-	8,568
Taxes related to share-based compensation	12	-	-	-	-	-	-	-	-
Purchase of own shares	26	-	-	-	-	-	-	-	-
Share options exercised	26	-	-	-	-	1,251	1,251	-	1,251
Total transactions with owners of the Company		**-**	**-**	**-**	**-**	**(106,234)**	**(106,234)**	**(243)**	**(106,477)**
Balance at 31 December 2022		**1,809**	**372,460**	**778**	**(46,039)**	**712,349**	**1,041,357**	**(2,009)**	**1,039,348**

The notes on pages 173 to 237 are an integral part of these Consolidated financial statements

Consolidated Statement of changes in equity

		Attributable to equity holders of the Company							
In € thousands	Note	Share capital	Share premium	Hedge reserve	Translation reserve	Retained earnings	Shareholder equity	Non-controlling interests	Total equity
Balance at 1 January 2021		**1,809**	**372,472**	**194**	**(114,381)**	**607,506**	**867,600**	**(1,237)**	**866,363**
Result for the period						167,883	167,883	336	168,219
Other comprehensive income:									
Exchange rate differences		-	-	-	62,765	-	62,765	(114)	62,651
Effective portion of changes in fair value of cash flow hedges	19	-	-	569	-	-	569	-	569
Taxes related to effective portion of changes in fair value of cash flow hedges	12	-	-	(114)	-	-	(114)	-	(114)
Remeasurements on post-employment benefit obligations	28	-	-	-	-	30,025	30,025	-	30,025
Taxes related to remeasurements on post-employment benefit obligations	12	-	-	-	-	(7,926)	(7,926)	-	(7,926)
Other comprehensive income, net of income taxes		**-**	**-**	**455**	**62,765**	**22,099**	**85,319**	**(114)**	**85,205**
Total comprehensive income for the period		**-**	**-**	**455**	**62,765**	**189,982**	**253,202**	**222**	**253,424**
Transactions with owners of the Company:									
Acquisitions and transactions with non-controlling interests	27	-	-	-	-	-	-	-	-
Dividends to shareholders	26	-	(22,292)	-	-	(31,273)	(53,565)	(133)	(53,698)
Issuance of shares	26	12	22,280	-	-	-	22,292	-	22,292
Cancellation of shares	26	(12)	-	-	-	-	(12)	-	(12)
Share-based compensation	10	-	-	-	-	5,867	5,867	-	5,867
Taxes related to share-based compensation	12	-	-	-	-	(1,431)	(1,431)	-	(1,431)
Purchase of own shares	26	-	-	-	-	(77,327)	(77,327)	-	(77,327)
Share options exercised	26	-	-	-	-	6,162	6,162	-	6,162
Total transactions with owners of the Company		**-**	**(12)**	**-**	**-**	**(98,002)**	**(98,014)**	**(133)**	**(98,147)**
Balance at 31 December 2021		**1,809**	**372,460**	**649**	**(51,616)**	**699,486**	**1,022,788**	**(1,148)**	**1,021,640**

The notes on pages 173 to 237 are an integral part of these Consolidated financial statements

Consolidated Cash flow statement

for the year ended 31 December

In € thousands	Note	2022	2021
Cash flows from operating activities			
Result for the period		**134,997**	**168,219**
Adjustments for:			
Depreciation and amortization	14, 15, 16	105,769	100,596
Amortization other identifiable intangible assets	14	15,130	11,436
Impairment charges	14	-	-
Income taxes	12	60,702	51,681
Net finance expense	11	23,558	18,743
Expected Credit Loss on shareholder loans and corporate guarantees	17	-	(1,478)
Result from Investments accounted for using the equity method	17	(1,588)	(11,235)
Adjusted profit for the period (EBITDA)[1]		**338,568**	**337,962**
Change in Inventories		(32)	18
Change in Contract assets and liabilities, provision for onerous contracts		5,572	45,278
Change in Trade receivables		16,146	(29,358)
Change in Accounts payable		(5,030)	38,025
Change in Net Working Capital		**16,656**	**53,963**
Change in Other receivables		(10,651)	20,307
Change in Current liabilities		(13,404)	(3,896)
Change in Other Working Capital		**(24,055)**	**16,411**
Change in Provisions	28, 29	(11,105)	(4,626)
Share-based compensation	10	8,568	5,868
Losses on divestments	8	30,894	-
Gains on derecognition of leases		(301)	(1,810)
Change in operational derivatives		531	359
Settlement of operational derivatives		(1,550)	(457)
Dividend received		10,531	635
Interest received		7,657	4,095
Interest paid		(22,005)	(16,223)
Corporate tax paid		(70,365)	(66,715)
Net cash (used in)/ from operating activities		**284,024**	**329,462**

[1] Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Glossary non-financial and financial indicators on page 286 for the definition as used by Arcadis

	Note	2022	2021
Cash flows from investing activities			
Investments in (in)tangible assets	14, 15	(40,138)	(34,783)
Proceeds from sale of (in)tangible assets/ reversal non-cash items		677	8,218
Investments in consolidated companies	6	(799,605)	(606)
Proceeds from sale of consolidated companies	6	784	6
Investments in/ loans to associates and joint ventures	17	(36)	(3,995)
Proceeds from (sale of) associates and joint ventures	17	-	-
Investments in other non-current assets and other investments	18, 20	(4,561)	(6,414)
Proceeds from (sale of) other non-current assets and other investments	18, 20	7,904	3,987
Net cash (used in)/ from investing activities		**(834,975)**	**(33,587)**
Cash flows from financing activities			
Transactions with non-controlling interest	6	-	-
Proceeds from exercise of options	26	1,251	6,162
Proceeds from issuance of shares	26	-	(12)
Purchase of own shares	26	-	(77,327)
Settlement of financing derivatives	19	3,345	(575)
New long-term loans and borrowings	30	747,277	-
Repayment of long-term loans and borrowings	30	(19,256)	(230,702)
New short-term borrowings	30	195,545	20,566
Repayment of short-term borrowings	30	(284,907)	(28,676)
Payment of lease liabilities	16	(70,610)	(68,850)
Dividends paid/ received		(116,270)	(31,406)
Net cash (used in)/ from financing activities		**456,375**	**(410,820)**
Net change in Cash and cash equivalents less Bank overdrafts		**(94,576)**	**(114,945)**
Exchange rate differences		1,262	16,990
Cash and cash equivalents less Bank overdrafts at 1 January		350,912	448,867
Cash and cash equivalents less Bank overdrafts at 31 December		**257,598**	**350,912**

The notes on pages 173 to 237 are an integral part of these Consolidated financial statements

Notes to the Consolidated financial statements

1 General information

Arcadis NV is a public company organized under Dutch law. Its statutory seat is Amsterdam and its principal office is located at:

Gustav Mahlerplein 97
1082 MS Amsterdam
The Netherlands

Arcadis NV and its consolidated subsidiaries ('Arcadis', 'the Group' or 'the Company') is a leading global Design & Consultancy firm for natural and built assets. Applying deep market sector insights and collective design, consultancy, engineering, project and management services, the Group works in partnership with clients to deliver exceptional and sustainable outcomes throughout the lifecycle of their natural and built assets.

In accordance with Articles 2:379 and 414 of the Dutch Civil Code, the list of subsidiaries and investments accounted for using the equity method is filed with the Chamber of Commerce in Amsterdam, the Netherlands.

2 Basis of preparation

Statement of compliance

The Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and in conformity with Part 9 of Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the Company financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the Consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

The Consolidated financial statements were authorized for issue by the Executive Board and Supervisory Board on 16 February 2023. The Consolidated financial statements as presented in this Annual Integrated Report are subject to adoption by the General Meeting of Shareholders, to be held on 12 May 2023.

Basis of measurement

The Consolidated financial statements have been prepared on historical cost basis, except for the following items, which are measured at a different basis on each reporting date:

- derivative financial instruments and share-based compensation arrangements, which are measured at fair value;
- net defined benefit (asset)/liability, which is measured at the fair value of plan assets less the present value of the defined benefit obligation;
- contingent consideration assumed in a business combination, which is measured at fair value; and
- financial assets at fair value through profit or loss, which are measured at fair value.

For more detailed information on the measurement basis, reference is made to the significant accounting policies as included in the relevant notes to the Consolidated financial statements.

Basis of consolidation

The Consolidated financial statements include the accounts of Arcadis NV and its subsidiaries, and the Company's interests in jointly controlled entities and associates. Intra-group balances and transactions, any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated financial statements. Unrealized gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currencies

Functional and reporting currency

The Consolidated financial statements are presented in euros, which is the Company's functional and reporting currency. All amounts shown in the financial statements are in thousands of euros unless otherwise stated. Items included in the financial information of each of Arcadis' entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). If the functional currency of a (foreign) subsidiary, joint venture or associate is not the euro, foreign currency exchange differences arising from translation are recognized as translation differences in Other comprehensive income and presented in the Translation reserve in equity.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of entities using the foreign exchange rate at transaction date. The functional currency of the foreign entities is in general the local currency. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency of the entity using the exchange rates at the balance sheet date.

Exchange rate differences are included in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including Goodwill and fair value adjustments arising on acquisitions, are translated to euros at exchange rates at the reporting date. The income and expenses of foreign operations are translated into euros using average exchange rates, approximating the foreign exchange rates at transaction date.

Translation differences are recognized in Other comprehensive income and presented in the Translation reserve in Equity. For subsidiaries not wholly owned, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, in part or in full, the relevant amount in the Translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

Accounting estimates and management judgements

The preparation of the Consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses as well as the information disclosed. The most significant accounting estimates and management judgments are related to:

- Revenue recognition ('cost to complete') and estimate of the variable consideration – see note 7;
- Goodwill impairment testing and assumptions underlying recoverable amount – see note 14;
- Purchase price allocation – see note 6;
- Segment reporting – see note 5;
- Deferred tax recognition and uncertain tax treatments – see note 12;
- Leases- estimating the incremental borrowing rate – see note 16;
- Recoverability of trade receivables – see note 21;
- Contract assets (unbilled receivables), contract liabilities (billing in excess of revenue) and provisions for onerous contracts – see note 22;
- Provisions for defined benefit pension obligations – see note 28;
- Recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources – see note 29;
- Going concern - see note 32.

The accounting estimates and judgements in preparing the Consolidated financial statements are further explained in the relevant notes to the Consolidated financial statements. In general, the judgements, estimates and assumptions are based on market information, knowledge, historical experience and other factors that management believes to be reasonable under the circumstances. Actual results may differ from these estimates.

Judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Impairment

The carrying amounts of the assets of Arcadis, other than Contract assets and liabilities, Deferred tax assets and Financial instruments, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the assets recoverable amount is estimated. Goodwill and other assets that have an indefinite useful life are tested annually for impairment, and when an impairment trigger is identified.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to Groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing the value in use, estimated future cash flows are discounted to present values using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

Impairment losses are recognized in the income statement. Impairment losses recognized regarding CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss of goodwill is not reversed. Regarding other assets, an impairment loss can be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial instruments

Non-derivative financial assets

Financial assets include trade receivables, other receivables and loans and borrowings. Loans, receivables, and deposits are recognized on the date they are originated. All other financial assets are recognized initially on trade date when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Group classifies its financial assets as those to be measured subsequently at fair value (either through Other comprehensive income or through profit or loss) or those to be measured at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition, based on the business model for managing the assets and the contractual terms of the cash flows, and assesses the designation at each reporting date.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported as a net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Cash flow statement

The Cash flow statement has been prepared using the indirect method. Cash flows in foreign currencies have been translated into euros using average exchange rates, approximating the foreign exchange rate at transaction date. Exchange rate differences on cash items are shown separately in the Cash flow statement. Receipts and payments with respect to income tax and interest are included in the Cash flows from operating activities. The cost of acquisition of subsidiaries, associates and joint ventures, and other investments, insofar as it was paid for in cash, is included in Cash flows from investing activities. Acquisitions or divestments of subsidiaries are presented net of cash balances acquired or disposed of, respectively. Cash flows from derivatives are recognized in the Cash flow statement in the same category as those of the hedged item.

Recent accounting developments

As of 1 January 2022, the Group adopted the amendments to IFRS 3 relating to the Reference to the Conceptual Framework, IAS 16 relating to the proceeds before intended use of property, plant and equipment and IAS 37 relating to Onerous Contracts – Costs of Fulfilling a Contract.

Developments relating to the published exposure draft of the new standard 'General Presentation and Disclosures', which is intended to replace IAS 1, are closely monitored.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group has not been impacted by this recent amendment as the Group is already including such costs when assessing whether a contract is onerous or loss-making.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). In 2022, the Group has acquired IBI Group and DPS Group for which the purchase price allocation exercise will be completed in 2023. The analysis of potential liabilities or contingent liabilities will be performed in 2023 applying these amendments whenever applicable.

3 Change in accounting policies

There are no significant change in accounting policies adopted during the year ended 31 December 2022.

4 Significant events in the current reporting period

The financial position and performance of the Group has been affected by the following events and transactions during the reporting period:

New Global structure model

Early 2022, the Group has announced changes to its operating structure to better serve the needs of the market and its growing client base. The changes are in line with its 2021-2023 business strategy to provide focus, global scale and strengthen the sustainable and digital offering to clients.

Therefore, Arcadis has transitioned since 1 January 2022 from a primarily geographical-led operating model, to collaborate across borders through global business areas. Four Global Business Areas (GBAs) have been set up – Resilience, Places, Mobility and Intelligence. The GBA Intelligence was created in October 2022 and combines Arcadis Gen, Intelligence business of IBI Group and other digital activities coming from Arcadis.

IBI acquisition

On 27 September 2022, Arcadis completed the acquisition of all issued and outstanding shares of IBI Group. IBI Group is a Toronto based company and was listed on the Toronto Stock Exchange.

IBI Group is a technology-driven design firm that will strengthen Arcadis' digital leadership, complement its position in North America and drive global growth of its combined solutions. This will allow the creation of a new global leader for planning, designing and building the resilient cities of tomorrow. IBI Group employs more than 3,500 employees within more than 60 offices around the world.

IBI Group activities have been allocated to the four GBAs of the Group.

DPS acquisition
On 1 December 2022, Arcadis completed the acquisition of all issued shares of DPS Group, an Irish based leading consultancy, engineering and construction management company for Life Sciences and Semiconductor facilities. DPS has a strong presence in North America and Europe, and long-standing client relationships with the world's largest pharmaceutical and semiconductor manufacturing companies. This acquisition will create a full-service advisory for high-tech industrial manufacturing clients, combining DPS Group and Arcadis' complementary service offerings.

DPS Group is operating with 2,850 highly skilled employees in the U.S. and Europe. DPS will become part of Arcadis' Places GBA.

Bridge Loan Facility
Arcadis NV applied for and received a bridge loan facility of EUR 750 million to acquire both IBI Group and DPS Group. The first tranche of EUR 600 million was received in Q3 2022 for acquisition of IBI Group, second tranche of EUR 150 million in November 2022 for acquisition of DPS. The bridge loan has a term of 1 year (maturity in September 2023) of which Arcadis NV has the irrevocable right to extend twice by six months. The pricing is based on EURIBOR, with a margin that increases every 3 months.

5 Segment reporting

An operating segment is a component of the Company that engages in business activities that can result in revenue and expenses, including revenues and expenses related to transactions with other components of the same Company.

The operating segment reporting follows the internal reporting used by the Executive Board of the Company, to manage the business, assess the performance based on the available financial information and to allocate the resources.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Reportable segments
The operating segment reporting follows the internal reporting used by the "Chief Operating Decision Maker" ("CODM", being the Executive Leadership Team of the Group), to manage the business, assess the performance based on the available financial information and to allocate resources. The most important performance measures are EBITA (earnings before interest, tax, amortization of identifiable intangible assets, and impairment charges) and operating EBITA, as management believes this is key in evaluating the results of the segments relative to other companies that operate within the same industry. However, the "CODM" also receives information about the segments' net revenue.

Finance expenses, finance income, and fair value change of derivatives are not allocated to individual segments as the underlying instruments are managed on a group basis. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

The amount of segment assets and liabilities is no longer disclosed. Segment assets and liabilities are not included in the measures used for allocating resources and assessing segment performance. The Group discloses the goodwill by segment (see note 14) which corresponds to the Groups of CGUs for impairment testing purpose. Hereafter, the Groups of CGU's for the purpose of testing for impairment of goodwill, defined at the level of the operating segments are referred to as the CGU or the CGU's (in case of multiple groups of CGU's).

Therefore the information used by the "CODM" to monitor progress, and for decision-making about operational matters is based on the four GBAs and is no longer based on the geographic basis of the operating companies or the specific nature of the services (for CallisonRTKL).

The operating segments are aligned with the new operating model of the Group, effective from the 1 January 2022, as the Company, has fully organized itself into three Global Business Areas (see page 24 for a description of the activities of each of those GBAs). In October 2022 a fourth GBA has been created following the acquisition of IBI Group, this led the Group to create the GBA "Intelligence", after analysis, the Group concluded that this GBA constituted an operating segment as for the three other ones. The operating segments are equal to the reportable segment and accordingly there is no aggregation applied.

Accordingly, in accordance with IFRS 8, the Company has the following reportable segments as at 31 December 2022 (that replaces the previous reportable segments (Americas, EME, APAC, CallisonRTKL):

Operating segment	Reportable segment
Places	Places
Mobility	Mobility
Resilience	Resilience
Intelligence	Intelligence

Geographical information

Geographical information differs from the segment information due to the change in operating model effective 1 January 2022.

	Net revenues by origin		Non-current operating assets	
In € millions	2022	2021	2022	2021
Americas	1,272	975	212	104
Europe & Middle East	1,350	1,225	192	182
Asia Pacific	396	365	52	61
Total	**3,019**	**2,565**	**456**	**347**

Non-current operating assets consist of property, plant and equipment, right-of-use assets, and intangible assets (excluding Goodwill).

Gross revenues generated in the Netherlands amounted to €342 million in 2022 (2021: €299 million), Net revenues to €266 million (2021: €244 million). Total assets in the Netherlands, including intercompany assets of Arcadis NV and its Dutch holdings companies, amounted to €2,770 million (2021: €1,958 million).

Major customers

The Company has no customers that account for more than 10% of total annual revenues.

In € millions unless otherwise stated	Resilience	Places	Mobility	Intelligence	Total segments	Corporate and unallocated amounts	Total consolidated
2022							
Gross revenue	**1,793.1**	**1,315.1**	**894.5**	**26.2**	**4,028.9**	**-**	**4,028.9**
Materials, services of third parties and subcontractors	(554.6)	(298.3)	(151.9)	(5.5)	(1,010.3)	-	(1,010.3)
Net revenues[1]	1,238.5	1,016.8	742.6	20.7	3,018.6	-	3,018.6
Operating costs	(1,074.7)	(909.5)	(666.2)	(17.4)	(2,667.8)	(23.7)	(2,691.5
Other income	1.9	7.2	0.6	0.2	9.9	1.4	11.3
Depreciation and amortization	(42.5)	(34.3)	(25.0)	(1.7)	(103.5)	(2.3)	(105.8)
EBITA[1]	**123.5**	**80.2**	**52.0**	**1.7**	**257.4**	**(24.6)**	**232.8**
Amortization other intangible assets	(6.2)	(5.1)	(3.7)	(0.1)	(15.1)	-	(15.1)
Goodwill impairment charges	-	-	-	-	-	-	-
Operating income	**117.3**	**75.1**	**48.3**	**1.6**	**242.3**	**(24.6)**	**217.7**
Operating EBITA[1]	**133.8**	**92.9**	**72.3**	**1.9**	**300.9**	**(6.2)**	**294.7**
Total capital expenditure[2]	**16.0**	**13.2**	**9.6**	**0.3**	**39.1**	**1.0**	**40.1**

In € millions unless otherwise stated	Resilience	Places	Mobility	Intelligence[3]	Total segments	Corporate and unallocated amounts	Total consolidated
2021							
Gross revenue	**1,561.6**	**1,069.6**	**747.3**	**-**	**3,378.5**	**-**	**3,378.5**
Materials, services of third parties and subcontractors	(521.0)	(190.7)	(102.3)	-	(813.9)	-	(813.9)
Net revenues[1]	1,040.6	878.9	645.0	-	2,564.6	-	2,564.6
Operating costs	(893.7)	(782.5)	(557.3)	-	(2,233.4)	(4.5)	(2,237.9)
Other income	4.2	3.5	2.6	-	10.3	0.9	11.2
Depreciation and amortization	(39.6)	(33.4)	(24.5)	-	(97.6)	(3.0)	(100.6)
EBITA[1]	**111.6**	**66.6**	**65.8**	**-**	**243.9**	**(6.6)**	**237.4**
Amortization other intangible assets	(4.6)	(3.9)	(2.9)	-	1(1.4)	-	(11.4)
Goodwill impairment charges	-	-	-	-	-	-	-
Operating income	**106.9**	**62.7**	**62.9**	**-**	**232.5**	**(6.6)**	**225.9**
Operating EBITA[1]	**113.1**	**73.8**	**65.3**	**-**	**252.2**	**(5.8)**	**246.4**
Total capital expenditure[2]	**14.1**	**11.9**	**8.7**	**-**	**34.8**	**-**	**34.8**

1 Non-GAAP performance measure. Reference is made to the Glossary Non-Financial and Financial indicators on page 286 for the definition as used by Arcadis.
2 Amount of investments in (in)tangible assets.
3 Intelligence segment information for 2021 consists of Arcadis GEN, which is not significant (Arcadis GEN net revenue of €16 million in 2021), therefore no comparative data is presented.

6 Consolidated interests and business combinations

Subsidiaries
Subsidiaries are all companies over which the Company has control. Control over an entity exists when the Company is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

Loss of control
Upon the loss of control, the assets and liabilities, non-controlling interests and other components of equity related to the subsidiary are derecognized. Any profit or loss arising on the loss of control is recognized in profit or loss. If a non-controlling interest in the subsidiary is retained, such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset, depending on the level of influence retained.

Business combinations
The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

IFRS 3 establishes the following principles in relation to the recognition and measurement of items arising in a business combination:

- Recognition principle: Identifiable assets acquired, liabilities assumed, and non-controlling interests in the acquiree are recognized separately from goodwill. Acquired intangible assets must be recognized and measured at fair value in accordance with the principles if it is separable or arises from other contractual rights, irrespective of whether the acquiree had recognized the asset prior to the business combination occurring. The Group does not recognize contingent assets acquired in a business combination.
- Measurement principle: All assets acquired and liabilities assumed in a business combination are measured at acquisition-date fair value.

Goodwill at acquisition date is measured as the fair value of the consideration transferred plus the recognized amount of any non-controlling interest in the acquiree less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed.

Lease liabilities of acquired leases are measured at the present value of the remaining lease payments as if the acquired lease were a new lease at the acquisition date. Right-of-use asset is measured at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms. Right-of-use assets and lease liabilities for leases for which the lease term ends within 12 months of the acquisition date and the underlying asset is of low value are not recognized.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities incurred in connection with the business combination, are expensed.

Contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

If the Company obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

Arcadis NV indirectly holds 100% of the ordinary shares of all these subsidiaries, and does not hold direct interests in most of them itself as a result of the intermediate holding structure within the Group. All subsidiaries are included in the financial consolidation. The proportion of the voting rights held directly by the parent company does not substantially differ from the proportion of ordinary shares held.

At 31 December 2022, the total non-controlling interest amounted to €2.0 million negative (2021: €1.1 million negative) and is as such not material for the Group.

The main consolidated companies as at 31 December 2022 are listed below:

Name of subsidiary	Country of incorporation
Americas	
Arcadis US, Inc.	United States of America
IBI Group US	United States of America
IBI Group Professional Services (Canada) Inc.	Canada
IBI Group Architects (Canada Inc.)	Canada
Arcadis Logos S.A.	Brazil
CallisonRTKL, Inc.	United States of America
Europe & Middle East	
Arcadis Consulting Middle East Ltd.	United Kingdom
Arcadis LLP	United Kingdom
Arcadis Consulting (UK) Limited	United Kingdom
Arcadis Nederland BV	The Netherlands
Arcadis Deutschland GmbH	Germany
Arcadis France S.A.S.	France
Arcadis Belgium NV	Belgium
White Rock Insurance (Netherlands) Pcc Limited	Malta
DPS Engineering Holdings Limited	Ireland
Asia Pacific	
Arcadis Asia Ltd.	Hong Kong
Arcadis Australia Pacific Holdings Pty Ltd.	Australia

Changes in consolidated interests

Business combinations 2022

Acquisition of IBI Group

On 27 September 2022, the Group acquired 100% of the voting shares of IBI Group Inc., a listed company based in Canada. IBI Group is a technology-driven design firm with global architecture, engineering, planning and technology expertise. This acquisition aims to create a global leader for planning, designing and building the resilient cities of tomorrow.

For the three months period ended 31 December 2022, IBI Group contributed gross revenue of €114.5 million and €2.1 million to loss before income tax. If the acquisition had occurred on 1 January 2022, management estimates that consolidated gross revenue would have been €444.8 million, and consolidated loss before income tax for the year would have been €7.1 million (excluding amortization of purchase price allocation items).

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of IBI Group Inc. as at the date of acquisition were:

In € thousands	Fair value recognised on acquisition
Assets	
Intangible assets (Note 14)	55,452
Property, plant & equipment (Note 15)	16,427
Right-of-use assets (Note 16)	45,197
Other investments (Note 18)	1,603
Other non-current assets (Note 20)	4,127
Trade receivables (Note 21)	116,894
Contract assets (unbilled receivables) (Note 22)	54,814
Corporate tax receivables (Note 24)	4,880
Other current assets (Note 24)	19,699
Cash and cash equivalents (Note 25)	26,826
	345,919
Liabilities	
Deferred tax liabilities (Note 12)	(10,070)
Loans and borrowings (Note 30)	(51,770)
Lease liabilities (Note 16)	(46,693)
Contract liabilities (billing in excess of revenue) (Note 22)	(56,007)
Corporate tax liabilities (Note 12)	(1,683)
Accounts payable, accrued expenses and other current liabilities (Note 31)	(73,964)
Bank overdrafts (Note 25)	(5,607)
	(245,794)
Total identifiable net assets at fair value	**100,125**
Goodwill arising on acquisition (Note 14)	472,760
Cash settlement of unreplaced awards	**(15,770)**
Cash consideration transferred	**(557,115)**

The goodwill is attributable to the workforce and the synergies with the acquired business. It has been allocated to the CGUs that the group uses for impairment testing of goodwill: Places, Mobility, Resilience, and Intelligence. It will not be deductible for tax purposes.

Cash settlement of unreplaced awards

In accordance with the terms of the acquisition agreement, the Group has settled in cash the share-based payment awards held by employees of IBI Group. These unreplaced awards are considered wholly vested at the date of transaction.

Fair values measurement and provisional purchased accounting

A provisional measurement of backlog for an amount €40.0 million has been recognized within "Other intangible assets" using the Multiperiod Excess Earnings Method (MEEM).

The Group sought an independent valuation for IBI Group's other intangible assets (mostly technology-related assets, and customer relationships) that will be performed in 2023.

The fair value of the trade receivables amounts to €116.9 million. The gross amount of trade receivables is €120.7 million, of which €3.8 million was expected to be uncollectable at the date of acquisition.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms. The right-of-use assets and lease liabilities have been measured provisionally and the Group will complete the assessment during the measurement period.

The Group has conducted a preliminary assessment of the potential contingent liabilities, including litigations and will continue to review these matters during the measurement period.

The net assets recognized at closing date were based on a provisional assessment of their fair value, and the Group has one year from the acquisition date to revise preliminary assessed fair values of assets and liabilities.

Purchase consideration – cash outflow

In € thousands	Cash flow on acquisition
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	**(557,115)**
Cash settlement of unreplaced awards	**(15,770)**
Balances acquired	
Cash and cash equivalents	26,826
Overdrafts	(5,607)
	21,219
Net outflow of cash – investing activities	**(551,666)**

Acquisition-related costs

The Group incurred acquisition-related costs of €9.7 million on legal fees, success fees and due diligence costs. These costs have been included in "Other operational costs" in the consolidated income statement.

Acquisition of DPS Group

On 1 December 2022, the Group acquired 100% of the voting shares of DPS Engineering Holdings Limited, a non-listed company based in Ireland. DPS Group is a provider of project services to global leading clients in pharmaceutical, biotechnology, novel therapy, medical technologies and semiconductor manufacturing. This acquisition aims to achieve a global position in pharmaceutical and semiconductor manufacturing markets and create a further enhanced and integrated full-service offering.

For the one-month period ended 31 December 2022, DPS Group contributed gross revenue of €59.0 million and €2.8 million to profit before income tax. If the acquisition had occurred on 1 January 2022, management estimates that consolidated gross revenue would have been €675 million, and consolidated profit before income tax for the year would have been €17.2 million.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of DPS Group as at the date of acquisition were:

In € thousands	Fair value recognised on acquisition
Assets	
Property, plant & equipment (Note 15)	11,022
Right-of-use assets (Note 16)	23,804
Deferred tax assets (Note 12)	8,694
Inventories	10
Trade receivables (Note 21)	137,252
Contract assets (unbilled receivables) (Note 22)	59,531
Corporate tax receivables (Note 24)	344
Other current assets (Note 24)	6,503
Assets classified as held for sale (Note 23)	1,825
Cash and cash equivalents (Note 25)	27,007
	275,992
Liabilities	
Deferred tax liabilities (Note 12)	(5,561)
Loans and borrowings (Note 30)	(9,045)
Lease liabilities (Note 16)	(25,461)
Contract liabilities (billing in excess of revenue) (Note 22)	(235)
Corporate tax liabilities (Note 12)	(1,878)
Accounts payable, accrued expenses and other current liabilities (Note 31)	(144,395)
Bank overdrafts (Note 25)	(31,193)
	(217,768)
Total identifiable net assets at fair value	**58,224**
Goodwill arising on acquisition (Note 14)	170,963
Cash consideration transferred	**(229,187)**

The goodwill is attributable to the workforce and the synergies with the acquired business. It has been allocated entirely to the CGU Places. It will not be deductible for tax purposes.

Contingent consideration

The Group has agreed to pay the selling shareholders in two years' time an additional consideration of €2.1m. As per the analysis of the contractual disposition of this additional consideration, that comprises a continuous employment clause, this part of the consideration has been considered as remuneration. It will be allocated to the consolidated income statement within a period of 24 months and included in personnel costs. Over this period, if an employee is leaving, the corresponding individual indemnity will be paid back to the Group.

Measurement of fair values

The trade receivables comprise gross contractual amounts due of €137.3 million, of which none was expected to be uncollectable at the date of acquisition.

Fair values measurement and provisional purchased accounting

The Group sought an independent valuation for DPS Group's intangible assets (internally developed technology, customer relationships, backlog) that will be performed in 2023.

The right-of-use assets and lease liabilities have been measured provisionally and the Group will complete the assessment (including extension and termination options) during the measurement period.

The Group has conducted a preliminary assessment of the potential contingent liabilities, including litigation and will continue to review these matters during the measurement period.

The net assets recognized at closing date were based on a provisional assessment of their fair value, and the Group has one year from the acquisition date to perform the fair values assessment of assets and liabilities.

In € thousands	Cash flow on acquisition
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	**(229,187)**
Balances acquired	
Cash and cash equivalents	27,007
Overdrafts	(31,193)
	(4,186)
Net outflow of cash – investing activities	**(233,373)**

Acquisition-related costs

The Group incurred acquisition-related costs of €5.4 million on legal fees and due diligence costs. These costs have been included in “Other operational costs” in the consolidated income statement.

Acquisition of Water Platform Company (formerly HydroLogic Research B.V.)

In February 2022, Arcadis acquired 70% of the voting shares in Water Platform Company, a non-listed Dutch based software company that owns HydroNET. HydroNET is a platform developed by HydroLogic aimed at supporting customers with intelligent water services and digital capabilities. Arcadis will use its worldwide network to develop and accelerate the international roll-out of the HydroNET platform.

The consideration for Water Platform Company business combination amounted to €3.5 million, including a contingent consideration of €0.8 million, whose €0.3 million has been paid in 2022 after the acquisition date. The net identifiable assets acquired amounted to €0.1 million and the goodwill amounted to €3.4 million. The goodwill is allocated entirely to the CGU Intelligence. The acquisition accounting is completed.

Due to the relatively limited size of Water Platform Company, no further disclosures are provided.

Acquisition of Giftge Consult

In September 2022, Arcadis acquired 100% of the voting shares in Giftge Consult, a non-listed company based in Germany. Giftge Consult is a leading consulting and engineering company for energy transition solutions in Germany. Arcadis will strengthen its position in the attractive and high growth energy transition sector, complementing services within its global Resilience business area.

The consideration for Giftge Consult business combination amounted to €9.1 million, including a deferred consideration of €0.7 million. The net identifiable assets acquired amounted to €3.6 million and the preliminary goodwill amounted to €5.5 million. The goodwill is allocated entirely to the CGU Intelligence. The acquisition accounting is provisional.

Due to the relatively limited size of Giftge Consult, no further disclosures are provided.

Business divestments 2022

During the year ended 31 December 2022, the Company has completed the following divestments:

- A subsidiary in Czech Republic and its branch in Slovakia;
- A subsidiary in Thailand;
- A subsidiary in Switzerland;
- A subsidiary in Singapore including its subsidiaries in Vietnam and Singapore and its Taiwan branch;
- A subsidiary in Hong Kong including its subsidiary in Vietnam and its branch in Singapore;
- Subsidiaries in Malaysia;
- A part of business activities in resilience in France.

In € thousands	2022
Consideration received, satisfied in cash	13,771
Cash and cash equivalents disposed of	(12,987)
Net cash inflows	**784**

The total net asset values of the investments disposed are €44.6 million (mainly composed of contract assets of €31.5 million, trade receivables of €17.4 million and contract liabilities of €(14.5) million).

The net proceeds from sale of investments are €13.8 million and a loss on disposal of subsidiaries amounted to €30.9 million (non-operating).

2021

In 2021 no acquisition was made, and no significant disposal took place. Therefore, no further disclosures are provided in this note other than the changes in deferred consideration for acquisitions previously made.

Deferred consideration and earn-outs

The contractual deferred consideration and earn-outs for acquisitions are disclosed below.

In € thousands	Initial recognition	Discount effect/interest	2022 Total	2021 Total
Balance at 1 January	**133**	**346**	**479**	**4,810**
Acquisitions	7,799	-	7,799	-
Interest accrual	-	-	-	(560)
Releases	-	-	-	(2,341)
Payments and redemptions	(388)	(346)	(734)	(1,576)
Exchange rate differences	(423)	-	(423)	146
Balance at 31 December	**7,121**	**-**	**7,121**	**479**

€3.1 million (2021: nil) deferred consideration is reported as other long-term debt under 'Loans and borrowings' (see note 30). An amount of €4.0 million (2021: €0.5 million) is due within one year and reported as 'Other current liabilities' (see note 31).

This relates to after payments associated with:

- Contingent consideration liabilities assumed from acquiring IBI Group: Hotspot (2022), RLC (2022), Teranis (2021), Telenium (2021), Peter's Energy (2021), Aspyr (2019);
- Giftge Consult GmbH for €0.7 million;
- Water Platform Company for €0.5 million.

The payments made in 2022 relate to SEAMS (2018) for €0.4 million and Water Platform Company (2022) for €0.3 million.

7 Revenue

Revenue is recognized by the Group following the five-step model in IFRS 15, consisting of:

1. identification of the contract;
2. identification of the performance obligations in the contract;
3. determination of the transaction price;
4. allocation of the transaction price to performance obligations in the contract, and
5. recognition of revenue.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties (e.g. VAT). It includes initial amounts agreed in the contract plus any variations in contract work and variable consideration, to the extent that it is highly probably that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved.

The Group recognizes revenue when it transfers control over a product or service to a customer. For performance obligations that are transferred over time, revenue is recognized in profit or loss in proportion to the percentage of completion of the transaction at reporting date. The percentage of completion is measured by actual (labor) costs incurred in relation to total estimated (labor) costs (input method). In the Group's view this best reflects the value delivered to the customer in a business that mainly uses human and intellectual capital (of its employees) for completion of the performance obligations towards the customer.

Additional costs because of COVID-19 (e.g. additional labor cost, cost incurred to comply with ongoing health & safety requirements) are included in the percentage of completion only if they are needed to contribute to the measure of progress of a performance obligation.

For performance obligations that are transferred at a point in time, revenues and costs are recognized in profit or loss when the customer receives the ability to direct the use of the asset and substantially obtains all the benefits of it.

Licenses and Software as a Service

Revenue from (software) licenses is recognized over time, based on time elapsed, in case of a 'right to access'. It is recognized at a point in time in case of a 'right to use', but not before the beginning of the license period. Revenue from Software as a Service (SaaS) is treated as a right to access and is recognized over time, based on time elapsed.

Contract costs and contract cost assets

Contract costs include the costs to fulfil a contract, such as direct labor, costs of materials, services of third parties and subcontractors, and costs that are explicitly chargeable to the customer under the contract. They are recognized as an asset in Contract assets and liabilities, if they are expected to be recovered.

Costs to obtain a contract are only recognized as a contract cost asset in Contract assets and liabilities if they are incremental and expected to be recovered. They are recognized on a systemic basis consistent with the recognition of costs to fulfill a contract.

Loss provisions
Estimates of project management are used to assess the progress and estimated outcome of a performance obligation. When it becomes probable that the total expected costs to complete all performance obligations in a contract exceed the total transaction price (consideration) of these performance obligations, a loss provision is recognized for the lower of the unavoidable costs and the costs of termination.

Financing component
Arcadis generally does not have any significant contracts where the period between the transfer of the promised goods or services to customer and the payment by the customer, as contractually agreed, exceeds one year. If applicable, the transaction price is adjusted for the time value of money. Payments of customers after the agreed payment term are covered by the accounting policy on Trade receivables, see note 21.

Agent versus principal
For each performance obligation the Group assesses whether the nature of Arcadis' commitment is to provide the goods and/or services itself, or to arrange for those good(s) and/or service(s) to be provided by another party. Arcadis assesses whether it controls the specified good(s) and/or service(s) before it is transferred to the customer.

Arcadis is typically a principal in case of subcontracted work, as Arcadis is primarily responsible for fulfilling the promise to provide the specified good(s) and/or service(s) and bears primary responsibility for it meeting customer specifications and has discretion in establishing the price towards the customer. When Arcadis acts as an agent, only the fee/commission is recognized on a net basis in Gross revenues.

Gross versus net revenues
Gross revenues consist of external revenues net of value-added tax, rebates and discounts and after eliminating sales within the Group. Net revenue is a non-GAAP performance measure, which represents revenue generated by own staff. It is a sub-total calculated as Gross revenue minus Materials, services of third parties and subcontractors, which are project-related costs of materials and services charged by third parties, including cost of subcontractors.

Disaggregation of revenues

Gross revenues arise from the following major categories:

In € thousands	2022	2021
Revenue from services	3,509,389	2,804,695
Construction contract revenue	513,580	572,776
Revenue from licenses	5,966	1,015
Total Gross Revenue	**4,028,935**	**3,378,486**

Revenues from services rendered represent fee income receivable in respect of services provided during the period. Construction contracts include the rendering of services, which are directly related to the construction of assets, contracts for the destruction or restoration of assets, and the restoration of the environment following the demolition of assets. Revenues from licenses represent fee income receivable in respect of allowing customers using Arcadis developed software, and mainly relate to the operating segment Intelligence.

Timing of revenue recognition

The timing of revenue recognition in 2022 was as follows:

In € thousands	2022	2021
At a point in time	120,998	98,915
Over time	3,907,937	3,279,571
Total Gross revenue	**4,028,935**	**3,378,486**

Contract balances

The Group has recognized the following assets and liabilities related to contracts with customers:

In € thousands	2022	2021
Other non-current assets	1,633	2,104
Trade receivables	747,392	521,855
Contract assets (Unbilled receivables)	644,859	500,268
Contract liabilities (Billing in excess of revenue)	(481,872)	(380,787)
Provision for onerous contracts (loss provisions)	(24,228)	(26,092)
Total	**887,784**	**617,348**

The Other non-current assets relate to long-term retentions. The Expected Credit Loss allowance is included in the Contract assets (unbilled receivables) balance, see note 22.

Contract costs

The incremental costs to obtain a contract amounted to nil in 2022 and 2021. The practical expedient of paragraph 94 of IFRS 15, stating that those costs can be expensed when incurred if the amortization period is one year or less, is not applied.

Transaction price remaining performance obligations

The table below includes revenue expected to be recognized in the future related to performance obligations that are (partially) unsatisfied at the reporting date. The practical expedient of paragraph 121 of IFRS 15 is applied, and the table therefore does not disclose information about remaining performance obligations that have original expected duration of one year or less. The amounts therefore differ from the contracted backlog.

In € thousands	2023	2024	2025	After 2025	Total
Expected Gross revenue from (partially) unsatisfied performance obligations	1,431,299	727,627	230,573	252,899	2,642,398

8 Other income (expense)

Other income (expense) includes results that arise from events or transactions that are clearly distinct from the ordinary activities of the Company. Gains or losses on the sale of assets are recognized as part of Other income (expense).

In € thousands	2022	2021
Gain/ (loss) on divestments	(30,894)	-
Gain/ (loss) on derecognition of leases	301	1,810
Gain/ (loss) on sale of assets	268	(1,535)
Results from investments	(180)	(64)
Sub-leasing income	139	-
Release of after-payments	-	2,340
Other	11,063	7,146
Total Other income/ (expense)	**(19,303)**	**9,697**

The net loss on divestments of €30.9 million is related to the gains and losses recognized on the disposal of consolidated entities in 2022 (see note 6). No divestments of consolidated entities occurred in 2021.

The category 'Other' in 2022 included amongst others government grants mainly in China of €2.7 million (2021: €1.5 million), settlement agreements relating to transfer of staff to a competitor of €3.6 million and several other individually non-significant items. The 2021 result was impacted by amongst others refunds of social charges paid on severance payments made in the past of €1.0 million, other tax refunds of €1.4 million and several other individually non-significant items.

9 Personnel and other operational costs

All employee-related costs as well as non-project-related out-of-pocket expenses and related restructuring costs, are recognized as operational cost as incurred.

Operational costs include, amongst others, the costs of licenses, testing, data conversation and training costs relating to Cloud computing arrangements that do not provide control over an intangible asset. Part of these costs could be personnel costs if the activities are performed by Arcadis' personnel.

In € thousands	2022	2021
Salaries and wages	1,854,014	1,580,473
Social charges	203,478	170,865
Pension and early retirement charges	86,857	74,181
Other personnel costs (including temporary labor)	218,780	170,412
Total Personnel costs	**2,363,129**	**1,995,931**

In € thousands	2022	2021
Computer related	97,114	91,906
Audit and consultancy services	61,033	47,273
Occupancy	30,317	24,686
Travel	23,478	10,643
Insurances	17,327	11,432
Office related	14,195	14,131
Marketing and advertising	9,477	7,080
Other	44,736	33,251
Total Other operational costs	**297,677**	**240,402**

The category 'Audit and consultancy costs' amounts to €61 million, expense (2021: €47.3 million, expense), increasing mainly with M&A related costs incurred.

The category 'Travel' of €23.5 million, expense (2021: €10.6 million, expense) reflects normalization of these costs whether 2021 was still impacted by COVID-19 restrictions.

The category 'Other' included in 2022, amongst others:
- the impact of changes in provisions for trade receivables (expected credit loss) of €0.4 million, expense (2021: €2.8 million, expense) (see note 21);
- restructuring provision of €3 million, expense (2021: €4.8 million, expense);
- litigation provisions of €5.8 million, expense (2021: €8.6 million, expense) (see note 29);
- membership and licenses renewals of €6.7 million, expense (2021: €3.5 million, expense);
- cost of equipment of €5.3 million, expense (2021: €4.5 million, expense).

10 Share-based compensation

The Company operates share-based incentive plans. The fair value of equity-settled compensations at grant date under the Arcadis long-term incentive plan is recognized as an employee expense (in Salaries and wages), with a corresponding increase in equity, over the vesting period. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the actual number of awards meeting these vesting conditions.

The fair value of granted shares subject to a market condition is measured using a Monte Carlo simulation model. Measurement inputs include the share price on measurement date, the expected volatility, weighted average expected life of the instrument and the risk-free interest rate.

As the fair value is amortized over the vesting period, the costs are recognized in the Income Statement. The amortization costs are adjusted for effects of cancelled and forfeited grants. The vesting and exercise of rights to acquire shares may be conditional to performance conditions and other conditions, as set by the Supervisory Board.

Long-Term Incentive Plans

To stimulate the realization of long-term Company goals and objectives, Arcadis NV uses Long-Term Incentive Plans (LTIPs). Since 2014, securities under LTIPs are solely granted in the form of Restricted Share Units (RSUs) and represent an equal number of ordinary shares, subject to meeting the applicable vesting conditions. The RSUs will be converted into ordinary shares on the vesting date and are delivered as soon as practical thereafter.

RSUs are granted conditionally and depend on achieving/meeting certain conditions during the vesting period.

To prevent dilution, (a portion of) the shares required to meet the obligations from exercising LTIPs can be purchased by the Company (instead of issuing new shares), with due consideration to the Company's balance sheet, in particular available freely distributable reserves and available cash. Alternatively, shares may be issued, whereby it is intended to limit this to 1% of the number of issued shares.

Arcadis NV 2010 Long-Term Incentive Plans

Options and RSUs annually granted to members of the Executive Board and selected senior executives were conditional and had a vesting period of three years. Vesting was dependent on performance criteria set forth in advance. The granting of such options and RSUs took place each year on or about the second day after the Annual General Meeting of Shareholders, whereby the exercise price for the options matched the closing price of Arcadis NV shares on the day of the grant.

In 2013, the last awards which will expire in 2023 were granted.

Arcadis NV 2014 Long-Term Incentive Plan

In 2014, the Supervisory Board approved the continuation of the Arcadis NV 2010 Long-Term Incentive Plan in the form of the Arcadis NV 2014 Long-Term Incentive Plan (2014 LTIP). The revised Plan was approved by the General Meeting of Shareholders in May 2014.

Shares granted are conditional in nature and depend on, amongst others, attaining a performance measure after three years. The performance measure is Total Shareholder Return (TSR), defined as stock price appreciation plus dividend yield.

In 2021, the last awards made in 2018 under 2014 LTIP vested.

Arcadis NV 2019 Long-Term Incentive Plan

In April 2019, the Arcadis NV 2019 Long-Term Incentive Plan was approved by the Annual General Meeting. Based on this plan the Company can grant equity-settled and cash-settled awards to eligible employees. Conditional performance shares granted to Executive Board members must be held for two more years after vesting.

In summary the following applies to these grants:

- Annual grant to Executive Board (EB) and Executive Leadership Team (ELT) members: subject to continued employment during the vesting period of three years, and achieving performance conditions (1/3 Total Shareholder Return, 1/3 Earnings per share and 1/3 sustainability)
- Annual grant to other employees: subject to continued employment during the vesting period of three years; no performance conditions

For EB and ELT members, the position of Arcadis within the peer group, after three years, determines the final number of shares subject to meeting a Total Shareholder Return condition (1/3) that vest and become unconditional, in accordance with the following performance incentive zone:

RSUs that vest for EB/ELT

Ranking	14-8	7	6	5	4	3	2	1
Vesting	0%	50%	75%	100%	125%	150%	175%	200%

Outstanding options

The number and weighted average exercise price of the share options under the 2010 Arcadis LTIPs are as follows:

	Number of options	Weighted average exercise price (in €)
Balance at 1 January 2021	**668,351**	**17.37**
Exercised	(382,704)	17.30
Expired	(181,601)	16.89
Balance at 31 December 2021	**104,046**	**18.50**
Exercised	(49,385)	17.41
Expired	(13,959)	15.18
Balance at 31 December 2022	**40,702**	**20.96**

The weighted average share price at exercise date in 2022 was €38.74 (2021: €33.66). Part of the exercised options have been settled in cash instead of shares.

The number of outstanding options at 31 December 2022 is as follows:

Year of issue	Share price at grant date	Outstanding 1 January 2022	Exercised in 2022	Expired in 2022	Outstanding 31 December 2022
2012	€14.72	7,610	-	(7,610)	-
2012	€15.74	39,966	(33,617)	(6,349)	-
2013	€20.96	56,470	(15,768)	-	40,702
Total		**104,046**	**(49,385)**	**(13,959)**	**40,702**

Outstanding Restricted Share Unit (RSUs)

In 2022, the following number of RSUs have been granted under the 2019 LTIP:

	Number of RSUs	Grant date	Vesting date[1]	Share price at grant date	Fair value at grant date
Annual grant EB/ELT	73,387	16 May 2022	ex-dividend date 2025	€36.92	€35.29/ €35.14
Annual grant other employees	196,759	16 May 2022	ex-dividend date 2025	€36.92	€35.14
Annual grant other employees	563	3 August 2022	ex-dividend date 2025	€33.64	€32.02

[1] Vesting is on the 5th business day after this date

The fair value (€35.14 and €32.02) of the RSUs granted to other employees as part of the annual grant and the RSUs granted to the EB and ELT members subject to meeting Earnings per share (1/3) and sustainability (1/3) conditions were determined by adjusting the share price at the grant date with the present value of dividends expected to be paid during the vesting period. The fair value (€35.29) of RSUs granted to EB and ELT members subject to meeting a Total Shareholder Return condition (1/3) was determined using a Monte Carlo simulation model, which considers the market conditions expected to impact Arcadis' TSR performance in relation to the peer group, and the following assumptions:

	2022	2021
Expected dividend yield (in %)	1.7	1.48
Risk-free interest rate (in %)	1.22	(0.44)
Expected volatility (in %)	36.24	39.12

The expected volatility is calculated based on the share price movements of the 36 months prior to grant date.

The total outstanding RSUs at 31 December 2022 is as follows:

Year of issue	Granted	Unconditional in	Total amount to be expensed over the vesting period (in €)	Fair value at grant date	Outstanding 1 January 2022	Granted in 2022	De/(In)crease by performance measure 2022	Vested in 2022	Cancelled/ forfeited in 2022	Outstanding 31 December 2022
2019 (29 April)	316,381	2022	4,973,509	€15.72	215,175	-	-	(206,441)	(8,734)	-
2019 (29 April)	180,180	2022	4,264,932	€21.45/ €15.72	146,776	-	103,851	(250,627)	-	-
2020 (8 May)	114,210	2023	1,732,565	€12.12/ €9.15	114,210	-	57,105	-	(17,518)	171,315
2020 (8 May)	244,710	2023	2,965,885	€12.12	190,574	-	-	-	-	173,056
2020 (14 September)	5,859	2023	139,991	€18.22/ €17.82	5,859	-	2,930	-	(13,074)	8,789
2021 (3 May)	253,371	2024	8,535,900	€33.14/ €38.40	245,023	-	-	-	-	231,949
2021 (3 May)	25,150	2023	845,543	€33.62	25,150	-	-	-	-	25,150
2021 (4 August)	6,394	2024	242,077	€37.86	6,394	-	-	-	-	6,394
2021 (3 November)	1,032	2024	42,456	€41.14	1,032	-	-	-	-	1,032
2022 (16 May)	73,387	2025	2,582,489	€35.29/ €35.14	-	73,387	-	-	-	73,387
2022 (16 May)	196,759	2025	6,914,111	€35.14	-	196,759	-	-	(6,306)	190,453
2022 (3 August)	563	2025	18,026	€32.02	-	563	-	-	-	563
Total					**950,193**	**270,709**	**163,886**	**(457,068)**	**(45,632)**	**882,088**

LTIP costs recognized in 2022

The total amount to be expensed over the vesting period is calculated by taking the granted RSUs within a calendar year multiplied by the fair value of the RSUs at grant date and the expected vesting. This amount is expensed over the vesting period, whereby the costs recognized in a year also consider cancellations and forfeitures. The expected vesting for RSUs with a Total Shareholder Return performance condition is already taken into account in the fair value.

The expected vesting for the RSUs granted in 2020 to the Executive Board and Executive Leadership Team subject to the performance conditions 'Earnings per share' and 'Sustainability' are estimated at 31 December 2022 at 150%.

Costs for the LTIP are spread over the vesting period and included in 'Salaries and wages' (see note 9). An amount of €8.6 million (2021: €5.9 million) is included in the results of 2022 for the share-based compensation granted in the period 2019 - 2022.

11 Net finance expenses

Net finance expenses comprise finance income, finance expenses and the fair value change of derivatives at fair value through profit or loss. Finance income comprises interest income on funds invested and finance expenses comprise interest expense on borrowings, and the unwinding of discount on provisions and contingent consideration.

Finance income and finance expenses are recognized in profit or loss, using the effective interest method. The fair value changes of derivatives comprise the fair value changes on financial assets at fair value through profit or loss, as far as these relate to financing items in the Company. These fair value changes are partially offset by the foreign currency gains and losses.

Foreign currency gains and losses are reported on a net basis as either finance income or finance expense if it concerns exchange rate results on financing items. Exchange rate results on operating items are included in Other operational costs (see note 9)..

In € thousands	2022	2021
Interest income on notional cash pools	6,261	2,206
Other interest income	1,627	1,842
Finance income	**7,888**	**4,048**
Interest expense on loans & borrowings	(13,556)	(10,887)
Interest expense on notional cash pools	(5,731)	(2,310)
Other interest expense	(1,754)	(2,222)
Interest expense on leases	(7,263)	(6,616)
Foreign exchange differences	653	(245)
Finance expense	**(27,651)**	**(22,280)**
Fair value change of derivatives	(3,795)	(511)
Total	**(23,558)**	**(18,743)**

Finance income increased to €7.9 million (2021: €4.0 million) due to higher interest rates within notional cash pools. Arcadis utilizes notional cash pools, in which debit and credit balances both attract interest income and interest expense.

Finance expense, including the interest expense on leases, increased to €27.7 million due to higher gross debt, higher interest rates within notional cash pools, offset by lower other interest expenses. The interest expense on loans and borrowings of €13.6 million (2021: €10.8 million) was higher than last year due to higher average gross debt to finance the acquisition of IBI Group and DPS Group, and higher interest rates on floating interest rate loans (such as several Schuldschein loans).

The carrying amount of the financing transaction fees, taken into account in the valuation of the underlying loans and borrowings, at 31 December 2022 amounts to €4.4 million (2021: €3.3 million) on the balance sheet. The increase in this amount relates to the transaction fees related to the attracted bridge loan financing for the acquisitions of IBI Group and DPS Group. The amortized cost booked in 2022 amounts to €0.8 million (2021: €0.5 million) and is booked under Other interest expense. The interest on lease liabilities of €7.3 million (2021: €6.6 million) is based on the Incremental Borrowing Rate, see note 16.

12 Income taxes

Income taxes comprise current and deferred tax. Income tax is recognized in profit or loss, except to the extent that the tax arises from items recognized in other comprehensive income, directly in equity or from a business combination.

When the Group considers it probable that tax authorities accept a tax treatment it will be treated as such in the income tax filings. When it is not considered probable that a tax treatment is accepted, the Group uses the most likely amount or the expected value of the tax treatment

Current tax

Current tax is the expected tax payable on taxable income for the year and adjustments to tax payable related to previous years. It is measured using the tax rates enacted or substantively enacted at the reporting date. The difference between income tax recognized in profit or loss and income tax paid in the cash flow statement differs primarily due to deferred tax recognized on temporary differences and payment of income tax occurring after the reporting date.

Deferred tax

Deferred tax is recognized using the balance sheet method and it is not recognized for:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss; and
- investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Measurement of deferred tax is based upon tax rates enacted or substantially enacted expected to be applied in the years in which the temporary differences are expected to reverse. Deferred taxes are not discounted.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future profits will be available against which they can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Income tax recognized in profit or loss for the period:

In € thousands	2022	2021
Current tax expense		
Current year	118,555	58,048
Adjustments for previous years	9,057	(8,427)
Total current tax expense	**127,612**	**49,621**
Deferred tax expense		
Origination and reversal of temporary differences	(53,046)	(826)
Adjustments for previous years	(12,309)	(443)
Changes in tax rates	339	3,856
(De)recognition of deferred tax assets	(1,894)	(527)
Total deferred tax expense	**(66,910)**	**2,060**
Total income tax expense	**60,702**	**51,681**

In 2022, the US Tax Cuts and Jobs Act of 2017 eliminated the option to deduct research and development expenditures immediately in the year incurred and requires taxpayers to amortize such expenditures over five years for tax purposes. This provision resulted in a current tax payable per the end of 2022 of approximately €47 million and a net deferred tax asset increase of €47 million. This provision is also expected to increase our 2023 current tax payable with a comparable amount, depending on among others the amount of research and development expenses in 2023. While the largest impact of this provision is expected to be in 2022, the impact will continue over the five-year amortization period, but will decrease over time and is expected to be immaterial in year six.

At 31 December 2022, the corporate income tax receivable amounted to €17.8 million (2021: €27.1 million) and the corporate income tax liability amounted to €63.5 million (2021: €19.1 million). During 2022, the Group paid corporate income taxes for a total amount of €70.4 million (2021: €66.7 million).

The effective corporate income tax rate (income taxes divided by profit before income tax, mainly excluding total result from investments) is 31.3% (2021: excluding total result from investments and total result from ALEN: 25.1%). For further information related to ALEN, refer to Note 17 in 2021 Annual Integrated Report. For 2022 the effective tax rate was impacted by non-deductible loss on divestments of €30.1 million. Excluding this loss, but including the total result from investments the effective tax rate is 27.0%.

The effective tax rate differs from the corporate income tax rate in the Netherlands, primarily due to the net negative impact of non-deductible items and statutory tax rates in jurisdictions in which we operate that are different than the Dutch statutory income tax rate. The net negative impact was partially offset by changes in de-recognition of deferred tax assets, prior year adjustments and other.

In % and € thousands	2022 (%)	2022	2021 (%)	2021
Corporate tax rate in the Netherlands	25.8	50,081	25.0	51,546
Adjustment corporate income tax rates other countries	1.5	2,964	(0.2)	(471)
Weighted average corporate income tax rate	**27.3**	**53,045**	**24.8**	**51,075**
Non-deductible expenses/(income)	9.2	17,807	3.1	6,422
(De)recognition of deferred tax assets	(1.4)	(2,636)	(0.3)	(527)
Adjustments for previous years	(1.7)	(3,252)	(4.3)	(8,870)
Other	(2.1)	(4,262)	1.8	3,581
Effective tax rate [1,2]	**31.3**	**60,702**	**25.1**	**51,681**

[1] Taxes on income divided by Income before taxes, excluding result from Investments accounted for using the equity method.
[2] The normalized ETR excluding non-deductible loss on divestments of €30,1 million is 27.0%

Deferred tax

The movement in deferred tax balances during the year 2022 was as follows:

In € thousands	Net balance at 1 January 2022	Recognized in profit or loss	Recognized in Other comprehensive income and Equity	Acquisitions	Other	Exchange rate differences	Net balance at 31 December 2022	Assets	Liabilities
Intangible assets and goodwill	(59,861)	4,292	-	(1,783)	-	(1,141)	(58,493)	838	(59,331)
Property, plant & equipment	1,916	(985)	-	(1,572)	546	150	55	1,927	(1,872)
Right-of-use assets and lease liabilities	6,351	(242)	-	345	(21)	284	6,717	6,717	-
Contract assets and liabilities	(2,682)	2,323	-	(11,698)	-	1,144	(10,913)	9,357	(20,270)
Derivatives	(23)	22	-	-	-	1	-	-	-
Accrued expenses	23,649	2,558	-	3,133	(2,640)	1,187	27,887	27,936	(49)
Share-based compensation	3,078	(457)	-	-	-	195	2,816	2,816	-
Deferred compensation	(3,336)	(1,009)	4,896	-	1,898	87	2,536	2,536	-
Net operating losses	8,684	8,924	-	4,332	-	(666)	21,274	21,274	-
Provisions	5,082	2,342	-	(929)	(1,125)	167	5,537	6,765	(1,228)
Others	(3,053)	49,142	-	(661)	109	(1,314)	44,223	49,683	(5,460)
Deferred tax assets/liabilities	**(20,195)**	**66,910**	**4,896**	**(8,833)**	**(1,233)**	**94**	**41,639**	**129,849**	**(88,210)**
Offsetting	-	-	-	-	-	-	-	(57,939)	57,939
Net deferred taxes	**(20,195)**	**66,910**	**4,896**	**(8,833)**	**(1,233)**	**94**	**41,639**	**71,910**	**(30,271)**

The movement in deferred tax balances during the year 2021 was as follows:

In € thousands	Net balance at 1 January 2021	Recognized in profit or loss	Recognized in Other comprehensive income and Equity	Acquisitions	Other	Exchange rate differences	Net balance at 31 December 2021	Assets	Liabilities
Intangible assets and goodwill	(46,869)	(8,526)	-	-	(985)	(3,481)	(59,861)	303	(59,876)
Property, plant & equipment	740	300	-	-	808	68	1,916	2,115	-
Right-of-use assets and lease liabilities	5,263	726	-	-	-	362	6,351	6,352	-
Contract assets and liabilities	(8,883)	6,385	-	-	-	(184)	(2,682)	5,064	(7,745)
Derivatives	(10)	(12)	(114)	-	-	113	(23)	-	(23)
Accrued expenses	24,813	173	-	-	(2,530)	1,193	23,649	24,573	(400)
Share-based compensation	352	69	-	-	2,530	127	3,078	3,078	-
Deferred compensation	4,619	(52)	(7,926)	-	(1)	24	(3,336)	-	(3,335)
Net operating losses	7,807	460	-	-	207	210	8,684	6,935	-
Provisions	3,712	1,068	-	-	122	180	5,082	5,842	(20)
Others	-	(2,651)	-	-	(151)	(251)	(3,053)	-	(3,058)
Deferred tax assets/liabilities	**(8,456)**	**(2,060)**	**(8,040)**	**-**	**-**	**(1,639)**	**(20,195)**	**54,262**	**(74,457)**
Offsetting	-	-	-	-	-	-	-	(29,588)	29,588
Net deferred taxes	**(8,456)**	**(2,060)**	**(8,040)**	**-**	**-**	**(1,639)**	**(20,195)**	**24,674**	**(44,869)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set of current tax against current tax liabilities and when the deferred tax assets and liabilities relate to the same taxation authoritity and the same taxable entity.

At 31 December 2022, the gross amount of net operating losses, amounting to €88.4 million (2021: €38.0 million, for which a deferred tax asset has been recognized expires as follows:

in € thousands	Total net operating losses	Net operating losses not recognized	Net operating losses recognized	Deferred tax asset recognized
2023	-	-	-	-
2024	181	89	91	22
2025	1,686	1,676	10	2
2026	7,068	192	6,876	826
2027	6,144	223	5,922	838
>2027	10,670	1,399	9,271	2,210
Unlimited	145,098	78,895	66,203	17,376
Total	**170,847**	**82,474**	**88,373**	**21,274**

The majority of the above-mentioned deferred tax assets relate to tax jurisdictions in which Arcadis has suffered a tax loss in the current of a preceding period. Significant judgement is required in determining whether deferred tax assets are realizable. Arcadis determines this on the basis of expected taxable profits arising from the reversal of recognized deferred tax liabilities and on the basis of budgets, cash flow forecasts and impairment models. Where utilization is not considered probable, deferred tax assets are not recognized.

At 31 December 2022, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognized was €164.4 million (2021: €139.2 million). No liability has been recognized in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

13 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company by the weighted average number of shares outstanding during the period, excluding ordinary shares purchased by the Company and held as treasury shares (i.e. shares purchased to cover share/option plans).

Diluted earnings per share is calculated based on the basic earnings per share and using the weighted average number of shares and options outstanding during the period as far as these have a potential dilutive effect, i.e. when the exercise price of these options is lower than the share price. The average number of potentially diluted shares is based on the average share price in the period on the Euronext Amsterdam Stock Exchange and the options that were in the money.

For calculating the earnings per share, the following numbers of average shares are used:

Number of shares	2022	2021
Average number of issued shares	90,422,091	90,661,792
Average number of treasury shares	(1,072,627)	(1,278,473)
Total average number of ordinary outstanding shares	**89,369,464**	**89,383,319**
Average number of potentially dilutive shares	62,296	393,156
Total average number of diluted shares	**89,431,760**	**89,776,475**

Of the outstanding options at 31 December 2022, a number of 40,702 options were in the money and exercisable (2021: 104,046). Exercising options may lead to dilution. To avoid dilution as much as possible, Arcadis repurchases its own shares, which are reissued at the moment options are exercised.

The total earnings of the Group and the earnings per share are as follows:

In € thousands	2022	2021
Net income	135,530	167,883
Net income from Operations [1]	202,210	175,384

[1] Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Glossary non-financial and financial indicators on page 286 for the definition as used by Arcadis.

In €	2022	2021
Earnings per share/Diluted earnings per share		
Net income	1.52/ 1.52	1.88/ 1.87
Net income from Operations [1]	2.26/ 2.26	1.96/ 1.95

[1] Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Glossary non-financial and financial indicators on page 286 for the definition as used by Arcadis.

14 Intangible assets and goodwill

Goodwill

Goodwill arises from business combinations and represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company. Goodwill in respect of equity accounted investees is included in the carrying amount of the investment. Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets mainly consist of customer relationships, trade names and expected profits in the backlog of acquired companies at the acquisition date. Measurement of Other intangible assets acquired in a business combination involves the use of estimates for determining the fair value at acquisition date. This mainly relates to expected profits in the backlog of the acquired companies, the customer lists at the acquisition date and the trade name value. The fair value is based on discounted cash flows expected to be received from these identifiable intangible assets. Subsequently, the assets are amortized over the estimated useful life. The amortization is recognized in profit or loss on a straight-line basis, except for the backlog which is calculated based on the expected pattern of consumption of future economic benefits embodied in the backlog. The amortization methods and useful lives, as well as residual values, are reassessed annually.

Software

Software is measured at cost less accumulated amortization and impairment losses. Software has a finite life and is amortized on a straight-line basis over the estimated useful life. The amortization methods and useful lives, as well as residual values, are reassessed annually. Subsequent costs are recognized in the carrying amount of Software only when it increases the future economic benefits. All other expenditures are recognized in profit or loss as incurred.

Configuration and customization costs relating to cloud computing arrangements, whereby the Company does not obtain an intangible asset, are expensed when incurred. In such case, prepaid licenses are recognized as prepaid expenses (as part of Other current assets) and testing, training and data conversion costs are recognized as Personnel costs and/or Other operational costs as incurred.

Estimated useful lives

The estimated useful lives of Goodwill and Intangible assets varies according to their respective categories, as shown below.

Category	Years
Goodwill	Not amortized
Software	0.5 – 10
Other intangible assets	3 – 10
Intangibles under development	Not amortized (yet)

In € thousands	Goodwill	Other intangible assets	Software	Intangibles under development	Total
Cost	781,616	270,645	68,848	555	1,121,664
Accumulated amortization	-	(236,435)	(56,304)	-	(292,739)
At 1 January 2021	**781,616**	**34,210**	**12,544**	**555**	**828,925**
Additions	-	-	4,941	-	4,941
Acquisitions of subsidiaries	-	-	-	-	-
Disposals	-	(3)	(161)	-	(164)
Amortization charges	-	(11,436)	(6,432)	-	(17,868)
Impairment charges	-	-	-	-	-
Reclassifications	-	-	(2)	(574)	(576)
Exchange rate differences	49,003	1,438	488	19	50,948
Movement 2021	**49,003**	**(10,001)**	**(1,166)**	**(555)**	**37,281**
Cost	830,619	272,080	74,114	-	1,176,813
Accumulated amortization	-	(247,871)	(62,736)	-	(310,607)
At 31 December 2021	**830,619**	**24,209**	**11,378**	**-**	**866,206**
Additions	-	-	6,141	1,138	7,279
Acquisitions of subsidiaries	653,027	49,116	6,513	-	708,656
Disposals	(6,769)	-	(311)	-	(7,080)
Amortization charges	-	(15,130)	(6,972)	-	(22,102)
Impairment charges	-	-	-	-	-
Reclassifications	-	-	-	-	-
Exchange rate differences	6,287	(4,384)	(954)	(35)	914
Movement 2022	**652,545**	**29,602**	**4,417**	**1,103**	**687,667**
Cost	1,483,164	316,812	85,503	1,103	1,886,582
Accumulated amortization	-	(263,001)	(69,708)	-	(332,709)
At 31 December 2022	**1,483,164**	**53,811**	**15,795**	**1,103**	**1,553,873**

The amortization charge for Intangible assets is recognized in the following line items in the Consolidated income statement:

In € thousands	2022	2021
Amortization Other intangible assets	15,130	11,436
Depreciation and amortization	6,972	6,432

Goodwill

Reflecting the new GBA reporting structure, as of 1 January 2022, the goodwill has been re-allocated following 'IAS 36.87' applying a two-step approach: first step allocation of 100% of CallisonRTKL goodwill to Places (CallisonRTKL is a former operating segment fully integrated into Places), second step allocation of the remaining amount to the GBAs based on the relative values.

Consecutive to acquisition of IBI Group by end of September, the fourth CGU Intelligence has been created and is composed of Arcadis GEN (initially allocated to Resilience and Mobility equally), IBI Group intelligence segment, and Water Platform Company acquired this year.

IBI Group preliminary goodwill has been allocated across the four GBAs. DPS Group preliminary goodwill has been allocated entirely to the CGU Places, and Giftge Consult preliminary goodwill to the CGU Resilience.

For annual impairment testing, goodwill is allocated to Cash-Generating Units (CGUs). The CGU is the lowest level within the Group at which Goodwill is monitored for internal management purposes.

The carrying amount of the goodwill (including provisional goodwill of IBI and DPS) is allocated to each of the CGUs as follows:

In € thousands	2022	2021
Places	761,807	316,432
Resilience	374,835	313,446
Mobility	236,817	200,499
Intelligence	109,705	-
Total Goodwill	**1,483,164**	**830,619**

Impairment testing for cash-generating units containing goodwill

The recoverable amount of Goodwill for impairment testing purpose has been determined based on a value in use calculation, which is complex and judgmental. The calculations use cash flow projections based on historical performance, our plan for 2023 as approved by the Executive Board and projections for 2023 - 2026, after which a terminal value was calculated using an estimated growth rate.

The key assumptions used in the projections are:
- (Net) revenue growth: based on experience and market analysis;
- EBITDA margin development: based on historical performance, plan 2023 and management's long-term projections; and
- Weighted average cost of capital (WACC): based on the market participants view on rates of return demanded for investments equivalent to those in the Company. The components of the WACC include the Cost of Equity, Cost of Debt and Cost of Lease Liabilities.

The business plans include management's estimate about the level and timing of the execution of (the improvement of) operating performance and margins.

The applied assumptions in the test of 2022 are included in the below table, for those CGUs with goodwill as at 31 December 2022.

In %	Average (net) revenue growth[1]	EBITA margin	Pre-tax discount rate	Terminal growth rate
Places	5.6%	10.4% - 12.7%	11.7%	1.6%
Resilience	5.6%	12.5% - 12.6%	11.0%	1.6%
Mobility	5.6%	12.4% - 12.6%	10.3%	1.5%
Intelligence	5.6%	14.4% - 18.8%	10.4%	1.4%

[1] The average net revenue growth represents average for the period from 2024 to 2027.

The average pre-tax discount rate was 10.9% (2021: 10.4%) and has been determined by iterative computation so that the value in use determined using pre-tax cash flows and a pre-tax discount rate equals the value in use determined using post-tax cash flows and a post-tax discount rate. The weighted average post-tax discount rate used is 8.6% (2021: 7.7%), which includes country specific premiums when applicable.

Observations from impairment testing

The annual impairment test at 31 December 2022 and sensitivity analysis around the key assumptions in that test have indicated sufficient headroom for all CGUs and as such a reasonably possible change in any of the assumptions would not cause the recoverable amount to be less than the carrying value, except for Intelligence.

The headroom for Intelligence, being the difference between the carrying amount (which includes the provisional allocation of goodwill for IBI acquisition) and the recoverable amount is approximately €25 million. Management is positive about the medium and long-term perspective of the CGU following the expected development of the CGU. If the long-term growth rate used in the value in use calculation had been 1% lower than management's estimates at 31 December 2022, the headroom would amount to €8 million. If the long-term EBITDA margin used in the value in use calculation had been 100 bps lower than management's estimates, there would be no headroom.

If the pre-tax discount rate applied to the cash flow projections of this CGU had been 1% higher than management's estimates (11.3% instead of 10.3%), the headroom would amount to €1 million.

The expected future cash flows used in the goodwill impairment analysis are based on management's estimates. Events in our end-markets as well as the financial markets and the overall economy may have an adverse impact on the estimated future cash flows of the Group.

Other intangible assets

The carrying amounts recognized in the Consolidated balance sheet for Other intangible assets are as follows:

In € thousands	2022	2021
Customer Relationships	20,811	21,724
Trade names	1,543	1,894
Backlog	30,850	38
Other	609	553
Total Other intangible assets	**53,813**	**24,209**

In 2022, the Group has acquired IBI Group and has recognized a backlog for an amount of €40 million for which an amortization of €5.8 million has been expensed and presented within 'amortization other intangible assets'. Other intangible assets have been acquired for which the purchase accounting is provisional (see note 6).
In 2022 and 2021 no other changes were made in the useful life, amortization methods or the residual values of the Other intangible assets.

15 Property, plant & equipment

Property, plant & equipment is measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the assets.

Subsequent costs are recognized in the carrying amount of Property, plant & equipment if it is probable that future economic benefits will be obtained. The costs of day-to-day servicing of property, plant & equipment are expensed as incurred.

Depreciation, based on the cost of an asset less its residual value, is recognized in profit or loss on a straight-line basis over the estimated useful life. The estimated useful life of Property, plant & equipment vary according to their respective categories, as shown in the table hereafter.

Category	Years
Land	Not depreciated
Buildings	30 - 40
Furnitures and fixtures	5 - 10
(IT) equipment	5 - 10
Property, plant and equipment under development	Not depreciated (yet)

Depreciation methods and useful life, as well as residual values, are reassessed annually. When parts of an item of Property, plant & equipment have different useful life, they are accounted for as separate items (major components) of Property, plant & equipment.

Gains on the sale of an item of Property, plant & equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, plant & equipment and are recognized within Other income in the Consolidated income statement. Losses on the sale of an item of Property, plant & equipment are recognized within Other operational costs in the Consolidated income statement.

The determination of impairment of Property, plant & equipment involves the use of estimates. The recoverable amount is determined by discounting the estimated future cash flows to present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. The identification of impairment indicators, as well as the estimation of future cash flows, discount rates and the determination of the fair value for the assets requires management to make significant judgements.

In 2021 and 2020 no changes were made in the useful lives, depreciation methods and the residual values of Property, plant & equipment elements that materially impacted the Company. No properties were registered as security for bank loans.

In € thousands	Land and Buildings	Furniture and fixtures	IT equipment	Property, Plant and Equipment under development	Total
Cost	56,487	103,016	101,721	7,354	268,578
Accumulated depreciation	(37,936)	(65,206)	(81,304)	-	(184,446)
Balance at 31 December 2020	**18,551**	**37,810**	**20,417**	**7,354**	**84,132**
Additions	389	13,395	16,400	-	30,184
Acquisitions/ (divestments)	-	-	-	-	-
Disposals	(1,743)	(4,794)	(695)	(1,163)	(8,395)
Reclassifications	50	325	1,463	(1,282)	556
Depreciation charges	(4,936)	(11,375)	(11,169)	-	(27,480)
Exchange rate differences	1,020	1,277	926	331	3,554
Movement 2021	**(5,220)**	**(1,172)**	**6,925**	**(2,114)**	**(1,581)**
Cost	56,202	113,219	119,815	5,241	294,477
Accumulated depreciation	(42,872)	(76,581)	(92,473)	-	(211,926)
At 31 December 2021	**13,331**	**36,638**	**27,342**	**5,240**	**82,551**
Additions	7,150	10,126	17,086	2,551	36,913
Acquisitions/ divestments	16,456	6,044	3,596	(39)	26,057
Disposals	(32)	(3,543)	(681)	(186)	(4,442)
Reclassifications	383	(1,166)	4,550	(3,521)	246
Depreciation charges	(4,844)	(11,392)	(15,226)	-	(31,462)
Exchange rate differences	(613)	6	(30)	264	(373)
Movement 2022	**18,500**	**75**	**9,295**	**(931)**	**26,939**
Cost	79,547	124,686	144,336	4,309	352,878
Accumulated depreciation	(47,716)	(87,973)	(107,699)	-	(243,388)
At 31 December 2022	**31,831**	**36,713**	**36,637**	**4,309**	**109,490**

For more details on acquisitions and divestments, go to note 6.

16 Right-of-use assets and lease liabilities

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed when the Group has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

Contracts may contain both lease and non-lease components. The Group allocates the consideration to these components based on its relative stand-alone prices. Non-lease components are not included in the right-of-use asset and lease liability but accounted for separately.

Right-of-use assets
At commencement of a lease, the Group measures right-of-use assets initially at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The cost of the right-of-use assets comprise the following:
- Amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received at or after the commencement date;
- Any initial direct costs; and
- Restoration costs i.e estimate of the costs to be incurred for dismantling, removal and/ or restoration to the conditions required by the terms of the lease.

See note 29 for the accounting policy on provisions for right-of-use assets (restoration provisions).

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities
Lease liabilities are initially measured at the present value of the future lease payments that are not paid at the commencement date discounted using an implicit rate of interest, unless this cannot readily be determined, in which case an incremental borrowing rate is used. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate or the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Judgment is applied to determine the lease term for some lease contracts in which it is a lessee that include renewal and termination options. The assessment of whether the Group is reasonably certain to exercise such option impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized. At reporting date all facts and circumstances are considered that create an economic incentive in determining whether it is reasonably certain that an extension or termination option will be recognized. Changes in the estimate are recognized prospectively.

Incremental Borrowing Rate
The Incremental Borrowing Rate (IBR) is determined based on a build-up approach, whereby each category of leases has an IBR based on the country (and currency) of the lessee and the lease term.

Lease incentives
Lease incentives are deducted from the right of use assets if received before the commencement date of the lease; they are deducted from the lease liability if received at or after the commencement date of the lease.

Amounts received for leasehold improvements are depreciated over a period not longer than the lease term.

Short-term and low value leases
Payments associated with short-term and/or low value leases are recognized on a straight-line basis as an expense in profit or loss.

As a lessor
The Group sub-leases some of its buildings, although not significant. The head leases are presented in the right-of-use assets and the sub-lease contracts are treated as operating leases under IFRS 16. Income from sub-leases is presented in Other income, see note 8.

Rent concessions
Rent concessions are accounted for as lease modifications by the Group.

This note provides information for leases where the Group is a lessee.

Leasing activities

The Group's lease portfolio consists of almost 2,504 active lease contracts at 31 December 2022 (2021: 2,500), mainly related to real-estate lease contracts and vehicles. Approximately 92% of the value of the lease liability is from land and buildings.

Lease terms

Lease terms are generally negotiated locally, with support from the Global Workplace director and/or regional real estate or procurement teams where needed. Contracts are negotiated on an individual basis and contain a wide range of terms and conditions, such as early termination clauses and renewal rights. They may contain both lease and non-lease components, whereby the Group has elected not to include the service element in leases (e.g. fuel, insurance) in the right-of-use asset and lease liability.

Termination clauses and renewal rights are included in several real estate leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a renewal right, or not exercise a termination clause. Both extension and termination options are however only included in the lease term if it is reasonably certain that a lease will be extended or terminated.

Factors that are considered in terminating or renewing leases include amongst others:

- Significant penalties involved;
- Leasehold improvements made with a significant remaining value; and
- Costs and business disruption required to replace a leased asset.

An amount of €19 million (2021: €33 million) extension and/or renewal options are included in the Group's lease liability at 31 December 2022 reflecting that the Group could not replace leased assets without significant cost or business disruption.

As at 31 December 2022, potential future cash outflows of €164 million (undiscounted) (2021: €116 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). During 2022 the financial impact of the reassessment of reasonable certainty led to a decrease in recognized lease liabilities and right-of-use assets of €5.5 million (2021: €7.3 million).

If the leased asset is abandoned, the depreciation of the Right-of-use asset needs adjustment as of the date the lessee makes the decision to abandon the asset, so that as of the cease use date, the carrying amount of the Right-of-use asset is zero. Assuming there are no changes in the lease payments, the lease liability will remain the same.

There were no leases abandoned during the year. Right-of-use assets with a carrying value of €1.8 million were abandoned in 2021 and therefore were fully depreciated. The remaining lease liabilities for the abandoned leases amount to €0.8 million (2021: €1.6 million).

The Group does not have leases with variable lease payments and does not provide residual value guarantees.

Maturity profile

The undiscounted value of lease commitments as at 31 December 2022 amounts to €339.9 million (2021: €277.3 million) and the maturity is as shown in the table below.

Maturity	2022	2021
0 - 1 Year	74,488	64,191
1 - 2 Year	60,473	51,813
2 - 3 Year	50,024	39,297
3 - 4 Year	41,151	28,415
4 - 5 Year	34,279	21,557
> 5 Year	79,478	72,020
Total	**339,893**	**277,293**

The undiscounted maturity of all sub-leasing contracts at 31 December 2022 amounts to €0.3 million (2021: €0.1 million) and is not material for the Group.

Amounts recognized in the Consolidated balance sheet

Right-of-use assets

The following right-of-use assets are recognized in the balance sheet:

	Leased land and buildings	Leased furnitures and fixtures	Leased (IT) equipment	Leased vehicles	Total
Balance at 31 December 2020	**225,966**	**687**	**5,269**	**24,028**	**255,950**
Additions and remeasurements	25,460	48	5	9,830	35,343
Depreciation charges	(54,200)	(273)	(1,066)	(11,145)	(66,684)
Acquisitions/ divestments	-	-	-	-	-
Derecognitions	(5,152)	(44)	7	(682)	(5,871)
Exchange rate differences	12,631	16	(2,713)	315	10,249
Movement 2021	**(21,261)**	**(253)**	**(3,767)**	**(1,682)**	**(26,963)**
At 31 December 2021	**204,705**	**434**	**1,502**	**22,346**	**228,987**
Additions and remeasurements	40,118	(69)	52	7,947	48,048
Depreciation charges	(55,230)	(159)	(1,144)	(10,801)	(67,334)
Acquisitions/ divestments	66,848	80	1,016	(156)	67,788
Derecognitions	(277)	(36)	-	(84)	(397)
Exchange rate differences	(1,720)	22	48	171	(1,479)
Movement 2022	**49,739**	**(162)**	**(28)**	**(2,923)**	**46,626**
At 31 December 2022	**254,444**	**272**	**1,474**	**19,423**	**275,613**

Right-of-use assets increased mainly due to acquisitions of IBI and DPS (see note 6) and new lease contracts partially offset by depreciation during the year.

Lease liabilities and restoration provisions

The following lease liabilities and restoration provisions (see also note 29) are recognized in the balance sheet:

In € thousands	2022	2021
Balance at 1 January	**255,015**	**278,357**
Additions and remeasurements	48,380	29,009
Payments	(70,610)	(68,850)
Acquisitions/ disposals	69,191	-
Interest	7,263	6,618
Exchange rate differences	(1,477)	9,881
Balance at 31 December	**307,762**	**255,015**
Current	71,815	62,506
Non-current	235,947	192,509
Total	**307,762**	**255,015**

Lease liabilities increased mainly due to acquisitions of IBI and DPS (see note 6) and new lease contracts partially offset by payments during the year.

Amounts recognized in the Consolidated income statement

In € thousands	2022	2021
Depreciation	67,334	66,684
Interest expense (included in Net finance expense)	7,263	6,618
Other operational costs for short-term leases	4,128	1,601
Other operational costs for low-value leases	301	65
Other operational costs for loss on derecognition lease	-	42
Other income for gain on derecognition lease	(301)	(1,852)
Other income from sub-leasing	(139)	-
Total	**78,586**	**73,158**

In limited cases the Group acts as a lessor by sub-leasing (part of) a building. Such lease income, amounting to 0.1 million in 2022 (2021: nil), is recognized in Other income, see note 8.

Gains or losses on the derecognition of leases amounted to €0.3 million gain (2021: €1.8 million gain). No impairments have been recognized.

17 Investments accounted for using the equity method

Joint arrangements

Investments in joint arrangements are classified as either joint ventures or joint operations. The classification depends on the contractual rights and obligations, rather than the legal structure of the joint arrangement.

Joint ventures are joint arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint ventures are accounted for using the equity method, where interests in joint ventures are initially recognized at cost, including transaction cost. Subsequently the Group's share of the profit or loss and movements in other comprehensive income are included in the Consolidated financial statements, whereby the calculation is based on the Group's accounting policies. When the Group's share of losses in a joint venture equals or exceeds its interest in a joint venture, the Group does not recognize further losses.

Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operations are accounted for the Group's direct rights to the assets, liabilities, revenues and expenses of the joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These are combined on a line-by-line basis with corresponding items in the Group's financial statements.

Associates

Associates are those entities in which the Group has significant influence, but no control over financial and operating policies. Significant influence is presumed to exist when the Group holds more than 20% of the voting power of the entity. Associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. Initially, investments in associates are recognized at cost, including transaction cost. Goodwill identified on the acquisition of the associate is included in the carrying amount of the investment.

The Consolidated financial statements include the Group's share of the net profit or loss and other comprehensive income of the associates, after adjustments to align the accounting policies with those of the Group. The application of the equity method is applied to loans that form part of a Net investment. Loans to associates are carried at amortized cost less any expected credit losses. The Group applies the Expected Credit Loss model to loans that form part of the Net investment, before recognizing its share of losses from application of the equity method on these loans.

Investments in associates and joint ventures

The nature of business of the Group's associates and joint ventures are similar. They provide comprehensive knowledge-based consultancy, design, engineering and management services in the area of infrastructure, water, environment and buildings. The most significant investments in associates and joint ventures are listed below.

Name of entity	Place of business/ country of incorporation	Associate/ joint venture	% of ownership interest 2022	% of ownership interest 2021
Geodynamique et Structure S.A.	France	Associate	48.68%	48.68%
Asset Rail B.V.	Netherlands	Associate	40.00%	40.00%
CARE/RTKL Ltd	Saudi Arabia	Joint venture	45.00%	45.00%
Stroomdal I	Netherlands	Joint venture	50.00%	50.00%
TECHT Ltd	United Kingdom	Joint venture	50.00%	50.00%

The movement in associates and joint ventures in the Consolidated balance sheet is as follows:

In € thousands	Associates 2022	Associates 2021	Joint ventures 2022	Joint ventures 2021	Total 2022	Total 2021
Balance at 1 January	**17,594**	**6,262**	**1,250**	**1,638**	**18,844**	**7,900**
Share in result by Arcadis	2,157	11,770	(568)	(534)	1,589	11,235
Investments	-	3	1,695	112	1,695	115
Divestments	-	-	-	-	-	-
Received dividends	(10,268)	(400)	(263)	(41)	(10,531)	(441)
Expected Credit loss	-	-	-	-	-	-
Exchange rate differences	21	(41)	15	75	36	35
Balance at 31 December	**9,504**	**17,594**	**2,129**	**1,250**	**11,633**	**18,844**

There are no loans to associates or joint ventures outstanding as at 31 December 2022 (2021: nil).

The joint ventures have share capital consisting solely of ordinary shares, which are held indirectly by the Group, and are non-listed shares. As such there is no available quoted market price for the shares. The Group has no contingent liabilities relating to interests in joint ventures at 31 December 2022 (2021: nil).

The €11.8 million result from associates in 2021 was impacted by a favorable outcome of a commercial arbitration which resulted to €10.3 million dividend received in 2022.

18 Other investments

Other investments relate to interests in companies over which the Group has no significant influence nor control. Other investments are accounted for at fair value through profit or loss.

In € thousands	2022	2021
Balance at 1 January	**2,152**	**2,048**
Investments	1,227	287
Acquisitions through business combination	1,603	-
Divestments	(1,137)	-
Fair value changes	(180)	(64)
Others	-	-
Dividends paid	-	(194)
Exchange rate differences	(56)	75
Balance at 31 December	**3,609**	**2,152**

The other investments at 31 December 2022 mainly corresponds to:

- Value of the investment in the Techstars cohorts for €1.8 million (2021: €1.6 million).
- Value of investment in Switch Energy for €1.1 million, acquired through IBI Group business combination.

A level 3 valuation was used to determine the fair value. Due to the inherent uncertainty of valuation of privately held companies, the fair value may however differ from what would have been used had a readily available market existed for all companies.

19 Derivatives

General

The Group uses derivatives in order to hedge the exposure to foreign exchange risks and interest rate risks arising from operational, financing and investment activities. Derivatives to be used for hedging purposes can include forward foreign exchange rate contracts, foreign exchange swaps and interest rate swaps and a combination of those, such as cross-currency interest rate swaps. The Group does not hold or issue derivatives for trading purposes. Hedge accounting is applied for cash flow hedges related to forecasted transactions and fair value hedges.

Measurement and recognition

All derivative financial instruments are initially recognized at fair value. Attributable transaction costs are recognized in profit or loss when incurred. Subsequently, derivatives are measured at fair value derived from market prices of the instruments or valuation techniques, with the fair value changes recognized in profit or loss, unless hedge accounting is applied. A gain or loss on remeasurement to the fair value of the interest rate derivatives is recognized in profit or loss under fair value change of derivatives. The fair value changes of forward foreign exchange contracts are recognized in operating income. The carrying values of the derivatives are recognized in the balance sheet as derivatives, which can be classified as current or non-current assets or liabilities, depending on the maturity of the contracts.

Hedge accounting

For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss. In specific cases hedge accounting is applied for cash flow hedges. In that case, the effective part of the fair value change of those derivatives is deferred in Other comprehensive income and presented in the hedging reserve in Equity. The hedging reserve includes the cash flow hedge reserve and the costs of hedging. Changes in the fair value of the currency basis since the inception of the hedging relationship will be deferred into a separate component of Other comprehensive income.

The amount recognized in Other comprehensive income as cash flow hedge reserve is released to the related lines in profit or loss at the same time as the hedged cash flows affect profit or loss. Any ineffective portion of change in the fair value of the derivatives is included in profit or loss immediately.

At inception of the hedge, the relationship between the hedging instrument and the hedged item is documented – including the risk management objectives, strategy of undertaking the hedge transaction, the hedged risk – and, in case of hedge accounting, the methods that will be used to assess the effectiveness of the hedge. Both at the inception of the hedge and at each reporting date, the Group makes an assessment whether the derivatives used are highly effective in offsetting changes in fair values of the cash flows of the hedged items.

The economic relationship between the hedging instrument and the hedged item is, amongst others, determined based upon matching notional amounts, a minimal fair value of the hedging instrument at inception, matching the underlying hedged risk (interest benchmark rate or currency pair), matching repricing and payment dates and an assessment of the likelihood of default of the hedging counterparty. Sources of ineffectiveness can, amongst others, be driven by movements in the credit spread of Arcadis and the relevant hedging counterparty, mismatch of payment flow frequencies, mismatch of interest conditions, such as interest floors and possible changes to the critical terms of the economic relationship.

When a derivative ceases to be highly effective or in case of early redemption of the hedged item, hedge accounting is discontinued prospectively. When a cash flow hedge relationship is terminated, the fair value changes deferred in the cash flow hedging reserve in equity are released to profit or loss under the fair value change of derivatives only when the hedged transaction is no longer expected to occur. Otherwise, these fair value changes will be released to profit or loss at the same time as the hedged item.

Fair value
A fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of derivatives is determined by using valuation models that incorporate various inputs, such as forward interest rate curves and the credit worthiness of counterparties. The methods and assumptions used to estimate the fair value are consistent with the prior year.

The fair value of derivatives held by the Company as at the balance sheet date is presented in the table below:

	Assets		Liabilities		Total	
In € thousands	2022	2021	2022	2021	2022	2021
Interest rate derivatives:						
Current	-	-	2,401	-	(2,401)	-
Non-current	-	1,297	-	-	-	1,297
Foreign exchange derivatives:						
Current	15,943	5,810	19,503	4,836	(3,560)	974
Non-current	-	-	-	-	-	-
Total	**15,943**	**7,107**	**21,904**	**4,836**	**(5,961)**	**2,271**

See note 32 for the Group Treasury policy and the valuation techniques used for the derivatives. Group Treasury is consulted by entities for alignment of hedge accounting with the Group Treasury policy guidelines and assisted with documentation of the hedge relationship, derivatives valuations and effectiveness testing.

As per 31 December 2022, the Group has €40.0 million (notional amount) of fixed-to-floating cross currency swaps to manage the currency and interest rate risk of a subsidiary. The market value of these derivatives at 31 December 2022 was €2.4 million negative (2021: €1.3 million positive) and hedge accounting is applied on these derivatives. These fixed-to-floating cross currency swaps mature in October 2023.

Effects of hedge accounting on the financial position and performance

In € thousands	2022	2021
Cross currency interest rate swaps		
Notional amount	40,000	40,000
Maturity date	2023	2023
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments	(3,777)	(3,665)
Change in value of hedged item used to determine hedge effectiveness	3,921	3,624
Ineffectiveness	(37)	(132)

During 2022, the Group hedged currency exposures related to transactions in currencies other than the functional currency for subsidiaries by way of foreign exchange forward rate contracts in order to minimize volatility in the operating income of these subsidiaries due to changes in foreign exchange rates. In addition, foreign currency corporate balance sheet positions arising due to foreign currency receivables, payables and loan balances were hedged by way of foreign exchange forward rate contracts and foreign exchange swaps. Also during 2022, the group specifically hedged the CAD purchase price for the acquisition of IBI Group.

The movements in fair value of all derivatives are shown in the table below:

In € thousands	2022	2021
Balance at 1 January	**2,271**	**4,651**
Changes in Income statement	(3,574)	706
Changes through Other comprehensive income	129	455
Cash settlement derivatives	(2,549)	(3,984)
Exchange rate differences	(2,238)	443
Balance at 31 December	**(5,961)**	**2,271**

The change in fair value of derivatives recognized in profit or loss is €0.6 million negative (2021: €0.8 million negative) together with foreign exchange results of €4.3 million negative (2021: €0.8 million positive) also flowing through profit or loss. Hence the overall profit or loss effect of foreign exchange contracts and derivatives amounts to €4.9 million negative (2021: €0.0 million negative).

Hedging reserve

The total (after-tax) amount included in Other comprehensive income, on the line hedging reserve within equity, can be specified as follows:

In € thousands	2022	2021
Interest rate derivatives	395	106
Foreign exchange derivatives (classified as cash flow hedges)	269	269
Cost of hedging reserve	114	274
Total	**778**	**649**

20 Other non-current assets

Other non-current assets are non-derivative financial assets and include long-term receivables (due for settlement after one year). Long-term receivables are initially recognized at fair value plus any directly attributable transaction costs. Subsequently these assets are held at amortized cost, using the effective interest method and net of any impairment losses.

In € thousands	2022	2021
Balance at 1 January	**22,213**	**22,581**
New receivables	3,515	6,194
Acquisitions through business combination	3,203	-
Received	(6,767)	(3,987)
Exchange rate differences	686	1,186
Reclassification to short term	(1,961)	(3,761)
Balance at 31 December	**20,889**	**22,213**

Other non-current assets include long-term receivables of €9 million (2021: €11 million) related to the deferred compensation plan in the United States of America operating company, see note 28 for further details. The remaining amount consists of various other long-term receivables such as rental deposits, judicial deposits and retentions.

21 Trade receivables

Trade receivables include amounts billed to customers for work performed but not yet paid by the clients, and which are expected to be collected within a year after reporting date. Trade receivables are initially measured at fair value, which normally represents the consideration the Company expects to receive within the payment term (invoice amount excluding costs collected on behalf of third parties, such as sales taxes). Subsequently Trade receivables are measured at the consideration expected to be collected.

The Company uses the Expected Credit Loss (ECL) model. Trade receivables are reviewed for collectability on a case-by-case basis at regular intervals. If a Trade receivable is considered credit impaired (e.g. the customer has failed to make a payment when contractually due) the expected loss is determined as the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of expected future cash flows discounted at the effective market interest rates.

A simplified approach is applied that uses a lifetime expected loss allowance to recognize losses for possible impairment of Trade receivables that are not individually impaired yet. The Expected Credit Loss is recognized in Other operational costs.

In € thousands	2022	2021
Trade receivables	799,117	572,951
Provision for trade receivables (individually impaired bad debt)	(53,702)	(52,497)
Provision for trade receivables (Expected Credit Loss)	(790)	(689)
Receivables from associates	2,767	2,090
Total at 31 December	**747,392**	**521,855**

Of the total gross Trade receivables, approximately 6% is subject to a so-called 'paid-when-paid' clause (2021: 11%). They are classified as current as Arcadis expects to collect the amounts within one year. Further information about Arcadis' exposure to credit risk is included below and in note 32.

Ageing of Trade receivables

	2022			2021		
In € thousands	Gross Receivables	Provision bad debt	Provision ECL	Gross Receivables	Provision bad debt	Provision ECL
Not past due	509,257	(3,310)	(329)	386,174	(4,218)	(244)
Past due 0-30 days	86,360	(953)	(32)	65,439	(1,314)	(33)
Past due 31-60 days	49,840	(1,878)	(10)	28,408	(906)	(18)
Past due 61-120 days	33,093	(374)	(77)	17,622	(607)	(12)
Past due 121-364 days	48,349	(4,662)	(224)	22,570	(5,756)	(12)
More than 364 days due	72,218	(42,525)	(118)	52,738	(39,696)	(370)
Total	**799,117**	**(53,702)**	**(790)**	**572,951**	**(52,497)**	**(689)**

Individual assessments, in combination with the fact that the actual write-offs of trade receivables in recent years did not cause us to expect that the provision should be significantly higher, resulted in the conclusion that the provision for bad debt is sufficient to cover for Trade receivables for which there is objective evidence of an impairment.

Provision for Trade receivables

The total provision for Trade receivable includes the Expected Credit Loss for individually non-impaired items (stage 1 and 2) and individually credit impaired items (stage 3). To apply the simplified approach to the "healthy" portfolio, Arcadis grouped the Trade receivables by country and the days past due. No specific measures were taken by the Group to extend credit terms for customers. The expected loss rate for the stage 1 and 2 losses is based on the country risk and varies from 0.00% to 0.49% for positions less than 90 days past due and up to 2.73% for items past due more than 90 days.

The total provision for Trade receivables developed as follows:

In € thousands	2022	2021
Balance at 1 January	**53,186**	**51,660**
Acquisitions/ (divestments)	2,359	-
Additions charged to profit or loss	2,885	8,333
Release of unused amounts	(2,467)	(5,551)
Remeasurement Expected Credit Loss	101	57
Utilizations	(2,631)	(3,977)
Exchange rate differences	1,059	2,664
Balance at 31 December	**54,492**	**53,186**

22 Contract assets and liabilities

When revenue (cost for contract work performed to date plus recognized profits) exceeds the progress billings, the surplus is shown as a Contract asset (unbilled receivables). When progress billings exceed the revenue (cost for contract work performed to date plus recognized profits), the balance is shown as a Contract liability (billing in excess of revenue). Recognized loss provisions are separately presented as Provision for onerous contracts. Contract assets, Contract liabilities and the related Provision for onerous contracts are together generally also referred to as Work in progress.

Contract assets are subject to the Expected Credit Loss (ECL) model. Arcadis applies a simplified approach that uses a lifetime expected loss allowance to recognize losses for possible impairment, in line with the accounting for Expected Credit Loss on Trade receivables. The Expected Credit Loss is recognized in Other operational costs.

For further details on the recognition of Contract assets, Contract liabilities and the Provision for onerous contracts see the revenue accounting policy in note 6.

The balances of Contract assets and Contract liabilities, as well as the Provision for onerous contracts (see also note 29), are as follows:

	2022				2021			
In € thousands	Contract assets	Contract liabilities	Provision for onerous contracts	Net position	Contract assets	Contract liabilities	Provision for onerous contracts	Net position
Cumulative revenue	6,407,534	5,310,863	-	11,718,397	4,977,727	4,239,210	-	9,216,937
Loss provisions	-	-	(24,228)	(24,228)	-	-	(26,092)	(26,092)
Expected Credit Loss allowance	(83)	-	-	(83)	(530)	-	-	(530)
Billings to date	(5,762,592)	(5,792,735)	-	(11,555,327)	(4,476,929)	(4,619,997)	-	(9,096,926)
Total	**644,859**	**(481,872)**	**(24,228)**	**138,759**	**500,268**	**(380,787)**	**(26,092)**	**93,389**

Advances received and retentions held by clients reported as part of Contract assets and liabilities amount to:

In € thousands	2022	2021
Amount of advances received	423	363
Amount of retentions held by clients	3,807	6,014

Advances received relate to advance payments received from clients on projects not yet started. Retentions relate to amounts retained by clients which will be paid to the Company after successful completion of the contract. The outstanding retentions recognized as part of the Contract assets and liabilities are expected to be collected within a year; an amount of €1.6 million (2021: €2.1 million) of retentions have been recognized as 'Other non-current assets' (see note 20).

Expected Credit Loss allowance

The Expected Credit Loss allowance developed as follows:

In € thousands	2022	2021
Balance at 1 January	**1,459**	**39**
Remeasurement Expected Credit Loss	(1,376)	1,420
Balance at 31 December	**83**	**1,459**

23 Assets classified as held for sale

In accordance with IFRS 5, non-current assets and disposal groups are classified as 'held for sale' when the following criteria are met:

- Management is committed to a plan to sell
- The asset is available for immediate sale
- An active program to locate a buyer is initiated
- The sale is highly probable within twelve months of classification as held for sale
- The asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- Actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn

Immediately prior to classification as held for sale, the assets or groups of assets are measured at carrying value. Subsequently, assets and disposal groups classified as held for sale are valued at the lower of book value or fair value less disposal costs. Assets held for sale are not depreciated.

At 31 December 2022, non-current assets and disposal groups that meet the criteria of Asset held for sale amount to nil (2021: €0.1 million).

24 Other current assets

Other current assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequently these assets are held at amortized cost, using the effective interest method and net of any impairment losses.

In € thousands	2022	2021
Other receivables	16,672	16,703
Prepaid expenses	57,284	39,881
Balance at 31 December	**73,956**	**56,584**

Other receivables are non-trade receivables and include, among others, deposits, claims to be received, interest to be received and short-term loans/prepayments to personnel.

Prepaid expenses mainly include prepayments of IT service contracts, rent and insurances. The year 2022 was impacted by prepayments on multi-year software licenses.

25 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits maturing within three months from the acquisition date and used by the Company in managing its short-term commitments. For cash flow reporting purposes bank overdrafts are included in Cash and cash equivalents.

Cash and cash equivalents at the balance sheet date can be specified as below.

In € thousands	2022	2021
Bank and cash	240,256	322,842
Deposits	32,498	28,161
Balance at 31 December	**272,754**	**351,003**
Bank overdrafts used for cash management purposes	(15,156)	(91)
Cash and cash equivalents less bank overdraft	**257,598**	**350,912**

The average effective interest rate earned on cash during 2022 was 1.5% (2021: 0.3%). At 31 December 2022, €243.2 million of Cash and cash equivalents was freely available (2021: €320.6 million).

Restricted cash amounting to €29.6 million is composed of cash balances mainly held in China and Middle East (2021: €30.4 million). The Group has control over these balances; however, repatriation may be limited due to restrictive local regulatory and judicial requirements or high costs involved. As a result, the cash balances of some countries cannot be fully included in the global cash pooling or liquidity enhancement structures. In line with industry practice, the Company considers cash outside of global cash pooling or liquidity enhancement structures to be restricted if the Group is unable to repatriate cash within a defined period via either dividends, intercompany loans or settlement of intercompany invoices.

At 31 December 2022, the cash balance of the captive insurance company named White Rock Insurance (Netherlands) Pcc Limited was €19.7 million (2021: €15.6 million).

At 31 December 2022, Cash and cash equivalents and Bank overdrafts have not been offset (2021: nil). The bank overdraft at 31 December 2022 of €15.2 million is mainly within DPS Group.

26 Equity attributable to equity holders

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and rights to acquire shares are recognized as a deduction of equity, net of any tax effects.

Priority shares and preference shares are classified as equity since these are non-redeemable, or only redeemable at the Company's option. Dividends on these shares are recognized as distributions within equity.

Repurchase of shares
When share capital is repurchased, the consideration paid, including directly attributable costs net of any tax effects, is deducted from equity. Repurchased shares (treasury shares) are presented as a deduction from total equity. When treasury shares are sold or reissued, subsequently any amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Dividends
Dividends are recognized as a liability in the period in which they are declared.

Number of shares	Authorized share capital	Issued and paid-up capital
2022		
Ordinary shares (120,000,000, nominal value €0.02)	2,400,000	1,808,842
Cumulative preferred (protective) shares (150,000,000, nominal value €0.02)	3,000,000	-
Cumulative financing preferred shares (30,000,000, nominal value €0.02)	600,000	-
Priority shares (600, nominal value €0.02)	12	12
Total as at 31 December	**6,000,012**	**1,808,854**

The development of the number of shares issued/outstanding during 2021 and 2020 are presented in the table below.

Number of shares	Ordinary shares	Priority shares	Treasury stock	Total issued shares
At 1 January 2021	**90,118,714**	**600**	**323,377**	**90,442,691**
Shares issued (stock dividend)	616,854	-	-	616,854
Shares cancelled	-	-	(616,854)	(616,854)
Repurchased shares	(2,316,830)	-	2,316,830	-
Exercised shares and options	590,501	-	(590,501)	-
At 31 December 2021	**89,009,239**	**600**	**1,432,852**	**90,442,691**
Shares issued (stock dividend)	-	-	-	-
Shares cancelled	-	-	-	-
Repurchased shares	-	-	-	-
Exercised shares and options	563,335	-	(563,335)	-
At 31 December 2022	**89,572,574**	**600**	**869,517**	**90,442,691**

Priority shares

Total number of outstanding priority shares at 31 December 2022 is 600 (2021: 600). In 2022, no preferred (protective) shares or financing preference shares were issued or outstanding.

The priority shares have been issued since 1987 and are all held by Stichting Prioriteit Arcadis NV; a foundation with its corporate seat in Arnhem. Special rights under the Articles of Association of Arcadis NV linked to these priority shares concern decision making related to, among others:
- The issuance, acquisition and disposal of shares in the Company;
- Amendments to the Articles of Association;
- The dissolution of the Company and the filing for bankruptcy;
- The entry into or termination of long-term cooperative ventures of substantial significance; and
- Investments (including entering into participations) for an amount equal to at least 25% of the shareholders' equity.

Pursuant to the articles of association of the Priority Foundation, the Board of the Stichting Prioriteit Arcadis NV consists of twenty (20) board members (with seven (7) vacancies at 31 December 2022): seven (7) members of Arcadis' Supervisory Board, two (2) members of Arcadis' Executive Board, one (1) member of the Executive

Leadership Team and all ten (10) members from the Board of Stichting Bellevue (a foundation seated in Amsterdam, whose board members are appointed by and from the international employees of the Group).

Cumulative Preferred (Protective) Shares

Currently no cumulative preferred (protective) shares have been issued. However, an option agreement to acquire such shares has been entered into between Stichting Preferente Aandelen Arcadis NV (the 'Preferred Stock Foundation') and Arcadis NV under that agreement. The Preferred Stock Foundation has been granted the right to acquire protective shares up to a maximum equal to the number of outstanding shares at the date in question (call option).

The Board of the Preferred Stock Foundation consists of three (3) members appointed by the Board itself. The Chairman (or another member) of the Supervisory Board and the CEO (or the other member of the Executive Board) will be invited to attend the board meetings of this foundation. This will not apply if a decision is to be made on the exercise of the option right or the exercise of voting rights on acquired shares.

Cumulative financing preferred shares

Since 2002, the Articles of Association of Arcadis NV include the possibility to issue cumulative financing preferred shares. Currently, no such shares have been issued.

Agreements with shareholders

The Articles of Association of Stichting Lovinklaan stipulate that their Articles of Association cannot be amended without prior approval of Stichting Prioriteit Arcadis NV. In a separate agreement between Stichting Prioriteit Arcadis NV and Stichting Lovinklaan it is stipulated that prior approval of Stichting Prioriteit Arcadis NV is required for any resolution concerning the disposal or transfer of shares in Arcadis NV if, as a result of such resolution the number of shares held by Stichting Lovinklaan will drop below 12,000,000 (number of shares held at 31 December 2022: 16,444,904).

Issuance of shares

The General Meeting decides, with the approval of the Supervisory Board and Stichting Prioriteit Arcadis NV, about the issuance of shares or grant of rights to acquire shares. The General Meeting can also delegate its authority to issue shares, or part thereof, to the Executive Board. As long as any such delegation stands, the General Meeting cannot decide to issue. No shares were issued in 2022 (2021: 616,854).

Purchase of shares

As mandated by the General Meeting of Shareholders and with approval from the Supervisory Board and Stichting Prioriteit Arcadis NV, the Executive Board may purchase fully paid-up shares in Arcadis NV. The mandate is not needed in case the shares are purchased to be transferred to employees and to fulfill commitments for stock dividend. As a result of its Long-Term Incentive Plan(s) or related arrangements, Arcadis needs to provide shares to persons working for Arcadis. The intention is to minimize dilution by purchasing (a portion of) the shares needed for such Long-Term Incentive Plan(s) (or related arrangements), as opposed to issuing new shares.

The following numbers of shares were repurchased over the past five years:

Year	Number of shares	Price at time of purchase (in €)
2018	580,958	16.61 to 20.06
2019	850,000	13.82 to 17.59
2020	504,386	12.30 to 27.96
2021	2,316,830	27.58 to 40.24
2022	-	-

The repurchased shares are to cover for the vesting/exercise of shares and options granted and commitment for stock dividend. The cash equivalent of the temporary repurchased shares are deducted from Retained earnings.

Of the purchased shares, a total number of 563,335 has been placed back in the market through the exercise of options in 2022 (2021: 590,501). Net proceeds included in Retained earnings amounted to €1.3 million (2021: €6.2 million).

At 31 December 2022, the number of repurchased shares in stock (treasury stock) amounted to 869,517 (2021: 1,432,852).

The number of outstanding ordinary shares over the past five years developed as follows:

Year	1 January	Issued shares	Repurchased shares	Reissued shares	31 December
2018	86,463,058	1,608,094	(580,958)	221,133	87,711,327
2019	87,711,327	1,426,786	(850,000)	757,115	89,045,228
2020	89,045,228	-	(504,386)	1,577,872	90,118,714
2021	90,118,714	616,854	(2,316,830)	590,501	89,009,239
2022	89,009,239	-	-	563,335	89,572,574

Share premium

Share premium represents the premium paid in excess of the par value of shares at the time of the issuance of new shares or exercise of share options.

Translation reserve

Translation reserve (a statutory reserve) comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. €5.6 million was added to the Translation reserve in 2022 (2021: €62.8 million).

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. An amount of €0.1 million was added to the Hedging reserve in 2022 with nil tax effect on the same (2021: €0.5 million and €0.1 million tax, respectively).

Retained earnings

The Executive Board proposes, with the approval of the Supervisory Board, which part of the profit shall be reserved. The remaining part of the profits shall be at the disposal of the General Meeting of Shareholders and may be distributed as dividend. The holder of the priority shares is entitled to a dividend of 5% of the par value of the priority shares, prior to any dividend distribution being made. On these shares no further distributions shall be made.

Profit allocation

The profit attributable to the equity holders of the Company over fiscal year 2022 amounts to €135.5 million. The Executive Board, with the approval of the Supervisory Board, proposes to deduct an amount of €69.2 million from the retained earnings and to present for approval to the General Meeting of Shareholders its proposal to distribute a dividend amount of €66.3 million, which represents a dividend of €0.74 per ordinary share (2021: €0.70). Of the total Retained earnings, an amount of €9.6 million of legal reserves is restricted in distribution (2021: €9.6 million). See note 45 to the Company financial statements for further details.

27 Non-controlling interests

Non-controlling interests represent the net assets which are not held by the Company and are presented within total equity in the Consolidated balance sheet as a separate category. Profit or loss and each component of Other comprehensive income are attributed to the equity holders and to the non-controlling interests.

The movements in non-controlling interests are specified below.

In € thousands	2022	2021
Balance at 1 January	(1,148)	**(1,237)**
Share in profit for the year	(533)	337
Dividends to non-controlling shareholders	(217)	(133)
Acquisitions/ (divestments)	(26)	-
Exchange rate differences	(85)	(115)
Balance at 31 December	**(2,009)**	**(1,148)**

At 31 December 2022, the non-controlling interests mainly consisted of:

- Hyder & Solaiman Elkhereiji Engineering Consultants (30%) (2021: 30%)
- Gerenciamento Nacala Ltda (40%) (2021: 40%)
- Water Platform Company (30%) – acquired in 2022

28 Provisions for employee benefits

Most of the pension plans of the Group qualify as defined contribution pension plans. However, the Group also operates a few defined benefit pension plans.

Defined contribution pension plans
For defined contribution pension plans, the Group pays fixed contributions into a separate entity, which are charged to profit or loss in the period during which services are provided by employees. The Group's legal or constructive obligation is limited to the contributions paid into the plans. Prepaid contributions are recognized as an asset to the extent that Arcadis has the unconditional right to cash refunds or reduction in future payments.

Defined benefit pension plans
Some of the pension plans qualify as defined benefit pension plans. For these plans, the costs are recognized as personnel costs and financing costs in profit or loss. The amount charged to personnel costs is the cost of accruing pension benefits promised to employees over the year, plus the costs of individual events such as past service benefit changes, settlements and curtailments (such events are recognized immediately in profit or loss).

The amount charged to financing costs is the net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset. Any differences between the expected interest on assets and the return actually achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the plans, are recognized immediately in profit or loss.

The majority of the defined benefit pension plans are funded with plan assets that have been segregated in a trust or foundation. These plans are subject to regular actuarial review by external actuaries, using the projected unit credit method.

The defined benefit pension plan on the balance sheet comprises the present value of the defined benefit pension obligation and the fair value of plan assets. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds (or suitable alternative where there is no active corporate bond market) that are denominated in the currency in which the benefits will be paid, and with maturity dates approximating to the terms of the related pension obligations.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other comprehensive income in the period in which they arise. Past service costs are recognized immediately in profit or loss.

The table below provides a summary of the total provision for employee benefits at the balance sheet date.

In € thousands	Asset side	Liability side	Total 2022
Defined benefit pension plans	10,417	28,715	18,298
Other deferred compensation plans	-	17,773	17,773
Total provision for employee benefits	**10,417**	**46,488**	**36,071**
Non-current	10,417	41,652	31,235
Current	-	4,836	4,836
Total	**10,417**	**46,488**	**36,071**

In € thousands	Asset side	Liability side	Total 2021
Defined benefit pension plans	26,564	37,709	11,145
Other deferred compensation plans	-	21,469	21,469
Total provision for employee benefits	**26,564**	**59,178**	**32,614**
Non-current	26,564	53,572	27,008
Current	-	5,606	5,606
Total	**26,564**	**59,178**	**32,614**

Pension costs recognized in profit or loss

The total pension costs recognized in profit or loss were as follows:

In € thousands	2022	2021
Total defined benefit pension plans	3,135	3,519
Total defined contribution pension plan and other deferred compensation plans	83,624	70,834
Total pension costs	**86,759**	**74,353**

The pension expenses of defined benefit and defined contribution pension plans are recognized in the following line items in the Consolidated income statement:

In € thousands	2022	2021
Personnel costs	86,857	74,181
Finance expenses	(98)	172
Total pension costs	**86,759**	**74,353**

Defined benefit pension plans

Description of plans

The defined benefit pension plans of the Group are either career average, final salary or hybrid plans. In addition, there is a termination indemnity plan for Arcadis Middle East, which pays out a single lump sum at exit (regardless of age or reason for exit).

The two main defined benefit pension plans are in the UK, being the 'EC Harris Group Pension Scheme' and the 'Acer Group Pension Scheme' (formerly Hyder), which account for 100% of the pension assets for funded schemes in surplus. The defined benefit liability is mainly due to the termination indemnity plan in Arcadis Middle East (49% of the total defined benefit liability) and other individually immaterial defined benefit pension plans within the Group.

As at 31 December 2022 both defined benefit pension plans in the UK have a surplus of €10.4 million (31 December 2021: €26.6 million). This decrease is due to worse than expected investment returns, particularly due to financial market turmoil late in 2022, which has been offset to some extent by the increase in discount rate placing a lower value on the schemes' liabilities.

The EC Harris Group Pension Scheme has been closed for future accruals since 31 January 2011, whereas the Acer Group Pension Scheme was closed for future accruals since 30 April 2011. Both plans are funded plans. The other defined benefit pensions plans are mainly active and funded plans.

There were no defined benefit plans identified for IBI and DPS group during preliminary PPA assessment.

Governance

The majority of the defined benefit pension plans are established as independent foundations or similar entities, with operations governed by local regulations and practice in each country. Boards of Trustees, which consist of employer and employee representatives, are generally required to act on behalf of the plan's stakeholders and perform periodic reviews on the solvency of the funds in accordance with local laws and regulations. They are responsible for administering the plan assets and for defining the investment strategy.

Investment strategy

The investment strategy of the Group in respect of the funded plans is implemented within the framework of the various local requirements of the countries where the plans are based. The objective is to control the risks and maintain an appropriate balance between the risks and the long-term returns. Therefore, the investments are well diversified and managed within the asset-liability matching (ALM) frameworks of the funds. Within these frameworks the objective is to match assets to the pensions obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

Specification defined benefit pension plans

The table below provides a summary of the classification of the defined benefit pension plans at 31 December.

			2022			2021
In € thousands	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
EC Harris Group Pension Scheme (ECH)	74,291	80,350	(6,059)	120,820	128,385	(7,565)
Acer Group Pension Scheme (AGPS)	163,353	167,711	(4,358)	260,632	279,631	(18,999)
ME Termination Indemnity Plan (HME)	14,178	-	14,178	19,653	-	19,653
Other defined benefit pension plans	16,008	1,471	14,537	20,152	2,096	18,056
Total defined benefit pension plans			**18,298**			**11,145**

The next table provides a summary of the changes in the defined benefit obligations and the fair value of the plan assets for the UK (A and B hereafter), Arcadis Middle East (C) and the other defined benefit pension plans (D). It also provides a reconciliation of the funded status of the plans to the amounts recognized in the Consolidated balance sheet.

In € thousands	ECH	AGPS	AME	Other	Total
Balance at 1 January 2021	**164**	**10,479**	**18,415**	**17,761**	**46,819**
Current service cost	-	-	1,317		
Interest expense/ (income)	(11)	133	113		
One-off equalization cost	-	-	-		
Reclassification	-	-	-		
Subtotal	**(11)**	**133**	**1,430**	**1,967**	**3,519**
Remeasurement:					
Return on plan assets excluding amounts included in interest expense/ (income)	32	(16,485)	-		-
(Gain)/ loss from change in financial assumptions	(6,964)	(12,493)	(339)		-
(Gain)/ loss from change in demographic assumptions	684	2,511	134		-
Experience (gain)/ loss	354	(478)	3,312		-
Total remeasurement	**(5,894)**	**(26,945)**	**3,107**	**(292)**	**(30,025)**
Exchange rate differences	11	672	1,348	(794)	1,238
Contributions by employer	(1,835)	(3,338)	-	(158)	(5,331)
Benefit payments from plans	-	-	(4,647)	(428)	(5,075)
Balance at 31 December 2021	**(7,565)**	**(18,999)**	**19,653**	**18,056**	**11,145**
Current service cost	-	-	793		-
Interest expense/ (income)	(164)	(411)	263		-
One-off equalization cost	-	-	-		-
Reclassification	-	-	-		-
Subtotal	**(164)**	**(411)**	**1,056**	**2,654**	**3,135**
Remeasurement:					
Return on plan assets excluding amounts included in interest expense/ (income)	43,608	102,478	-		-
(Gain)/ loss from change in financial assumptions	(45,973)	(94,749)	(384)		-
(Gain)/ loss from change in demographic assumptions	(82)	(1,783)	(298)		-
Experience (gain)/ loss	5,286	12,250	1,679		-
Total remeasurement	**2,839**	**18,196**	**997**	**(703)**	**21,329**
Exchange rate differences	349	438	1,334	169	2,290
Contributions by employer	(1,518)	(3,582)	-	-	(5,100)
Benefit payments from plans	-	-	(8,862)	(1,771)	(10,633)
Divestment	-	-	-	(3,868)	(3,868)
Balance at 31 December 2022	**(6,059)**	**(4,358)**	**14,178**	**14,537**	**18,298**

The current and non-current breakdown of defined benefit pension plan is as follows:

	2022	2021
Non-current	18,271	11,118
Current	27	27
Total	**18,298**	**11,145**

(A) EC Harris group pension scheme (ECH)

Plan assets allocation

All invested assets shown in the table below are quoted.

In € thousands/%	2022	%	2021	%
Equities	8,874	11	14,208	11
Fixed income	-	-	13,942	11
Property and real estate	1,547	2	5,299	4
Hedge funds	-	-	-	-
Cash	924	1	1,872	1
Other [1]	69,005	86	93,063	73
Total at 31 December	**80,350**	**100**	**128,384**	**100**

[1] Others include private credit, diversified growth funds and liabiliy driven investment fund

Actuarial assumptions

The principal actuarial assumptions at the reporting dates are:

In %	2022	2021
Discount rate	4.90	2.00
Pension increases	2.05-3.45	2.15-3.60
Retail price index inflation	3.40	3.60
Consumer price index inflation	2.40	2.60

The discount rate is based on yields on UK AA-rated high-quality corporate bonds, with durations comparable to the duration of the pension plan's liabilities. Based on the assumptions described in this note, these payments have an average duration of 15 years.

Demographic assumptions regarding future mortality are based on published statistics and mortality tables. The current life expectancy (in years) underlying the values of the liabilities in the defined benefit plans are as follows:

In years	2022	2021
Male/female currently age 65	22.5/ 24.9	22.4/ 24.8
Male/female reaching age of 65 in 20 years	23.8/ 26.3	23.8/ 26.2

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to, amongst others, the discount rate, rate of inflation and changes in the mortality assumptions. In 2022, the sensitivity analysis was as follows:

In % / € thousands	Change in assumptions	Change in pension liability
Discount rate	0.5%	5,638
Rate of inflation	0.5%	3,383
Life expectancy	one-year change	2,255

The sensitivity analysis as disclosed in the 2021 financial statements was as follows:

In % / € thousands	Change in assumptions	Change in pension liability
Discount rate	0.5%	11,895
Rate of inflation	0.5%	5,948
Life expectancy	one-year change	4,758

Defined benefit liability and employer contributions

The Company expects €1.6 million in contributions to be paid to the plan in 2023. The estimated net pension costs to be recognized in the Consolidated income statement in 2023 amounts to €0.3 million, relating to net interest charges. The estimated weighted average duration of the defined benefit obligation is around 15 years.

(B) Acer Group Pension Scheme (AGPS)

Plan assets allocation

All invested assets shown in the table below are quoted.

In € thousands / %	2022	%	2021	%
Equities	21,389	13	67,830	24
Fixed income	1,219	1	45,092	16
Property and real estate	11,941	7	2,922	1
Hedge funds	88,535	52	132,967	48
Cash	1,119	1	1,562	1
Others[1]	43,508	26	29,258	10
Total at 31 December	**167,711**	**100**	**279,631**	**100**

1 Others include alternatives, return seeking credit and insured pensions

Actuarial assumptions

The principal actuarial assumptions at the reporting dates are:

In %	2022	2021
Discount rate	4.90	2.00
Pension increases	2.05-3.45	2.15-3.60
Retail price index inflation	3.40	3.60
Consumer price index inflation	2.40	2.60

The discount rate is based on yields on UK AA-rated high-quality corporate bonds, with durations comparable to the duration of the pension plan's liabilities. Based on the assumptions described in this note, these payments have an average duration of 15 years.

Demographic assumptions regarding future mortality are based on published statistics and mortality tables. The current life expectancy underlying the values of the liabilities in the defined benefit plans are as follows:

In years	2022	2021
Male/female currently age 65	22.5/ 24.8	22.4/ 24.7
Male/female reaching age of 65 in 20 years	23.8/ 26.2	23.8/ 26.1

Sensitivity analysis
The calculation of the defined benefit obligation is sensitive to, amongst others, the discount rate, rate of inflation and changes in life expectancy. In 2022, the sensitivity analysis was as follows:

In % / € thousands	Change in assumptions	Change in pension liability
Discount rate	0.5%	10,149
Rate of inflation	0.5%	6,766
Life expectancy	one-year increase	6,766

The sensitivity analysis as disclosed in the 2021 financial statements was as follows:

In % / € thousands	Change in assumptions	Change in pension liability
Discount rate	0.5%	22,601
Rate of inflation	0.5%	13,085
Life expectancy	one-year change	11,895

Defined benefit liability and employer contributions
The Group has agreed that it will aim to eliminate any pension plan deficit within the next nine years. Therefore, funding levels are monitored on an annual basis.

The Company expects €3.3 million in contributions to be paid to the plan in 2023. The estimated net pension costs to be recognized in the Consolidated income statement in 2023 amounts to €0.3 million, relating to net interest charges. The estimated weighted average duration of the defined benefit obligation is around 15 years.

(C) Arcadis ME End of service benefits (AME)
Plan assets
There is no local regulation that requires a level of funding of the plan, therefore no assets have been set aside to fund these arrangements.

Actuarial assumptions
The principal actuarial assumptions at the reporting date are:

In %	2022	2021
Discount rate	4.60 - 4.75	0.70 - 1.75
Salary increases (expected, per annum)	0 - 2.00	0 - 2.00

As there is no deep market in corporate bonds within the Gulf Cooperation Council (GCC) region and the limited number of government bonds available do not provide an adequate reference, the discount rate is based on the US AA-rated corporate bond market as a proxy. The payments have an average duration of three years, which is lower than in previous years due to the strategic decision made in 2020 to reduce the footprint in the Middle East.

Demographic assumptions for mortality, withdrawal, and retirement are used in determining the liability. Because of the nature of the benefit, which is a lump sum payable on exit due to any cause, a combined single decrement rate has been used. The retirement age used for the actuarial valuations is as follows:

In years	2022	2021
Male/female Saudi Arabia	60/ 55	60/ 55
Male/female other countries	65/ 65	65/ 65

Sensitivity analysis
The calculation of the liability of AME is sensitive to the discount rate and salary increases. In 2022, the sensitivity analysis was as follows:

In % / € thousands	Change in assumptions	Change in pension liability
Discount rate	0.5%	57
Salary increases	0.5%	63

The sensitivity analysis as disclosed in the 2021 financial statements was as follows:

In % / € thousands	Change in assumptions	Change in pension liability
Discount rate	0.5%	199
Salary increases	0.5%	258

Defined benefit liability and employer contributions

The Company expects €781 million of service costs and €469 million of interest costs to be recognized in the Consolidated income statement in 2023. The estimated weighted average duration of the defined benefit obligation is around 1 year.

(D) Other defined benefit pension plans

The other defined benefit pension plans are individually immaterial and mainly relate to France, Germany and the UK. No detailed disclosures for these individual plans are provided. For the movement in the balance sheet position of these other defined benefit pension plans in total we refer to the table below.

Other deferred compensation plans

The other deferred compensation plans consist of the following balances:

In € thousands	2022	2021
Deferred salaries	9,039	11,001
Future jubilee payments	3,256	4,645
Other	5,478	5,822
Balance at 31 December	**17,773**	**21,468**

The movement in the other deferred compensation is as follows:

In € thousands	2022	2021
Balance at 1 January	**21,469**	**19,475**
Acquisitions	(31)	-
Additions	81	1,184
Amounts used/released	(4,465)	(25)
Exchange rate differences	719	834
Balance at 31 December	**17,773**	**21,468**
Non-current	12,964	15,891
Current	4,809	5,578
Balance at 31 December	**17,773**	**21,469**

Deferred salaries

The deferred salaries mainly include a plan for deferred compensation of our operating company in the United States. Management of this operating company can elect not to have its salary paid out, but rather invested in a fund by the Company, and is offered a choice of three different portfolio types: risk averse, neutral and risky. The risk is the responsibility of the participants. The related assets are included in note 20 for an amount of €9 million (2021: €11 million).

Future jubilee payments

An amount of €3.3 million is recognized for future jubilee payments based on the current agreements in the collective labor agreements and the related staff levels (2021: €4.6 million).

Other

Other deferred compensation includes €5.1 million of long service leave provisions in Australia, where employees are entitled to long service leave after a certain number of years of continuous service (2021: €5.1 million). The time allowance and conditions of entitlement are set out in legislation and vary by territory. An amount of €3.6 million is expected to be paid within one year (2021: €3.8 million).

29 Provisions for other liabilities and charges

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, a reliable estimate can be made of the amount of the obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at net present value, taking into account the timing of the cash outflows. The discount rate used reflects the current market assessments of the time value of money and the risks specific to the liability. Unwinding of the discount is recognized as a finance expense (see note 11).

The amounts recognized as provisions reflect management's best estimate of the expenditures required to settle the present obligations at the balance sheet date or to transfer it to a third party at that time.

In € thousands	Restructuring	Litigation	Restoration	Other	Total
Balance at 1 January 2021	**2,116**	**20,644**	**6,262**	**7,812**	**36,834**
Additions	3,623	11,410	-	2,117	17,150
Amounts used	(2,758)	(1,933)	-	(1,321)	(6,012)
Release of unused amounts	(798)	(2,798)	-	(3,379)	(6,975)
Reclassifications	-	-	(1,172)	1,652	480
Exchange rate differences	81	353	(251)	220	403
Balance at 31 December 2021	**2,264**	**27,676**	**4,839**	**7,101**	**41,880**
Additions	6,618	7,927	866	1,399	16,810
Amounts used	(3,138)	(2,238)	(330)	(803)	(6,509)
Release of unused amounts	(286)	(2,689)	(1)	(654)	(3,630)
Reclassifications	-	-	354	(101)	253
Exchange rate differences	37	288	(119)	(132)	74
Balance at 31 December 2022	**5,495**	**30,964**	**5,609**	**6,810**	**48,878**
Non-current	503	26,272	4,702	5,316	36,794
Current	4,991	4,692	907	1,494	12,084
Total	**5,495**	**30,964**	**5,609**	**6,810**	**48,878**

Restructuring

Provisions for restructuring include costs related to certain staff compensation and costs directly related to the existing plans to execute restructurings, mainly in Middle East, CallisonRTKL and Continental Europe. A provision is only recognized once the decision to execute said restructuring has been taken, its costs can be reasonably and fairly estimated, and its intended execution has been announced.

Litigation

Clients of Arcadis sometimes claim, justified or not, that they are not satisfied with the services provided by the Company. While the outcome of these claims cannot be predicted with certainty, management believes that, based on (external) advisors and information received, the provision of €31 million (2021: €27.7 million) is the best estimate of the potential financial risk, net of insurance coverage. These insurance policies include a global professional liability insurance and in addition, local insurance in a number of countries. In general, these insurance policies have a self- insured retention and a maximum pay-out level.

Outstanding litigation (including the provisions, defense costs and reimbursement coverage) is reviewed periodically and revisions are made when necessary. Since the outcome cannot be predicted with certainty and settlement of claims could take several years, final settlement could differ from this best estimate.

For IBI and DPS acquisitions, the Group has conducted a preliminary assessment of the potential contingent liabilities and will continue to review these matters during the measurement period. See note 6 for further details on business combination disclosures.

Further information ordinarily required by IAS 37 has not been disclosed on the grounds that it can be expected to seriously prejudice the outcome of the disputes.

Restoration provision for leased assets

For lease contracts that require the Company to maintain an underlying asset during the lease term and/or restore it to its original condition before returning to the lessor at the end of the lease, a restoration provision is recognized when the obligation arises. For the same amount a right-of-use asset is recognized and depreciated over the lease term. The discount rate used is the Incremental Borrowing Rate.

Other

The category other provisions include individually immaterial items, and the Company expects that they will be substantively used within one to five years.

30 Loans and borrowings

Interest-bearing debts are measured at amortized cost, in which the difference between the proceeds and repayments over time is charged to profit or loss over their duration. The portion of long-term debt that has to be repaid within one year after the balance sheet date is presented as the current portion of long-term debt under current liabilities.

All other financial liabilities are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Non-derivative financial liabilities include loans and borrowings, bank overdrafts, trade and other payables. Initially these liabilities are recognized at fair value plus the directly attributable transaction costs. Subsequently these financial liabilities are measured at amortized cost using the effective interest method.

Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future cash flows, discounted at the Company specific market rate of interest at reporting date.

Loans and borrowings at 31 December are as follows:

In € thousands	Interest rates between	2022	2021
Short-term bank loans	1.2% - 3.5%	56,230	75,531
Long-term bank loans	1.2% - 6.5%	878,680	187,507
Debentures	6.5%	20,121	-
Other long-term debt [1]	3.0% - 6.9%	3,134	-
Short-term borrowings	0% - 4.2%	-	525
Total loans and borrowings		**958,165**	**263,567**
Current [2]		56,230	76,057
Non-current		901,935	187,510
Total		**958,165**	**263,567**

1 Including retentions and expected deferred consideration not due within one year, amounting to €3.1 millon (2021: €0.0 million)
2 Excluding deferred consideration for acquisitions, see note 6

The movement in non-current loans and borrowings is as follows:

In € thousands	2022	2021
Balance at 1 January	**187,510**	**400,964**
New debt	747,277	-
Accrued interest	-	(560)
Redemptions	(19,256)	(37,267)
Acquisitions	47,198	-
From long-term to current position other long-term	(56,921)	(177,947)
Exchange rate differences	(3,873)	2,320
Balance at 31 December	**901,935**	**187,510**

The non-current loans and borrowings include an amount of €3.3 million at 31 December 2022 corresponding to long-term deferred consideration (see note 6). The short-term part reclassification is presented within "Other current liabilities" (see note 31).

Aggregate maturities of non-current loans and borrowings are as follows:

In € thousands	2022	2021
2023	-	55,652
2024	749,955	-
2025	99,514	79,393
2026	-	-
2027	52,466	52,465
After 2027	-	-
Balance at 31 December	**901,935**	**187,510**

The movement in short-term debts and current portion of long-term debts is as follows:

In € thousands	2022	2021
Balance at 1 January	**76,057**	**99,402**
New debt	195,545	20,566
Acquisitions	13,686	-
Redemptions	(284,907)	(225,317)
Other	731	
From long-term to current position other long-term	56,921	177,947
Exchange rate differences	(341)	3,459
Balance at 31 December	**56,230**	**76,057**

Fair value

The fair value of the Group's loans and borrowings has been estimated at €951.9 million, based on quoted market prices for the similar loans or on the Group for debt current rates to same or with similar maturities (2021 €26 4.2 million).

Long Term loans

Schuldschein loans

In May 2022, €64.0 million of fixed rate Schuldschein loans were repaid in accordance with the contractual repayment schedule.

In October 2022, $9.0 million (€8.6 million) of floating rate Schuldschein loans and $4.0 million (€3.8 million) of fixed rate Schuldschein loans were repaid in accordance with the contractual repayment schedule.

At 31 December 2022, the non-current portion of long-term debt includes a total of Schuldschein debt in the amount of €133.0 million maturing in 2025 and 2027. The current portion includes €40.0 million and €17.0 million of Schuldschein loans, from 2015 and 2020, respectively.

Debt from business combination

In September 2022, the Group acquired IBI Group and assumed loans for €51.8 million which includes credit facilities for €13.8 million and Debentures for €33.4 million. The credit facilities have been repaid after the transaction date.

On 2 October 2020, IBI Group issued 6.5% senior, unsecured Debentures of CAD 46.0 million with a maturity date of 31 December 2025. The Debentures are listed on the Toronto Stock Exchange ("TSX") under the symbol "IBG.DB.E".

Following the change of control of IBI Group and in accordance with the terms and conditions of the Debentures, an offer to purchase any and all outstanding Debentures, in whole or in part in cash, at a price equal to 100% of the principal amount of the Debentures plus accrued and unpaid interest, has been made to the holders. Consequently, an amount of €10.2 million has been repaid. On or after 31 December 2023, but prior to 31 December 2024, the 6.5% Debentures are redeemable, in whole or in part from time to time at the option of the Group at a price equal to 103.25% of the principal amount of the Debentures redeemed plus accrued and unpaid interest. On or after 31 December 31 2024 but prior to the maturity date of 31 December 2025, the Debentures are redeemable at a price equal to their principal amount plus accrued and unpaid interest. On redemption or at maturity on December 31, 2025, the Group will repay the debentures in cash.

At 31 December 2022, the non-current portion of long-term debt includes € 20.1 million of Debentures.

In December 2022, the Group acquired DPS Group and assumed loans for €9.0 million, including a Term loan facility for €4.0 million and Revolving credit facility for €5.0 million. These loans have been fully repaid after the transaction date.

Bridge loan facility

An underwritten bridge loan facility of €750.0 million was arranged in July 2022 for the acquisition of both IBI Group and DPS Group. This bridge loan facility was further syndicated out to a wider group of international and reputable relationship banks. The bridge loan has a term of 1 year (maturity in September 2023) of which Arcadis NV has the irrevocable right to extend twice by six months. The pricing is based on EURIBOR, with a margin that increases every 3 months. The bridge loan facility of €750.0 million is classified as a long-term debt.

Financing fees associated with arranging the loan facility amounted to € 2.7 million.

Short Term Credit facilities

The total available short-term credit facilities amount to €379.7 million, which include all uncommitted credit facilities, bank guarantee facilities and surety bond lines with financial institutions of which €158.3 million has been used as per 31 December 2022 (2021: €329.6 million and €142.1 million respectively).

The Group has short-term uncommitted credit facilities of €120.0 million with relationship banks and three bank guarantee facilities totaling €76.2 million (2021: €100.0 million and €63.7 million, respectively). These short-term credit facilities are used for the financing of working capital and general corporate purposes of the Group.

By the end of the year 2022, the total amount of bank guarantees and letters of credit that were outstanding under the €76.2 million guarantee facilities amounted to €41.3 million (2021: €42.1 million). Additionally, there were other outstanding bank guarantees, letters of credit and surety bonds amounting to €107.1 million (2021: €99.2 million).

Interest rates

The interest rate ranges for the total loans and borrowings are as follows:

In € thousands	2022	2021
0% - 4%	874,044	263,042
3% - 7%	84,121	525
Balance at 31 December	**958,165**	**263,567**
Weighted average interest rate [1]	**2.8%**	**1.9%**

[1] On interest-bearing debt (including the interest effect of swaps)

The increase in the bucket of 3-7% is caused by Schuldschein loans with floating interest and IBI debentures.

Financial covenants

The leverage covenant for the €750.0 million bridge loan, the Schuldschein loans and the €500.0 million syndicated Revolving Credit Facility and all the remaining Schuldschein loans prescribes that the average net debt to EBITDA ratio is not to exceed the maximum of 3.5, which is confirmed to the Lenders twice a year. This leverage covenant is aligned to IFRS 16. At 31 December 2022 the average net debt to EBITDA ratio calculated in accordance with the credit documentation of the Schuldschein loans and the €500.0 million syndicated Revolving Credit facility is 1.6. No other financial covenants exist for these credit facilities.

All outstanding Schuldschein loans and the syndicated Revolving Credit Facility do not longer contain an interest coverage ratio.

31 Accounts payable, accrued expenses and other current liabilities

Other current liabilities are non-derivative financial liabilities, which are initially recognized at fair value plus directly attributable transaction costs. Subsequently these financial liabilities are measured at amortized cost using the effective interest method.

In € thousands	Note	2022	2021
Accounts payable		337,848	232,211
Accrued expenses		101,108	58,742
Payables to employees		193,280	184,345
Taxes and social security contributions		96,478	89,121
After-payments relating to acquisitions	6	3,988	476
Other liabilities		60,189	54,522
Balance at 31 December		**792,891**	**619,417**

Of the total accounts payable approximately 35% is subject to a so-called ‘paid-when-paid’ clause (2021: 45%). The expectation is that all accounts payable will be paid within the normal course of business and are therefore classified as short-term liabilities. Further information about Arcadis’ exposure to liquidity risk is included in note 32.

Other liabilities include various accrued liabilities, such as to be paid occupancy costs, insurance costs and interest costs. Any lease incentives (‘tenant improvement allowances’) received are part of the right-of-use asset, see note 16.

32 Capital and financial risk management

Arcadis’ activities expose the Group to a variety of financial risks, including (A) credit risks, (B) liquidity risks, and (C) market risks.

These risks are inherent to the way the Group operates as a multinational with locally operating subsidiaries. The Executive Board is responsible for the design and functioning of the internal risk management systems. The day-to-day risk management activities related to the financial risk management are carried out by Arcadis Group Treasury, in line with the guiding principles of the Group Treasury Policy, as updated and approved by the Executive Board in May 2021.

Arcadis Audit and Risk Committee oversees how management monitors compliance with the Group risk management policies and procedures, and the Arcadis control framework. It also reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(A) Credit risks

Credit risk arises from receivables from customers as well as cash balances and fair values of derivatives with financial counterparties (e.g. banks). The credit risk on customers is influenced mainly by the individual characteristics of each customer. Arcadis usually invoices clients for services according to the progress of the work. If clients refuse or are unable to meet their contractual payment obligations, the Group may not have sufficient cash to satisfy its liabilities and its growth and continued operations could be adversely impacted.

The key objective of the Group’s counterparty risk management is to minimize the risk of losses as a result of failure of an individual financial counterparty that could negatively impact the Group’s results. Arcadis aims to centralize cash balances with banks that have also provided committed credit facilities to the Group in order to reduce this counterparty risk.

The exposure to credit risk is monitored on an ongoing basis at local entity and at group level. Normally, Arcadis only deals with counterparties that have a sufficiently strong credit rating. Where possible, Arcadis uses credit ratings provided by external credit rating agencies, thus monitoring creditworthiness in order to manage the related credit risk. Furthermore, Arcadis strongly focuses on clients by strengthening the commercial relationship and being more selective to which clients services are offered. Through systematic account management we aim to build long-term relationships with selected multinational and key national/local clients. We already have a relationship with the majority of our multinational clients for more than five years. New customers are analyzed individually for creditworthiness before services are offered and monitored regularly.

The carrying amount of financial assets represents the maximum credit exposure. Per 31 December 2022, the maximum exposure to credit risk was:

In € thousands	Note	2022	2021
Financial assets:			
Trade receivables	21	747,392	521,855
Contract assets (unbilled receivables)	22	644,859	500,268
Other receivables	24	16,673	16,702
Other non-current assets	20	20,889	22,214
Derivatives	19	15,943	7,107
Loans to associates and joint ventures	17	-	-
		1,445,756	**1,068,146**
Cash and cash equivalents less bank overdrafts	25	257,598	350,912
Total		**1,703,354**	**1,419,058**

Trade receivables

Trade receivables are presented net of a provision for expected credit losses. The credit risk is measured and analyzed on a local level at regular intervals, taking into consideration, amongst others, the financial situation of the debtor and ageing of receivables. Expected losses are determined in line with IFRS 9, see note 21.

The ageing of Trade receivables and the provision for Trade receivables at reporting date is disclosed below and in note 21. The ageing of receivables has led to the recognition of (expected) credit losses and calibration of assumptions as included in the Goodwill impairment test.

The movement schedule for the provision for Trade receivables is included in note 21.

	2022			2021		
In € thousands	Gross Receivables	Provision bad debt	Provision ECL	Gross Receivables	Provision bad debt	Provision ECL
Not past due	509,257	(3,310)	(329)	386,174	(4,218)	(244)
Past due 0-30 days	86,360	(953)	(32)	65,439	(1,314)	(33)
Past due 31-60 days	49,840	(1,878)	(10)	28,408	(906)	(18)
Past due 61-120 days	33,093	(374)	(77)	17,622	(607)	(12)
Past due 121-364 days	48,349	(4,662)	(224)	22,570	(5,756)	(12)
More than 364 days due	72,218	(42,525)	(118)	52,738	(39,696)	(370)
Total	**799,117**	**(53,702)**	**(790)**	**572,951**	**(52,497)**	**(689)**

There are various reasons for delays in payments that result in past due amounts and that impact Days Sales Outstanding (DSO). Arcadis has overdue receivables which are generally considered collectible and for which the risk of impairment is remote.

Amounts due at 31 December 2022 subject to the 'paid-when-paid principle' are disclosed in note 21. Further details on how Arcadis uses this principle to manage working capital is disclosed in the section on liquidity risk.

Other receivables and non-current assets

Other receivables and Other non-current assets are monitored for expected credit losses. They do not contain impaired assets and are not past due.

Loans to associates and joint ventures

Loans to associates and joint ventures are subject to credit risk. At 31 December 2022, no material loans to associates were outstanding.

Cash and cash equivalents

The credit risk of Cash and cash equivalents is the risk that counterparties are not able to repay amounts owed to Arcadis upon request of Arcadis. The objective of the Group is to minimize credit risk exposure in Cash and cash equivalents by investing in liquid securities and entering into transactions involving derivative financial instruments only with counterparties that have sound credit ratings, a good reputation and belong to the group of Core banks which also provide committed credit facilities. The related risk is monitored on an ongoing basis both at local entity and group level. The Group keeps approximately 66% (2021: 85%) of its cash reserves at our Core banks and is only allowed to invest in short-term, liquid securities with counterparties that have an investment grade rating from Standard & Poor's, Moody's or Fitch. Management monitors these ratings and does not expect any such counterparty to fail to meet its obligations in the short-term. The change in percentage of Core banks compared to last year is mainly caused by the acquisition of IBI Group and DPS Group that are using other banks than our own Core banks.

Guarantees and letters of credit
On behalf of the Group and local entities, financial institutions (such as banks and insurance companies) have provided bank guarantees, surety bonds and letters of credit amounting to €151.6 million outstanding as at 31 December 2022 (2021: €141.3 million). In addition, Arcadis NV has provided financial guarantees to banks for a maximum amount of €177.6 million (2021: €163.0 million). No Expected Credit Losses are recognized from these guarantees.

(B) Liquidity risks

Liquidity risk is the risk that Arcadis will not be able to meet its financial obligations as they fall due. The primary objective of liquidity management is providing for sufficient committed credit facilities and cash and cash equivalents to enable Arcadis to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Arcadis. Our Group Treasury Policy supports this principle by stating that the Group aims to have no more than 33% of total fixed debt to be refinanced in any one year and that the minimal liquidity at any given point in time should always exceed €200.0 million.

Neither the aged (un)billed receivables of individual customers, nor the profile of the accounts receivable portfolio, impose a significant threat to the Group's liquidity planning.

Over the course of the year, fluctuations occur in the working capital needed to finance operations. The Group strives to have a good liquidity position at all times, strictly controlling working capital by optimizing billing and collection and consequently maintaining a healthy net debt to EBITDA ratio.

To manage working capital, but only if legally allowed and commercially possible, Arcadis agrees with part of its sub-contractors so-called 'paid-when-paid' clauses. This means that Arcadis is in such instances better able to match the cash inflows from debtors with the related cash outflows to suppliers, as the timing of the payment of the supplier is dependent on the collection of the receivable from a client. This could however be impacted by contractual clauses and/or local laws and regulations that limit the maximum extension of payment terms to a moment before Arcadis gets paid by its client. In case of non-payment by the debtor, Arcadis still has to fulfil its obligations towards the supplier under a 'paid-when-paid' clause. Accounts payable at 31 December 2022 subject to the 'paid-when-paid principle' are disclosed in note 30. The expectation is that all accounts payable will be paid within the normal course of business and are therefore classified as short-term liabilities.

Lines of credit

The Company maintains the lines of credit as summarized in the table below.

In millions		31 December 2022						31 December 2021					
Type	Interest/fees	Available			Utilized			Available			Utilized		
in € millions		CAD	USD	EUR	CAD	USD	EUR	CAD	USD	EUR	CAD	USD	EUR
Bridge Loan Facility	EURIBOR			€750.0			€750.0			€0.0			€0.0
Revolving Credit Facility	EURIBOR			€500.0			€0.0			€500.0			€0.0
Debentures IBI	6.50%	CA$29.3		€20.1	CA$29.3		€20.1						
Committed facilities	EURIBOR			€0.0			€0.0			€0.0			€0.0
Uncommitted multi-currency facilities	Floating			€120.0			€0.0			€100.0			€0.0
Schuldschein notes	Fixed/floating			€190.0			€190.0			€254.0			€254.0
Schuldschein notes	Fixed/floating		US$0	€0.0		US$0	€0.0		US$13.0	€11.4		US$13.0	€11.4
Guarantee facility	0.30% - 0.65%			€76.2			€41.3			€63.7			€42.1
Other (loans)	Various			€33.7			€9.9			€24.0			€0.9
Other (bank guarantees and surety bonds)	Various			€149.8			€107.1			€141.9			€99.2

A description and analysis of the credit lines listed above and its movements compared to last year is provided in note 30.

Contractual obligations

The following tables describe our commitments and contractual obligations for the following five years and thereafter. The other long-term debt obligations are the debt service obligations.

No collateral has been pledged for liabilities or contingent liabilities.

In € thousands	Total	< 1 year	1 - 3 years	4 - 5 years	> 5 years
Contractual obligations at 31 December 2022					
Guarantees on behalf of associates	-	-	-	-	-
Off balance sheet lease commitments	-	-	-	-	-
Foreign exchange contracts:					
Outflow	(542,500)	(542,500)	-	-	-
Inflow	536,666	536,666	-	-	-
Interest rate swaps:					
Outflow	-	-	-	-	-
Inflow	-	-	-	-	-
Cross Currency swaps:					
Outflow	42,618	42,618	-	-	-
Inflow	(41,024)	(41,024)	-	-	-
Deferred consideration	5,309	2,176	3,133	-	-
Interest	38,211	22,456	13,238	2,517	-
Lease obligations	307,763	71,816	102,927	68,163	64,857
Loans and borrowings	958,165	56,230	849,469	52,466	-
Short-term bank debt	-	-	-	-	-
Accounts payable	337,848	337,848	-	-	-
Total	**1,643,056**	**486,286**	**968,767**	**123,146**	**64,857**

In € thousands	Total	< 1 year	1 - 3 years	4 - 5 years	> 5 years
Contractual obligations at 31 December 2021					
Guarantees on behalf of associates	-	-	-	-	-
Off balance sheet lease commitments	-	-	-	-	-
Foreign exchange contracts:					
Outflow	611,570	611,570	-	-	-
Inflow	(615,695)	(615,695)	-		
Interest rate swaps:					
Outflow	-	-	-	-	-
Inflow	-	-	-	-	-
Cross Currency swaps:					
Outflow	41,195	1,022	40,173	-	-
Inflow	(42,048)	(1,024)	(41,024)	-	-
Deferred consideration	480	476	4	-	-
Interest	14,427	5,025	5,463	3,025	914
Lease obligations	277,293	64,191	91,110	49,972	72,020
Loans and borrowings	263,042	75,120	56,063	79,393	52,466
Short-term bank debt	525	525	-	-	-
Accounts payable	232,211	232,211	-	-	-
Total	**783,000**	**373,421**	**151,789**	**132,390**	**125,400**

(C) Market risks

Market risk includes currency risk (C1) and interest rate risk (C2) and comprises the risk that changes in market prices, such as foreign exchange rates and interest rates will affect Arcadis' income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters set by the Group Treasury policy.

(C1) Currency risk

The key objective of the Group foreign exchange transaction exposure management is aimed at the active management of foreign exchange exposures by Group Treasury to reduce and limit the adverse effects of exchange rate changes on the Group's profitability.

Trade and financing transactions in non-functional currencies

The subsidiaries of Arcadis mainly operate in local markets, and as such both sales invoices and purchase invoices are mainly denominated in local currencies. In some instances, however, invoices are in the functional currency of the counterparty, which results in a currency exposure for the subsidiary. The exposure to foreign exchange risk on sales and costs denominated in another currency than the respective functional currencies of the subsidiaries is very limited. Only in limited cases, e.g., for material transactions, the subsidiaries of Arcadis enter into forward foreign exchange contracts with Group Treasury in order to hedge these transaction risks.

Borrowings are denominated in currencies that partly match the cash flows generated by the underlying operations of the Group, primarily Euro and US dollar.

Arcadis group companies can have positions in foreign currencies which are different than their respective functional currencies. For the main currencies the following positions per currency (translated in euros) are the cumulative gross exposures of non-functional currencies of all Arcadis group companies combined.

In € thousands	in EUR	in USD	in GBP	in CNY	in BRL	in AED	in CAD	in AUD
At 31 December 2022								
Trade receivables	4,722	29,513	24,504	36,335	21,229	5,000	4,983	4,200
Cash and cash equivalents	3,080	13,854	2,111	592	-	205	1,593	1,044
Derivatives	-	71,752	117,356	(8,523)	(2,539)	(15,098)	(75,403)	89,865
Loans and borrowings	-	(70,281)	(116,890)	-	(674)	11,653	75,382	(93,600)
Accounts payable	(5,801)	(24,191)	(26,413)	(1,189)	(18,663)	(982)	(3,419)	(200)
Lease liabilities	-	-	-	-	-	-	-	-
Balance exposure	**2,001**	**20,647**	**668**	**27,215**	**(647)**	**778**	**3,136**	**1,309**
At 31 December 2021								
Trade receivables	3,031	31,055	37,189	15,089	20,416	5,389	3,921	4,298
Cash and cash equivalents	4,288	30,101	13,425	1,259	-	138	1,816	3,238
Derivatives	-	1,757	73,454	(5,944)	(7,173)	(15,164)	(4,000)	70,617
Loans and borrowings	-	(25,126)	(109,956)	-	-	10,913	2,800	(74,806)
Accounts payable	(303)	(16,231)	(14,344)	(251)	(13,401)	(173)	(2,990)	(192)
Lease liabilities	1,953	105	246	-	-	-	-	-
Balance exposure	**8,969**	**21,661**	**14**	**10,153**	**(158)**	**1,103**	**1,547**	**3,155**

The below exchange rates were applied in the year.

	2022		2021	
In €	Average	Year-end	Average	Year-end
US Dollar (USD)	0.95	0.93	0.85	0.88
Pound Sterling (GBP)	1.17	0.13	1.16	1.19
Australian Dollar (AUD)	0.66	0.63	0.64	0.64
Chinese Yuan Renminbi (CNY)	0.14	0.13	0.13	0.14
Canadian Dollar (CAD)	0.73	0.69	0.67	0.70
Brazilian Real (BRL)	0.18	0.18	0.16	0.16
United Arab Emirates Dirham (AED)	0.26	0.25	0.23	0.24

Arcadis uses derivative financial instruments in order to manage market risks associated with changes in foreign exchange rates as well as interest rates. All transactions are carried out in accordance with the Group Treasury policy. The Group seeks to apply hedge accounting where possible to manage volatility in profit or loss. All foreign exchange forward transactions outstanding at year-end are due to mature in 2023.

Sensitivity analysis currency risks

Foreign currency sensitivity analyses are performed by applying an expected possible volatility of a currency, assuming all other variables, in particular interest rates, remain constant. All monetary assets and liabilities of the Group at year-end are revalued, which results in a hypothetical impact on net income and equity as summarized below.

	2022		2021	
In €	Impact on net income	Impact on equity	Impact on net income	Impact on equity
10% change Euro against the US Dollar	6.9	66.8	6.0	57.7
10% change Euro against the Pound Sterling	3.1	48.9	3.9	49.1
10% change Euro against the Australian Dollar	-	14.3	1.2	13.0

All material balance sheet positions have been hedged with foreign exchange contracts. The translation risk relating to subsidiaries with a functional currency other than the Group reporting currency of Euro are not hedged, in accordance with the Group Treasury policy.

(C2) Interest rate risks

The Group manages interest rate risks by financing fixed assets and part of current assets with shareholders' equity and long-term debt. The remainder of current assets is financed with short-term debt including revolving bank debt with variable interest rates. Based on the interest risk profile, financial instruments were outstanding during the year to cover part of the interest rate risk on long-term borrowings. This risk is applicable to long-term debt, short-term debt and bank overdrafts in the Consolidated balance sheet amounting to €970.2 million at year-end 2022 (2021: €263.7 million). The increase of €706.5 million is mainly the result of the €750.0 million bridge loan facility received for the acquisition of IBI Group and DPS Group.

The Group has €40.0 million of fixed to floating cross currency swaps to manage currency risk and interest rate risk in accordance with the Group Treasury Policy.

The Group Treasury Policy states that the fixed portion of net debt should be at least 40% to protect against increases in interest rates as well as providing some certainty on expectations for interest expense in profit or loss. As of December 2022, this fixed portion of 40% is not the case as a result of the floating interest rate bridge loan facility. This topic will be addressed when the refinancing process is arranged in 2023.

Sensitivity analysis Interest rate risk

Interest rate sensitivity analyses are performed by applying an expected possible volatility of interest rates, assuming all other variables remain constant. All interest-bearing liabilities of the Group at year-end are revalued, which results in a hypothetical impact on the pre-tax profit for the year and equity as summarized below.

	2022		2021	
In €	Impact of pre-tax profit for the year	Impact on equity	Impact of pre-tax profit for the year	Impact on equity
Ten basis-points change to interest rate	0.3	0.3	0.1	0.1

Capital risk management

Arcadis' objectives when managing capital are to safeguard Arcadis' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure that optimizes its cost of capital and allows for sufficient flexibility towards the execution of Arcadis' strategy.

The Group sets the amount of capital in proportion to its risk appetite. The Group manages the capital structure and makes adjustments to it based on changes in economic conditions and the risk characteristics of the underlying assets. The capital structure can be altered by adjusting the amount of dividends paid to shareholders, return capital to shareholders, or issue new debt or shares. From time to time, Arcadis purchases its own shares, which are used as volume hedges for the transfer of shares under Arcadis' long-term incentive plans and to off-set the dilutive effect of scrip dividends.

Consistent with the financial covenants agreed with the banks, the Group monitors capital on the basis of the average Net debt to EBITDA ratio. This ratio is calculated as the average interest- bearing debt minus cash and cash equivalents divided by EBITDA. EBITDA is calculated as earnings before interest, tax, depreciation and amortization.

To obtain access to the debt capital markets, the Group obtained an investment grade credit rating of BBB- (Stable outlook) from Standard & Poor's. The Group and its subsidiaries are not subject to external capital requirements, other than financial covenants under the credit documentation of its committed credit facilities, as disclosed in the notes to these financial statements.

During 2022, Arcadis' strategic goal on financing, which was unchanged from 2021, was to maintain a Net debt to EBITDA ratio between 1.5x and 2.5x (IFRS 16 based) in order to secure access to finance at a reasonable cost.

Financial covenants

The financial covenant set under the contracts of the committed credit facilities that are applicable to Arcadis includes a Total Leverage ratio. The Total Leverage ratio for the €500.0 million Revolving Credit Facility and all the Schuldschein loans has a maximum of 3.5x, which is based on IFRS 16. These ratios are included in the next tables.

In € millions	Note	31 December 2022	31 December 2021
Long-term loans and borrowings	30	901.9	187.5
Current portion of loans and borrowings	30	56.2	76.1
Lease liabilities	16	235.9	192.5
Current portion of lease liabilities	16	71.8	62.5
Bank overdrafts	25	15.2	0.1
Total debt		**1,281.0**	**518.7**
Less: cash and cash equivalents	25	(272.8)	(351.0)
Net debt		**1,008.2**	**167.7**
Less: non-current portion deferred consideration	6	(3.1)	-
Net debt according to debt covenants		**1,005.1**	**167.7**
EBITDA according to debt covenants[1]		**412.3**	**342.7**

[1] EBITDA adjusted for share-based compensation and acquisition effects, in accordance with debt covenants. Non-GAAP performance measure, to provide transparency on the underlying performance of our business (reference is made to the Glossary Non-financial & Financial indicators on page 286 for the definition as used by Arcadis)

Ratios

In €	2022 (IFRS 16)	2021 (IFRS 16)
Net debt to EBITDA ratio according to debt covenants (at average net debt, Total Leverage Ratio)	1.6	0.8

The ratio as disclosed above is calculated based on the definitions as agreed with and aligned between the different providers of committed credit facilities. The calculation of the average Net debt to EBITDA ratio is based on the average net debt of Q2 and Q4. Throughout 2022, Arcadis complied with all financial and non-financial covenants.

Going concern assumption

Management has assessed the going concern assumption and exercised significant judgment in making reasonable estimates. Based on the latest available financial (cash flow) forecasts and sensitivity analysis performed, management concluded that there is no material uncertainty related to events and conditions that may cast significant doubt on the Group ability to continue as a going concern.

Fair value

The fair values of financial assets and liabilities together with the carrying amounts recognized in the Consolidated balance sheet, are as follows:

			Carrying value per IFRS 9 category				
In € thousands	Carrying amount	Out of Scope IFRS 7	Amortized cost	Fair value through Profit or Loss	Fair value through Other comprehensive income	Total	Fair value
At 31 December 2022							
Investments in associates and joint ventures	11,633	11,633	-	-	-	-	-
Other investments	3,609	-	-	3,609	-	3,609	3,609
Other non-current assets	20,889	-	20,889	-	-	20,889	20,889
(Un)billed receivables:							
Trade receivables	747,392	-	747,392	-	-	747,392	747,392
Contract assets (unbilled receivables)	644,859	-	644,859	-	-	644,859	644,859
Derivatives	15,943	-	-	15,814	129	15,943	15,943
Cash and cash equivalents	272,754	-	272,754	-	-	272,754	272,754
Total Financial assets	**1,717,059**	**11,633**	**1,685,894**	**19,423**	**129**	**1,705,446**	**1,705,446**
Loans and borrowings:							
Non-current	901,935	-	901,935	-	-	901,935	895,671
Current	56,230	-	56,230	-	-	56,230	56,238
Derivatives	21,904	-	-	21,904	-	21,904	21,904
Contract liabilities (billing in excess of revenue)	481,872	-	481,872	-	-	481,872	481,872
Provision for onerous contracts (loss provisions)	24,228	-	24,228	-	-	24,228	24,228
Accounts payable	337,848	-	337,848	-	-	337,848	337,848
Lease liabilities	235,947	-	235,947	-	-	235,947	235,947
Deferred consideration	5,309	-	-	5,309	-	5,309	5,309
Bank overdrafts and short-term bank debts	15,156	-	15,156	-	-	15,156	15,156
Total Financial liabilities	**2,080,429**	**-**	**2,053,216**	**27,213**	**-**	**2,080,429**	**2,074,173**

In € thousands	Carrying amount	Out of Scope IFRS 7	Carrying value per IFRS 9 category: Amortized cost	Carrying value per IFRS 9 category: Fair value through Profit or Loss	Carrying value per IFRS 9 category: Fair value through Other comprehensive income	Total	Fair value
At 31 December 2021							
Investments in associates and joint ventures	18,843	18,843	-	-	-	-	-
Other investments	2,152	-	-	2,152	-	2,152	2,152
Other non-current assets	22,214	-	22,214	-	-	22,214	22,214
(Un)billed receivables:							
Trade receivables	521,855	-	521,855	-	-	521,855	521,855
Contract assets (unbilled receivables)	500,268	-	500,268	-	-	500,268	500,268
Derivatives	7,107	-	-	6,652	455	7,107	7,107
Cash and cash equivalents	351,003	-	351,003	-	-	351,003	351,003
Total Financial assets	**1,423,442**	**18,843**	**1,395,340**	**8,804**	**455**	**1,404,599**	**1,404,599**
Loans and borrowings:							
Non-current	187,511	-	187,511	-	-	187,511	187,609
Current	76,057	-	76,057	-	-	76,057	76,569
Derivatives	4,836	-	-	4,836		4,836	4,836
Contract liabilities (billing in excess of revenue)	380,787	-	380,787	-	-	380,787	380,787
Provision for onerous contracts (loss provisions)	26,092	-	26,092	-	-	26,092	26,092
Accounts payable	232,211	-	232,211	-	-	232,211	232,211
Lease liabilities	192,509	-	192,509	-	-	192,509	192,509
Deferred consideration	480	-	-	480	-	480	480
Bank overdrafts and short-term bank debts	91	-	91	-	-	91	91
Total Financial liabilities	**1,100,574**	**-**	**1,095,258**	**5,316**	**-**	**1,100,574**	**1,101,184**

Fair value hierarchy
The financial instruments carried at fair value are analyzed by valuation method, using the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value within the Group are categorized in Level 2, except for the other investment in Techstars and the deferred consideration whereby a Level 3 valuation has been used (see note 18).

The fair value of foreign exchange forward rate contracts is based on quoted market prices at the balance sheet date, being the present value of the quoted forward price. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the term and maturity of the contract, using market interest rates.

The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at measurement date. These calculations are tested for reasonableness by comparing them with bank valuations.

The fair value of loans and receivables is based on the present value of future principal and interest cash flows, discounted at the Group specific market rate of interest at reporting date. For financial leases the market rate of interest is determined by reference to similar lease agreements.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at reporting date. Due to the short-term character of the receivables, the fair value equals the carrying value.

33 Commitments and contingent liabilities

Committed lease payments for short-term and/or low-value leases are reported as off-balance sheet commitment. The lease payments (excluding costs for services such as insurance and maintenance, which are expenses as incurred) are recognized as an expense on a straight-line basis unless another systemic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Non-financial guarantees are accounted for as a contingent liability until such time it becomes probable that the Company will be required to make a payment under such guarantee. Financial guarantees are subject to the Expected Credit Loss model, and a credit loss is recognized for the expected cash shortfalls.

Contingent liabilities are potential obligations of sufficient uncertainty that it does not qualify for recognition as a provision (see note 29), unless it is assumed in a business combination (see note 6). Contingent liabilities are reviewed periodically to assess whether an outflow of resources will become probable.

Summary of commitments

In € thousands	31 December 2022	31 December 2021
Short-term leases	1,151	636
Low-value leases	340	113
Total committed off-balance leases	**1,491**	**749**

In € thousands	31 December 2022	31 December 2021
Bank guarantees	151,563	141,263
Corporate guarantees	177,580	163,005
Eliminations	(114,102)	(92,715)
Guarantees	**215,041**	**211,553**
Leases	1,491	749
Other commitments	953	8,350
Total	**217,485**	**220,652**

Leases

The Group's lease arrangements mainly relate to contracts for leased cars, building and other (IT) equipment. These leases have varying terms, termination clauses and renewal rights. For leased assets the Group has recognized right-of-use assets and lease liabilities as at 31 December 2022, except for short-term and/or low-value leases. The lease expense recognized in profit or loss of 2022 relating to short-term and/or low-value leases amounted to €1.5 million (2021: €0.7 million).

See note 16 for further information on leases.

Guarantees

Arcadis has issued corporate guarantees as security for credit facilities, bank guarantee facilities and surety bond lines. Guarantees or guarantee-like items issued by a financial intermediary (such as bank guarantees and surety bonds) can be issued in relation to projects, advances received, tender bonds or lease commitments to avoid cash deposits. Bank guarantees or surety bonds issued for project performance can be claimed by clients where Arcadis fails to deliver in line with the agreed contract. In such cases, the liability of the bank should be no greater than the original liability on Arcadis. Where the failure to perform arose due to an error or omission by Arcadis, the claim could be covered by the professional indemnity insurance cover.

The tables below summarize the outstanding corporate and bank guarantees. They reflect only items that have been drawn or utilized that are not already shown on the balance sheet.

In € millions	Corporate guarantees	Bank guarantees	Eliminations [1]	Total
Debt facility financing	3.6	-	-	3.6
Bank guarantee financing	135.8	151.6	(75.9)	211.5
Other	38.2	-	(38.2)	0.0
Balance at 31 December 2022	**177.6**	**151.6**	**(114.1)**	**215.1**

[1] To avoid double-counting and the overstatement of contingent obligations, only one instance of any off-balance sheet item is reported, e.g. if Arcadis NV has provided a corporate guarantee for a local bank guarantee facility, any claim for payment by a client on an outstanding bank guarantee can only be honored once.

In € millions	Corporate guarantees	Bank guarantees	Eliminations [1]	Total
Debt facility financing	7.6	-	-	7.6
Bank guarantee financing	143.4	141.3	(80.7)	204.0
Other	12.1	-	(12.0)	0.1
Balance at 31 December 2021	**163.1**	**141.3**	**(92.7)**	**211.7**

[1] To avoid double-counting and the overstatement of contingent obligations, only one instance of any off-balance sheet item is reported, e.g. if Arcadis NV has provided a corporate guarantee for a local bank guarantee facility, any claim for payment by a client on an outstanding bank guarantee can only be honored once.

The vast majority of outstanding bank guarantees and surety bonds relates to the commercial performance on projects (e.g. Performance guarantees, Tender bonds, Warranty bonds or Advance payment guarantees) and rental guarantees. On 31 December 2022 and throughout the year, the vast majority of the outstanding bank guarantees and surety bonds posed an immaterial and insignificant risk to Arcadis.

On 31 December 2022, only a part of the local bank guarantee facilities and local debt facilities have been used.

Other commitments

The other commitments amount to €1.0 million (2021: €8.4 million) and include the service part of a long-term global IT service contract, which runs for a remaining period of one to two years.

Contingent liabilities

Litigation

The Company is involved in various legal and regulatory claims and proceedings as a result of its normal course of business, either as plaintiff or defendant. Management ensures that these cases are firmly defended. In some of these proceedings, claimants allegedly claim amounts for project contract breaches that are significant to the Consolidated financial statements.

All legal and regulatory claims and proceedings are assessed on a regular basis. In consultation with in-house and external legal counsels, management regularly evaluates facts and circumstances of those claims and, based on the analysis of possible outcomes of litigation and settlements, provisions are accrued for. Provisions are accrued for only where management believes it is probable that Arcadis will be held liable, the amount is reasonably estimable, and the claim has not been insured. These provisions are reviewed periodically and adjusted if necessary, to the extent that cash outflow of related proceedings is probable, including defense costs and reimbursements by our insurance policies.

Since the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, final settlement can differ from this estimate and could require revisions to the estimated provision, which could have a material adverse effect on the Company's balance sheet, profit or loss, and cash flows for a particular period.

Tax

Arcadis operates in a high number of jurisdictions and is subject to a variety of taxes per jurisdiction. Tax legislation can be highly complex and subject to changes and interpretation. Therefore, Arcadis is exposed to varying degrees of uncertainty and significant judgement is required in determining the global tax position. The Company accounts for its income taxes on the basis of its own internal analyses supported by external advice. The Company continually monitors its global tax position including changes in tax laws or interpretations of such laws. Whenever uncertain tax positions arise, the Company assesses the potential consequences and recognizes liabilities depending on the strength of the Company's position and the resulting risk of loss.

34 Related party transactions

A related party is a person or an entity that is related to the Group. These include both people and entities that have, or are subject to, the influence or control of the Group (e.g. key management personnel). Transactions with related parties are accounted for in accordance with the requirements of relevant IFRSs and take into account the substance as well as the legal form.

General

The related parties of the Company comprise subsidiaries, jointly controlled entities, associates, temporary partnerships, Stichting Lovinklaan, Stichting Bellevue, Stichting Prioriteit Arcadis NV, Stichting Preferente Aandelen Arcadis NV, the members of the Executive Board, the Executive Leadership Team and the Supervisory Board.

In accordance with article 2:379 and 414 of the Dutch Civil Code, the list of subsidiaries, joint ventures, and associates is filed with the Chamber of Commerce in Amsterdam.

Transactions with subsidiaries

The financial transactions between the Company and its subsidiaries comprise operational project related transactions, financing transactions and other transactions in the normal course of business activities. Transactions within the Group are not included in these disclosures as these are eliminated in the Consolidated financial statements.

Transactions with joint arrangements

The Group has entered into transactions on an arm's length basis through joint arrangements during the year 2022. Total revenues from joint arrangements amounted to €245 million (2021: €221.2 million).

Transactions with associates

The Group has entered into transactions with associates, see note 17 and the table on the next page.

Transactions with key management personnel

The table below specifies the total remuneration of key management personnel, for the period that they met the criteria, and for remuneration received in the capacity of key management personnel. This includes the remuneration of the Executive Board members of €4.4 million (2021: €3.4 million) and Supervisory Board members of €0.5 million (2021: €0.5 million).

For the composition of the Executive Board, Executive Leadership Team and Supervisory Board in 2022 see pages 116 to 119. The remuneration in below table covers the period that members qualified as key management personnel.

In € thousands	2022	2021
Salary	3,700	3,480
Bonus	2,451	2,464
Pension compensation	295	327
Pension	179	131
LTIP expense	4,120	2,182
Fringe benefits	433	366
Total	**11,178**	**8,950**

In 2022 (and 2021) no transactions involving conflicts of interest for key management personnel occurred which were material to the Company. In addition, the Company has not granted any loans, advances or guarantees to key management personnel.

Transactions with post-employment benefit plans

The main post-employment benefit plans are the pension funds of EC Harris (ECH) and Hyder (AGPS). In 2022 the Company contributed €1.5 million (2021: €1.8 million) to the plan of EC Harris, €3.6 million to the plan of Hyder (2021: €3.3 million), and nil to other defined benefit plans (2021: €0.2 million), see note 28.

Transactions with Lovinklaan Foundation

Stichting Lovinklaan (Lovinklaan Foundation) is one of the main shareholders of Arcadis. The board of the Foundation consists of Arcadis employees. The Foundation had an interest of 18.2% in Arcadis NV at 31 December 2022 (2021: 18.0%).
Other contributions made by the Lovinklaan Foundation in 2022 to Arcadis related to the following programs:

- Shelter: €0.4 million (2021: €0.4 million)
- Quest: €0.0 million (2021: €0.1 million)
- Local Spark: €0.1 million (2021: €0.1 million)
- Roots of Arcadis: €0.1 million (2021: €0.1 million)
- Expedition DNA: €0.3 million (2021: €0.5 million)
- Skills Powered Organisation: €0.3 million (2021: nil)

In 2022 (and 2021) no other financial transactions apart from the above mentioned took place between the Foundation and the Company, except for the dividends on the shares.

Transactions with other related parties

Arcadis NV contributed €55,000 to Stichting Preferente Aandelen Arcadis NV (the 'Preferred Stock Foundation') in 2022 (2021: €57,000) and €1,500 to Stichting Prioriteit Arcadis NV (the 'Priority Share Foundation') (2021: €1,000). See note 26 for further information on these foundations.

The contribution to Stichting Bellevue amounted to €68,000 (2021: €68,000).

Summary

A summary of transactions with related parties (excluding Key Management Personnel) in the financial year is disclosed in the table below:

	Transactions with associates		Transactions with joint arrangements		Transactions with post-employee benefit plans		Other	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Sales (to)	55.9	48.7	245.0	221.2	-	-	0.9	0.6
Purchase (from)	-	-	0.8	0.6	-	-	-	-
Loans (to)	-	-	-	-	-	-	-	-
Receivables (from)	2.8	2.0	5.4	11.9	-	0.2	0.2	0.1
Payables (to)	-	-	0.4	-	-	-	-	-
Impairment of loans (to)	-	-	-	-	-	-	-	-
Dividends received (from)	10.5	0.4	-	-	-	-	-	-
Provision for bad debts related to outstanding balances	-	-	-	0.3	-	-	-	-
Related expenses to these bad or doubtful debts	-	-	-	-	-	-	-	-
Provision for outstanding loan balances	-	-	-	-	-	-	-	-
Transfer of pension premiums and cost changes	-	-	-	-	0.3	1.1	-	0.2
Contributions	-	-	-	-	5.1	5.3	0.4	1.2

35 Events after the balance sheet date

A subsequent event is a favorable or unfavorable event, that occurs between the reporting date and the date that the financial statements are authorized for issue. Events after the reporting date that provide evidence of conditions that existed at the reporting date are adjusted within the financial statements. Events that are indicative of a condition that arose after the reporting date of a material size or nature are disclosed below.

There are no material subsequent events, that would have changed the judgement and analysis by management of the financial condition of the Company at 31 December 2022, or the result for 2022.

Company financial statements

Company balance sheet

as at 31 December - before allocation of profit

In € thousands	Note	2022	2021
Assets			
Non-current assets			
Intangible assets	40	1,035	1,554
Property, plant & equipment	41	548	603
Right-of-use assets	42	2,023	2,646
Investment in subsidiaries	43	2,128,836	1,534,330
Loans issued to subsidiaries and other investments	44	460,444	185,819
Total Non-current assets		**2,592,886**	**1,724,952**
Current assets			
Derivatives		14,312	5,296
Receivables	45	156,795	182,224
Corporate income tax receivable		-	2,960
Cash and cash equivalents		20,749	84,062
Total Current assets		**191,856**	**274,542**
Total Assets		**2,784,742**	**1,999,494**

In € thousands	Note	2022	2021
Equity and liabilities			
Shareholders' equity			
Share capital		1,809	1,809
Share premium		372,460	372,460
Hedging reserve		778	649
Translation reserve		(46,036)	(51,616)
Other legal reserves		9,590	9,590
Retained earnings		567,228	522,014
Undistributed profits		135,530	167,882
Total Shareholders' equity	26, 46	**1,041,359**	**1,022,788**
Provisions	47	13,868	21,284
Deferred tax liabilities	48	3,105	2,901
Non-current liabilities			
Long-term debt	49	1,148,008	339,298
Lease liabilities	42	1,315	1,927
Total Non-current liabilities		**1,149,323**	**341,225**
Current liabilities			
Current portion of provisions	47	1,605	-
Derivatives		18,873	3,809
Bank overdrafts		146	-
Short-term borrowings	49	17,000	64,000
Current portion of lease liabilities	42	721	743
Corporate income tax payable		1,666	-
Current liabilities	50	537,076	542,744
Total Current liabilities		**577,087**	**611,296**
Total Equity and liabilities		**2,784,742**	**1,999,494**

The notes on pages 241 to 251 are an integral part of these Company financial statements

Company income statement

for the year ended 31 December

In € thousands	Note	2022	2021
Corporate charges to subsidiaries	37	200,941	101,806
Total Corporate Income		**200,941**	**101,806**
Personnel costs	55	(116,452)	(67,030)
Other operational costs	38	(57,649)	(33,363)
Depreciation and amortization	40, 41, 42	(2,305)	(3,009)
Total Operational costs		**(176,406)**	**(103,402)**
Operating income/ (expense)		**24,535**	**(1,596)**
Finance income		8,638	6,676
Finance expenses		(13,435)	(10,223)
Fair value change of derivatives		(3,155)	897
Net finance expense	39	**(7,952)**	**(2,650)**
Profit/ (loss) before income tax		**16,583**	**(4,246)**
Income taxes		(6,519)	5,757
Net income subsidiaries		125,466	166,371
Result for the period		**135,530**	**167,882**

The notes on pages 241 to 251 are an integral part of these Company financial statements

Notes to the Company financial statements

36 General

Unless stated otherwise, all amounts are rounded in thousands of euros. The Company financial statements have been prepared using the option of article 2:362 of the Dutch Civil Code, meaning that the accounting principles used are the same as for the Consolidated financial statements. Foreign currency amounts have been translated, assets and liabilities have been valued, and net income has been determined, in accordance with the principles of valuation and determination of income presented in note 2 of the Consolidated financial statements.

In the Company financial statements, subsidiaries of Arcadis NV are accounted for using the equity method. To achieve optimal transparency between the Consolidated financial statements and the Company financial statements name conventions are aligned.

37 Corporate charges to subsidiaries

Corporate charges to subsidiaries include items such as headquarter support service fees, royalty fees, and license fees. It includes 'true-ups' for the previous year, which have been calculated and settled in 2022 following the final 2021 results. The significant increase in the Corporate charges are attributable to the change in operational model to the GBAs.

38 Other operational costs

In € thousands	2022	2021
Occupancy	595	294
Travel	1,679	408
Office related	293	267
Computer related	8,516	6,179
Audit and consultancy services	30,890	22,026
Insurances	1,384	775
Marketing and advertising	1,744	1,821
Charitable donations	1,054	-
Intercompany charges	9,978	3,022
Other	1,516	(1,429)
Total	**57,649**	**33,363**

The consultancy charges increased during the year due to the acquisition of IBI Group and DPS Group.

The intercompany charges increased as a result of the introduction of the new operating model that resulted in higher recharges from operating companies that employed GBA resources.

39 Net finance expense

The net finance expense includes income and expenses relating to intercompany loans and leases. Foreign exchange differences on financial liabilities and interest on leases are part of the finance expenses.

40 Intangible assets

In € thousands	Software
Cost	12,975
Accumulated amortization	(9,182)
At 1 January 2021	**3,793**
Additions	-
Amortization charges	(2,239)
Movement 2021	**(2,239)**
Cost	12,975
Accumulated amortization	(11,421)
At 31 December 2021	**1,554**
Additions	1,035
Amortization charges	(1,554)
Movement 2022	**(519)**
Cost	14,010
Accumulated amortization	(12,975)
At 31 December 2022	**1,035**

41 Property, plant & equipment

In € thousands	Furniture and fixtures	Computer hardware	Total
Cost	1,730	18	1,748
Accumulated depreciation	(1,097)	(14)	(1,111)
At 1 January 2021	**633**	**4**	**637**
Additions	-	14	14
Disposals	-	-	-
Depreciation charges	(45)	(3)	(48)
Movement 2021	**(45)**	**11**	**(34)**
Cost	1,730	32	1,762
Accumulated depreciation	(1,142)	(17)	(1,159)
At 31 December 2021	**588**	**15**	**603**
Additions	-	-	-
Disposals	-	-	-
Depreciation charges	(50)	(5)	(55)
Movement 2022	**(50)**	**(5)**	**(55)**
Cost	1,730	32	1,762
Accumulated depreciation	(1,192)	(22)	(1,214)
At 31 December 2022	**538**	**10**	**548**

42 Right-of-use assets and lease liabilities

Amounts recognized in the Company balance sheet

Right-of-use assets

In € thousands	Leased land and buildings	Leased (IT) equipment	Leased vehicles	Total
Balance at 1 January 2021	**2,973**	**11**	**297**	**3,281**
Additions	24	-	117	141
Depreciation	(610)	(6)	(106)	(722)
Derecognition fully depreciated assets	-	-	-	-
Remeasurements	-	-	(54)	(54)
Balance at 31 December 2021	**2,387**	**5**	**254**	**2,646**
Additions	-	-	88	88
Depreciation	(594)	(5)	(97)	(696)
Derecognition fully depreciated assets	-	-	-	-
Remeasurements	-	-	(15)	(15)
Balance at 31 December 2022	**1,793**	**-**	**230**	**2,023**

Lease liabilities

In € thousands	2022	2021
Balance at 1 January	**2,670**	**3,293**
Additions	91	141
Payments of lease liabilities	(743)	(752)
Remeasurements	(15)	(54)
Interest	33	42
Balance at 31 December	**2,036**	**2,670**
Current	721	743
Non-current	1,315	1,927
Total	**2,036**	**2,670**

Amounts recognized in the Company income statement

In € thousands	2022	2021
Depreciation	696	722
Interest expense (included in Net finance expense)	33	42
Other operational costs for short-term leases	-	-
Total	**729**	**764**

43 Investment in subsidiaries

In € thousands	2022	2021
Balance at 1 January	**1,534,330**	**1,265,123**
Share in income of subsidiaries	125,467	166,371
Dividends received	(48,000)	-
Capital contributions	534,860	24,656
Capital repayments	(1,155)	-
Remeasurements on post-employment benefit obligations, net of income taxes	(16,433)	22,099
Other charges	129	(1,269)
Provision for negative equity of investments	(7,341)	(5,691)
Exchange rate differences	6,979	63,041
Balance at 31 December	**2,128,836**	**1,534,330**

For the remeasurements on post employee benefits obligations, see note 28.

For the movement in the provisions relating to provisions relates to subsidiaries of the Company with a negative equity for which the Company is liable see note 47.

The exchange rate differences mainly relate to the British Pound Sterling, US Dollar and Canadian Dollar rates.

44 Loans issued to subsidiaries and other investments

In € thousands	2022	2021
Balance at 1 January	**185,819**	**212,984**
Loans issued to subsidiaries	359,607	94,006
Redemptions	(89,265)	(132,395)
Investments	-	-
Divestments	98	-
Others	-	-
Exchange rate differences	4,185	11,224
Balance at 31 December	**460,444**	**185,819**

As Arcadis NV applies the same valuation principles in the Company financial statements as those applied in the Consolidated financial statements, IFRS 9 is also applicable to intercompany loans and receivables. The assessment of the Expected Credit Loss did not result in a material impact on the Company financial statements. To have consistency between the Consolidated and standalone equity no loss has been recorded, which is in line with the clarification as provided by the Raad voor de Jaarverslaggeving (RJ) that a reversal of the Expected Credit Loss can be included in the carrying amount of the loans.

The increase in loans issued is mainly related to the newly acquired subsidiaries in 2022.

Noted is that Arcadis NV has control, directly or indirectly, over all the subsidiaries it granted loans and can convert these into equity if needed.

The exchange rate differences mainly relate to loans in US Dollar, British Pound Sterling and Canadian Dollar.

45 Receivables

In € thousands	2022	2021
Receivables from subsidiaries and associates	144,027	167,556
Other receivables	12,768	14,668
Balance at 31 December	**156,795**	**182,224**

The Receivables from subsidiaries and associates mainly relate to short-term financing by means of current accounts.

Arcadis applied the simplified approach under IFRS 9 to its intercompany current receivables and concluded that the Expected Credit Loss is immaterial. See note 21 of the Consolidated financial statements for further details on the simplified approach and note 44 on the treatment of the Expected Credit Loss on intercompany positions in the Company financial statements.

The Other receivables include €9.7 million (2021: €10.5 million) of prepaid amounts, mainly related to software licenses and other prepaid IT support.

46 Shareholders' equity

In € thousands	Share capital	Share premium	Hedging reserve	Translation reserve	Other legal reserve	Retained earnings	Undistributed profits	Total
Balance at 1 January 2021	**1,809**	**372,472**	**194**	**(114,381)**	**15,583**	**573,048**	**18,875**	**867,600**
Net income	-	-	-	-	-	-	167,882	167,882
Exchange rate differences	-	-	-	62,766	-	-	-	62,766
Effective portion of changes in fair value of cash flow hedges, net of income taxes	-	-	455	-	-	-	-	455
Remeasurements on post-employment benefit obligations, net of income taxes	-	-	-	-	-	22,099	-	22,099
Other comprehensive income, net of income taxes	**-**	**-**	**455**	**62,766**	**-**	**22,099**	**-**	**85,320**
Total comprehensive income for the period	**-**	**-**	**455**	**62,766**	**-**	**22,099**	**167,882**	**253,202**
Transactions with owners of the Company:	-	-						
Acquisitions and transactions with non-controlling interests	-	-	-	-	-	-	-	-
Dividends to shareholders	-	(22,292)	-	-	-	(12,397)	(18,876)	(53,565)
Addition to (utilization of) other (statutory) reserves	-	-	-	-	(5,993)	5,993	-	-
Issuance of shares	12	22,280	-	-		-	-	22,292
Cancellation of shares	(12)	-	-	-	-	-	-	(12)
Share-based compensation, net of income taxes	-	-	-	-		4,436	-	4,436
Purchase of own shares	-	-	-	-		(77,327)	-	(77,327)
Share options exercised	-	-	-	-		6,162	-	6,162
Total transactions with owners of the Company	**-**	**(12)**	**-**	**-**	**(5,993)**	**(73,133)**	**(18,876)**	**(98,014)**
Balance at 31 December 2021	**1,809**	**372,460**	**649**	**(51,615)**	**9,590**	**522,014**	**167,881**	**1,022,788**
Net income	-	-	-	-	-	-	135,530	135,530
Exchange rate differences	-	-	-	5,579	-	-	-	5,579
Effective portion of changes in fair value of cash flow hedges, net of income taxes	-	-	129	-	-	-	-	129
Remeasurements on post-employment benefit obligations, net of income taxes	-	-	-	-	-	(16,433)	-	(16,433)
Other comprehensive income, net of income taxes	**-**	**-**	**129**	**5,579**	**-**	**(16,433)**	**-**	**(10,725)**
Total comprehensive income for the period	**-**	**-**	**129**	**5,579**	**-**	**(16,433)**	**135,530**	**124,805**
Transactions with owners of the Company:								
Acquisitions and transactions with non-controlling interests	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	51,828	(167,881)	(116,053)
Addition to (utilization of) other (statutory) reserves	-	-	-	-	-	-	-	-
Issuance of shares	-	-	-	-	-	-	-	-
Cancellation of shares	-	-	-	-	-		-	-
Share-based compensation, net of income taxes	-	-	-	-	-	8,568	-	8,568
Purchase of own shares	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	1,251	-	1,251
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**61,647**	**(167,881)**	**(106,234)**
Balance at 31 December 2022	**1,809**	**372,460**	**778**	**(46,036)**	**9,590**	**567,228**	**135,530**	**1,041,359**

The total Legal reserves include the Hedging reserve, Translation reserve and Other legal reserves and are non-distributable. The other legal reserves relate to earnings retained by subsidiaries, associates and joint ventures, as well as internally developed software.

For information on shares purchased to cover the Company's option plans, see note 26 to the Consolidated financial statements.

47 Provisions

In € thousands	2022	2021
Balance at 1 January	**21,284**	**27,962**
Additions	1,530	429
Deductions because of use	-	(5,812)
Release of unused amounts	(7,341)	(1,295)
Balance at 31 December	**15,473**	**21,284**
Current	1,605	-
Non-current	13,868	21,284
Total	**15,473**	**21,284**

The provisions of Arcadis NV at 31 December 2022 relate to a provision for negative equity of a direct subsidiary of the Company, in accordance with article 2:403 paragraph 1 of the Dutch Civil Code amounted to €13.8 million. (2021: €21.2 million). At 31 December 2022 the restructuring provision amounted to €1.6 million. (2021: €0.1 million). At 31 December 2022, other provision amounted to €0.1 million. (2021: nil).

48 Deferred tax assets and liabilities

In € thousands	Deferred tax assets	Deferred tax liabilities	Total
Balance at 1 January 2021	**1,695**	**-**	**1,695**
Additions/ deductions	(1,695)	(2,901)	(4,596)
Changes recognized directly in equity/ OCI			-
Balance at 31 December 2021	**-**	**(2,901)**	**(2,901)**
Additions/ deductions	-	(204)	(204)
Changes recognized directly in equity/ OCI	-	-	-
Balance at 31 December 2022	**-**	**(3,105)**	**(3,105)**

49 Long-term debt

In € thousands	Loans from group companies	Loan notes issued to financial institutions	Total
Balance at 1 January 2021	**214,031**	**273,998**	**488,029**
New financing	24,456	-	24,456
Redemptions	(58,231)	(38,270)	(96,501)
From long-term to short-term	-	(89,000)	(89,000)
Exchange rate differences	12,314	-	12,314
Balance at 31 December 2021	**192,570**	**146,728**	**339,298**

In € thousands	Loans from group companies	Loan notes issued to financial institutions	Total
Balance at 1 January 2022	**192,570**	**146,728**	**339,298**
New financing	213,914	747,277	961,191
Redemptions	(134,743)	-	(134,743)
From long-term to short-term	-	(15,386)	(15,386)
Exchange rate differences	(2,352)	-	(2,352)
Balance at 31 December 2022	**269,389**	**878,619**	**1,148,008**

During 2022, an amount of €15 million has been reclassified to short-term. The loan notes issued to financial institutions are all due within five years.

Please refer to note 30 for more detail on the long-term debts at consolidated level.

50 Current liabilities

In € thousands	2022	2021
Suppliers	11,356	6,727
Payables to group companies	480,355	511,082
Other liabilities	45,365	24,935
Balance at 31 December	**537,076**	**542,744**

The payables to group companies mainly relate to the internal cash pool. Refer to note 30 and 32 to the Consolidated financial statements for further information on Arcadis' lines of credit.

The increase of other liabilities is mainly related to accrued bonusses and advisory costs.

51 Commitments and contingent liabilities

Commitments and contingent liabilities

As parent company of the fiscal unity in the Netherlands, the Company is severally liable for the corporate income tax and value added tax liabilities of the fiscal unity. The companies that form part of the Arcadis NV tax group account for their tax position based on their own taxable result. The tax charge is settled with the Company based on the finalized tax return.

At the end of 2022, the Company had commitments for rent and lease obligations that are exempted from IFRS16 (short-term and/or low value leases) amounting to €1.5 million (2021: nil). Additionally, the Company entered into long-term service commitments relating to a global IT outsourcing contract of €1.0 million (2021: €8.3 million).

Guarantees & short-term facilities

The Company has pledged a limited number of guarantees for the short-term credit and guarantee facilities that are available for use to its operating companies. The total amount available under these facilities is €196.2 million of which €41.3 million is used at 31 December 2022 (2021: €163.7 million of which €42.1 million was used). In addition to this amount, the Company has corporate guarantees for an amount of €177.6 million available (2021: €163.0 million).

For an overview of all off-balance sheet guarantees provided by either Arcadis NV or its subsidiaries see note 33 to the Consolidated financial statements.

52 Remuneration of EB and SB members

Remuneration of Executive Board members

In 2022, an amount of €4.4 million (2021: €3.4 million) was charged to the Company for remuneration of the current and former Executive Board members, including pension charges, the LTIP expense and fringe benefits.

As reflected in the 'Remuneration report' and the table on next page, a number of 33,653 conditional (performance) shares were granted to Executive Board members as variable remuneration (2021: 40,647).

For an explanation of the Remuneration Policy, see the 'Remuneration Report' included in this report on pages 154 to 164.

Overview of remuneration of Executive Board members in 2022

In € thousands	Salary	Bonus	Pension compensation	Pension	LTIP expense [1]	Fringe benefits	Total 2022	Conditional (performance) shares Number	Conditional (performance) shares Value [2]
Peter Oosterveer	680	518	165	19	1,392	58	2,832	20,350	716,117
Virginie Duperat–Vergne	489	372	72	19	371	267	1,591	13,303	468,133
Total current Board members	**1,169**	**890**	**237**	**38**	**1,764**	**325**	**4,423**	**33,653**	**1,184,250**

[1] The LTIP expense relates to the charge to the Income statement in the year based on the plans granted in the preceding 36 months
[2] This amount is charged over a three-year period to the Company's income statement and only includes the expense for grants received in the capacity of Executive Board member

The fringe benefits of current board members of €0.3 million (2021: €0.3 million) include a representation and expense allowance, a car allowance, social security premium (of which €0.2 million in France) and health and disability insurance.

Overview of remuneration of Executive Board members in 2021

The next table includes all remuneration that has been expensed during 2021 and which was received in the capacity of Executive Board membership.

In € thousands	Salary	Bonus	Pension compensation	Pension	LTIP expense [1]	Fringe benefits	Total 2021	Conditional (performance) shares Number	Conditional (performance) shares Value [2]
Peter Oosterveer	660	486	160	19	744	62	2,131	24,571	857
Virginie Duperat–Vergne	475	349	69	19	160	190	1,262	16,076	561
Total current Board members	**1,135**	**835**	**229**	**38**	**904**	**252**	**3,393**	**40,647**	**1,418**

1 The LTIP expense relates to the charge to the Income statement in the year based on the plans granted in the preceding 36 months
2 This amount is charged over a three-year period to the Company's income statement and only includes the expense for grants received in the capacity of Executive Board member

Remuneration of Supervisory Board members

At 31 December 2022, the Supervisory Board consisted of six members (2021: six). The joint fixed remuneration for 2022 amounted to €0.5 million (2021: €0.5 million), specified as follows:

In € thousands	2022	2021
Michiel Lap	101	70
Michael Putnam	82	74
Deanna Goodwin	91	72
Niek Hoek	83	103
Ruth Markland [1]	-	22
Wee Gee Ang	77	65
Carla Mahieu [2]	68	46

1 Resigned from the Supervisory Board on 29 April 2021
2 Appointed to the Supervisory Board on 29 April 2021

53 Interests held by members of the EB

The interests held in the share capital of Arcadis NV by members of the Executive Board were:

Number of shares Arcadis NV Current EB members	31 December 2022	31 December 2021
Peter Oosterveer	123,900	81,921
Virginie Duperat-Vergne	-	-

Number of conditional (performance) shares Arcadis NV[1] Current EB members	31 December 2022	31 December 2021
Peter Oosterveer	80,738	111,443
Virginie Duperat-Vergne	35,238	21,935

1 Amounts are based on granting 100% of the reference numbers, with maximal extension to 165% (see note 10). For the description of the LTIP plan, please refer to the paragraph 'Long-term variable remuneration' on page 159 of this Annual Integrated Report

In 2022, the aggregate numbers of conditional performance shares held by members of the Executive Board are as below. The board members did not hold stock options in 2022.

Conditional performance shares	Granted in	Share price at grant date (in €)	Outstanding at 1 January 2022	Granted in 2022	Increase/(decrease) by performance measure	Vested in 2022	Forfeited in 2022	Outstanding at 31 December 2022	Vesting date
Peter Oosterveer									
	2019	16.90	51,055	-	33,186	(84,241)	-	-	ex-dividend date 2022
	2020	12.82	35,817	-	-	-	-	35,817	ex-dividend date 2023
	2021	34.64	24,571	-	-	-	-	24,571	ex-dividend date 2024
	2022	36.92	-	20,350	-	-	-	20,350	ex-dividend date 2025
			111,443	**20,350**	**33,186**	**(84,241)**	**-**	**80,738**	
Virginie Duperat-Vergne									
	2020	12.82	5,859	-	-	-	-	5,859	ex-dividend date 2023
	2021	34.64	16,076	-	-	-	-	16,076	ex-dividend date 2024
	2022	36.92	-	13,303	-	-	-	13,303	ex-dividend date 2025
			21,935	**13,303**	**-**	**-**	**-**	**35,238**	
Total board members			**133,378**	**33,653**	**33,186**	**(84,241)**	**-**	**115,976**	

54 Shares held by members of the SB

None of the members of the Supervisory Board held Arcadis shares in 2022 and 2021.

55 Employees

At 31 December 2022, Arcadis NV had 135 full-time employees on its payroll (2021: 138). For information on share-based remuneration granted to employees of Arcadis NV, as meant by article 2:383d paragraph 1 of the Dutch Civil Code, see note 10 to the Consolidated financial statements.

Personnel costs for Arcadis NV consisted of the following:

In € thousands	2022	2021
Salaries and wages	30,027	25,938
Social charges	1,909	1,752
Pension and early retirement charges	1,751	1,365
Other personnel costs (mainly intragroup)	82,765	37,975
Total personnel costs	**116,452**	**67,030**

The other personnel costs include an amount of €0.2 million of payments in relation to the termination of employment agreements (2021: €0.2 million).

56 External independent auditor fees and services

In accordance with article 2:382a of the Dutch Civil Code the following table details the aggregate fees billed by our external independent auditor, PricewaterhouseCoopers Accountants N.V., including the foreign offices of PricewaterhouseCoopers of the last two fiscal years for various services:

Type of services provided (in € millions)	2022	2021
Audit fees	4.9	3.8
Audit-related fees	0.3	0.1
Tax fees	-	-
Other non-audit fees	-	-
Total	**5.2**	**3.9**

Audit-related fees consist of fees for services that are traditionally performed by the external independent auditor. In addition to the statutory audit of Arcadis NV, PricewaterhouseCoopers Accountants N.V. was engaged by the Supervisory Board to perform specific agreed upon procedures.

Of the total fees billed, an amount of €1.4 million relates to PricewaterhouseCoopers Accountants N.V. (2021: €1.2 million) and the remainder to its foreign offices.

Amsterdam, the Netherlands, 16 February 2023

Executive Board	Supervisory Board
Peter Oosterveer	Michiel Lap
Virginie Duperat-Vergne	Michael Putnam
	Deanna Goodwin
	Wee Gee Ang
	Niek Hoek
	Carla Mahieu

Additional information

Other information

The following information is provided pursuant to Article 2:392.1 Dutch Civil Code.

Profit allocation

Article 27 of the Articles of Association stipulates, among other things, that the Executive Board, with the approval of the Supervisory Board, shall annually decide which part of the profit shall be allocated to the reserves. The remaining part of the profit shall be at the disposal of the annual General Meeting.

The profit attributable to the equity holders of the Company over fiscal year 2022 amounts to €135.5 million. The Executive Board, with the approval of the Supervisory Board, proposes to deduct an amount of €69.2 million from the retained earnings and to present for approval to the annual General Meeting of Shareholders its proposal to distribute a dividend amount of €66.3 million, which represents a dividend of €0.74 per ordinary share (2021: €0.70). Of the total Retained earnings, an amount of €9.6 million of legal reserves is restricted in distribution (2021: €9.6 million).

Audit and Risk Committee policies and procedures

The Audit and Risk Committee has adopted a charter that details the duties and responsibilities of the Audit and Risk Committee. These duties and responsibilities include, amongst other things, reviewing and overseeing the financial and operational information provided by Arcadis to its shareholders and others, systems of internal controls, financial risk management, accounting and financial reporting processes, the independence, qualifications and performance of the external auditor of Arcadis and the performance of the internal audit function.

Special rights to holders of priority shares

The priority shares are held by Stichting Prioriteit Arcadis NV. The Board of the Stichting Prioriteit Arcadis NV consists of twenty (20) board members (with seven (7) vacancies at 31 December 2022): seven (7) members of the Supervisory Board, both (2) members of the Executive Board, one (1) member of the Executive Leadership Team and ten (10) members from the Board of Stichting Bellevue (a foundation seated in Amsterdam, whose board members are appointed by and from the international employees of the Arcadis Group). Each board member has one vote whereby in the event of a vacancy, the number of votes that can be exercised by the Executive Board and Executive Leadership Team members together with the Supervisory Board members shall equal the number of votes that can be exercised by the employee members. Stichting Prioriteit Arcadis NV has special statutory rights, which includes approval of the amendment of the Articles of Association of Arcadis NV, and certain other topics, which have been described in note 26 to the Consolidated financial statements.

Independent auditor's report

To: the general meeting and the supervisory board of Arcadis N.V.

Report on the financial statements 2022

Our opinion

In our opinion:

- The consolidated financial statements of Arcadis N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- The company financial statements of Arcadis N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022 of Arcadis N.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- The consolidated balance sheet as at 31 December 2022;
- The following statements for 2022: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flow; and
- The notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet as at 31 December 2022;
- The company income statement for the year then ended; and
- The notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Arcadis N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

Arcadis N.V. is a design & consultancy firm for natural and built assets. The Group is comprised of several components and therefore, we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

The change of the operating model to a Global Business Area structure, the completion of a number of acquisitions and a number of divestments of non-strategic countries or activities in the last four months of the year characterised the financial year 2022. This affected the segment reporting (including goodwill re-allocation), disclosures on business combinations and the scope of our audit as described in the sections 'The scope of our group audit' and 'Key audit matters'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the executive board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change.

In note 2 of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in relation to the re-allocation and valuation of goodwill and other intangible assets as well as accounting for business combinations (including the provisional purchase price allocation), as well as project revenue recognition and valuation of contract assets, we considered these matters as key audit matters as set out in the section 'Key audit matters' of this report.

Arcadis N.V. assessed the possible effects of climate change and its plans to meet the net zero commitments on its financial position, refer to paragraph 'Sustainable solutions' (including the paragraph 'Arcadis EU taxonomy disclosure' in the executive board report, the 'Arcadis TCFD disclosure' and 'Arcadis TCFD assessment') in the additional information. We discussed Arcadis N.V.'s assessment and governance thereof with the executive board and evaluated the potential impact on the financial position including underlying assumptions and estimates.

We used our sustainability specialists, who are also involved in the assurance engagement over selected financial and non-financial indicators in the Annual integrated Report, with respect to the sustainability information included in the other information (including the EU taxonomy disclosure). The expected effect of climate change is not considered to be a separate key audit matter.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a global client in the design & consultancy industry. We therefore included experts and specialists in the areas of, amongst others IT, share-based payments, income tax, valuations, sustainability and actuaries in our team.

The outline of our audit approach was as follows:

Materiality
- Overall materiality: €15 million

Audit scope
- We conducted audit work on eight components and performed specified procedures on one component. For the acquisitions of the IBI and DPS groups we conducted an audit of specific account balances on the date of acquisition and on the 31 December 2022 balances.
- Virtual and in person meetings were held with all components in scope.
- Audit coverage: 71% of consolidated revenue, 79% of consolidated total assets and 73% of consolidated profit before tax.

Key audit matters
- Accounting for the acquisition of the IBI and DPS Groups.
- Impact of change in operating model to Global Business Areas on segment reporting, goodwill re-allocation and valuation of goodwill.
- Project revenue recognition and valuation of contract assets.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€15 million (2021: €12 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 0.5% of net revenue.
Rationale for benchmark applied	We used net revenue as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that net revenue is an important metric for the financial performance of the Company.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €1.6 million and €10.8 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €600,000 (2021: €500,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit
Arcadis N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Arcadis N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

Our audit primarily focussed on the significant components of the Group: the Netherlands, United Kingdom and United States. We subjected three components to audits of their complete financial information, as those components are individually financially significant to the Group. Following the acquisitions of the IBI Group (late September 2022) and the DPS Group (late November 2022), we instructed local component auditors to conduct an audit of certain financial statement line items in the opening balance sheets as well as on the 31 December 2022 balance sheets. The audit procedures mainly focused on project related balances and cash and bank. One component was subject to specific risk-focused audit procedures as this component includes higher risk areas.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	71%
Total assets	79%
Profit before tax	73%

None of the remaining components represented more than 4% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work on the financial information of the Company. For the other components we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included, amongst others, our risk analysis, materiality and the scope of the work. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams both during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters that could be of relevance for the consolidated financial statements. The group engagement team met with all component teams and a representation of local management virtually or in person including the IBI and DPS Group. For each of these locations we reviewed selected working papers of the respective component auditors. The group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of more complex items at head office. These included segment information, re-allocation and valuation of goodwill, accounting for business combinations, taxation, accounting for derivative financial instruments and share-based payments.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This included the executive board's risk assessment process, the executive board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to section Enterprise risk management of the executive board report for executive board's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment, as well as the code of conduct, whistle-blower procedures and incident registration. We discussed the fraud risk assessment with Arcadis' risk management and compliance officer. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the executive and supervisory board as well as the internal audit department, legal affairs, compliance department, human resources, and regional directors and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we, in close co-operation with our forensic specialists, evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Fraud risk identified	Our audit work and observations
Risk of management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We paid attention to the risk of management override of controls, including risks of potential misstatements due to fraud based on an analysis of potential interests of management including the incentive to meet certain targets. Considering this analysis, we paid specific attention to the judgement applied in re-allocation and valuation of goodwill and the estimate of the cost to complete project revenue contracts.	To the extent relevant to our audit, we evaluated the design of the internal control environment that reduces the risk of breach of internal control. Also, we paid specific attention to user access management in the IT system and performed compensating procedures when necessary. We selected journal entries based on risk criteria and performed audit procedures to validate these entries. We also performed specific audit procedures regarding important estimates of management, including the accounting for the business combinations, re-allocation and valuation of goodwill and the cost to complete project revenue contracts as described the key audit matters below. In our assessment of estimates, we paid specific attention to the inherent risk of bias from management with regard to estimates. Refer to the Key Audit Matters in this report for more information on how we addressed this risk. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.
Risk of fraud in revenue recognition As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions or assertions give rise to the risk of fraud in revenue recognition. Arcadis enters into contracts that are considered complex from a revenue recognition perspective. We focussed on those contracts which include a fixed price element. The nature of those contracts requires management to estimate the cost to complete, that impacts the revenue recognised. Estimates are inherently uncertain and might be subject to management bias. There might be incentives for management to use estimates in order to satisfy stakeholders, reach KPIs outlined in compensation plans and-/or to meet debt covenants.	Where relevant to our audit, we assessed the design of the internal control measures related to revenue reporting and in the processes for generating and processing journal entries related to the revenue. We used a primarily substantive testing-based approach with respect to the cost to complete. Reference is made to the Key Audit Matter 'Project revenue recognition and valuation of contract assets' for the audit procedures we performed. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect revenue recognition.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identified any indications of fraud, we re-evaluated our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

As disclosed in section 'Going-concern assumption' in note 32 in the financial statements, the executive board performed their assessment of the entity's ability to continue as a going concern for at least twelve months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks). Our procedures to evaluate the executive board's going-concern assessment included, amongst others:

- Considering whether the executive board's going-concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with the executive board regarding the executive board's most important assumptions underlying its going-concern assessment;
- Evaluating the executive board's current budget including cash flows for at least twelve months from the date of preparation of the financial statements taking into account all relevant information of which we are aware as a result of our audit;
- Analysing whether the (bridge) financing obtained for the acquisitions has been secured with a maturity to enable the continuation of the entirety of the entity's operations, including the assessment of the irrevocability of the extension rights, the refinancing possibilities, the related classification as long-term as well as compliance with relevant covenants;
- Analysing the financial position per balance sheet date; and
- Performing inquiries of the executive and supervisory board as to its knowledge of going-concern risks beyond the period of the executive board's assessment.

We concluded that the executive board's use of the going-concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Key audit matter	Our audit work and observations
Accounting for the acquisition of the IBI and DPS Groups Refer to note 6 of the financial statements During 2022 the Group acquired the IBI Group for a total consideration of €573 million and the DPS Group for a total consideration of €229 million. The acquisitions have been accounted for as a business combination in accordance with IFRS 3 and requires a number of significant and complex judgements in the determination of the fair value of the assets and liabilities acquired. A key element of the valuation and purchase price allocation was to assess the fair value of the backlog in IBI Group (amounting to €40 million). The purchase price allocation is reported as provisional for both acquisitions as a number of aspects (such as identification and valuation of other intangible assets, consideration of uncertain tax positions and legal claims and lease option extensions) will be finalised in 2023. The accounting for these acquisitions is a key audit matter in the audit due to the substantial effect on total assets and liabilities and due to the significance of the related disclosures.	We understood and evaluated the process of the business combinations, reviewed the sale and purchase agreements and checked the acquisition dates and purchase price considerations paid. We involved our valuation specialists to assist us in evaluating management’s and management’s experts work (including their competence) related to the provisional purchase price allocation and in particular the valuation of the backlog for the IBI Group We instructed PwC Canada and EY Ireland to perform an audit on specific financial statement line items on the opening balance sheets and the 31 December 2022 balance sheets. We evaluated whether the disclosures are in accordance with the relevant accounting standards and sufficiently disclose the provisional status of the purchase price allocation. Our procedures did not result in material findings with respect to the valuation and disclosures in relation to the business combinations.
Impact on segment reporting, goodwill re-allocation and valuation of goodwill following Arcadis changed operating model Refer to notes 5 and 14 of the financial statements Arcadis has changed its operating model to a Global Business Area (‘GBA’) structure from 1 January 2022. The reportable segments are aligned with the new operating model of the Group, effective from 1 January 2022, as the Company has fully organised itself into three GBAs. Mirroring the new GBA reporting structure, as of 1 January 2022, management has re-allocated the goodwill applying a two-step approach: firstly, the allocation of entities which are fully integrated into one segment and secondly, the allocation of the remaining amount to the GBAs based on the relative values. Subsequent to the acquisition of IBI Group by end of September, a fourth GBA (‘Intelligence’) has been created and is composed of Arcadis GEN (initially allocated to Resilience and Mobility), IBI Group intelligence activities, and Water Platform Company acquired in 2022. DPS Group’s preliminary goodwill has been allocated entirely to the GBA Places. Goodwill is tested for impairment annually together with other assets of the respective cash generating units at the level on which they are monitored, being the four GBAs: Mobility, Places, Resilience and Intelligence. We focused on this area given the magnitude of the goodwill balance and because the executive board’s assessment of the ‘value in use’ of the group’s four GBAs is subject to significant estimation uncertainty. This involves significant judgement to assess future cash flows, which are driven by revenue growth, operating EBITDA margin, working capital developments and the discount rates applied to discount these future cash flows. Note 5 of the consolidated financial statements includes the segment reporting and Note 14 of the consolidated financial statements discloses the key assumptions applied by management for goodwill impairment testing. The change in the operating model has a significant impact on the segment disclosures and the goodwill impairment testing (including assessment of the re-allocation of goodwill) which is subject to significant estimation uncertainty and requires significant judgement. This is therefore determined to be a key audit matter.	We assessed the new GBA structure, including determination and reporting lines to the Chief Operating Decision Maker following the change in the operating model as of 1 January 2022 and after the establishment of the fourth GBA Intelligence. We assessed that the goodwill is monitored at the level of the GBAs by amongst others obtaining management’s reporting pack, organisational structure and review of board meeting minutes. Our valuation experts supported us in the assessment of the re-allocation of the goodwill. On the annual goodwill impairment test, our audit procedures mainly included an assessment of assumptions applied in the impairment model, testing of the inputs to the model, assessing the disclosure note on goodwill, testing the mathematical accuracy of the model and a reconciliation of the model to the five-year forecasts and long-term strategic plans that were approved by senior management. We have challenged the assumptions applied by management. This was done by, amongst others, testing the expected margin increase, by comparing the margin and revenue growth to the historic performance of the company, assessing the expected revenue growth by reviewing available market data for the industry outlook and development of the book-to-bill ratio. Our valuation experts supported us in the evaluation of the methodology and model in accordance with IAS 36, the evaluation of the discount rate as well as other assumptions and methodologies used. Further, we gained an understanding of management strategic plans to assess the revenue and EBITDA growth rate in the explicit forecasting period in combination with the assessment of the terminal growth rate used for impairment testing. We also have analysed the sensitivity of the ‘value in use’ to changes in the respective assumptions in relation to the available headroom. We assessed the adequacy of the disclosures relating to goodwill in accordance with the requirements of IAS 36. Our procedures did not result in material findings with respect to the re-allocation and valuation of goodwill and the related disclosures.

Key audit matter	Our audit work and observations
Project revenue recognition and valuation of contract assets Refer to notes 7, 21, and 22 of the financial statements We consider this a key audit matter since project revenue recognition and the valuation of contract assets are significant to the financial statements based on materiality and because of the degree of management judgement involved. Management applies judgement to determine the cost to complete for contracts, which is the basis for revenue recognition and contract asset valuation, as well as for assessing provisions for onerous contracts. In addition, the valuation of contract assets requires significant management judgement in determining recoverability, especially in the Middle East region, considering the above average ageing and the magnitude of the contract assets.	We assessed the nature of the Group's revenue contracts. We performed substantive audit procedures on individually significant projects as well as high-risk projects. In addition, we took a sample over the remaining population to ensure sufficient coverage over all projects. These substantive procedures focused on the key assumptions applied by Arcadis to determine the cost to complete. The procedures included obtaining evidence to support applied hourly rates, challenging the number of expected hours to complete the project and reconciling changes in budgets to supporting evidence such as contract modifications. We also discussed the progress of the projects with the respective project managers and management of the operating companies. In these audit procedures, we were alert to management bias. With regard to the above average ageing, magnitude of the contract assets in the Middle East region, and the in prior years announced decision to reduce Arcadis' footprint in the Middle East region, specific attention has been given to the collection of trade receivables and valuation of several contracts with significant contract assets. We have discussed management's position papers for these projects with the responsible project managers, the contract solutions team and the local CFO and CEO. We have obtained supporting documentation, which included support for contract modifications, correspondence with the client and minutes confirming the status of negotiations with the client. We assessed the adequacy of the disclosures relating to revenue recognition, in accordance with the requirements of IFRS 15. Our procedures did not result in material findings with respect to revenue recognition and the related disclosures.

Report on the other information included in the annual integrated report

The annual integrated report contains other information. This includes all information in the annual integrated report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements; and
- Contains all the information regarding the executive board report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the executive board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The executive board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Arcadis N.V. on 13 May 2015 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 13 May 2015. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of eight years.

European Single Electronic Format (ESEF)

Arcadis N.V. has prepared the annual integrated report in ESEF. The requirements for this format are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual integrated report prepared in XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Arcadis N.V., complies, in all material respects, with the RTS on ESEF.

The executive board is responsible for preparing the annual integrated report, including the financial statements, in accordance with the RTS on ESEF, whereby the executive board combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion on whether the annual integrated report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual integrated report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared, in all material respects, in accordance with the technical specifications as included in the RTS on ESEF.
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 56 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for:

- The preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- Such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going-concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The executive board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 16 February 2023

PricewaterhouseCoopers Accountants N.V.
original has been signed by J. van Meijel RA

Appendix to our auditor’s report on the financial statements 2022 of Arcadis N.V.

In addition to what is included in our auditor’s report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements
We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board’s use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor’s report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Limited assurance report of the independent auditor

To: the executive board and the supervisory board of Arcadis N.V.

Assurance report on the selected financial and non-financial indicators in the Annual Integrated Report 2022

Our conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected financial and non-financial indicators marked with symbol ✓ in the Annual Integrated Report 2022 of Arcadis N.V. are not prepared in all material respects, in accordance with Arcadis N.V.'s reporting criteria.

What we have examined

The object of our assurance engagement concerns the selected financial and non-financial indicators marked with symbol ✓ included in section '2022 at a glance' in the Annual Integrated Report 2022 of Arcadis N.V. (hereafter: the indicators). We have examined the selected financial and non-financial indicators marked with symbol ✓ in the Annual Integrated Report 2022 of Arcadis N.V. The indicators examined are as follows:

1. Employee engagement (employee net promoter score, scale -100 to +100)
2. Voluntary turnover rate (as% of permanent employees)
3. Number of appointed privacy officers under the privacy policies
4. Women in total workforce (as % of permanent and temporary employees)
5. Arcadis' carbon footprint (MT CO2 per FTE)
6. Number of identified environmental non-compliances
7. Investigated AGBP alleged breaches (assessed and, as needed, investigated)
8. Employees passing Code of Conduct training (as % of total employees)
9. Lost Time Case Frequency (LTCF, per 200,000 work hours)
10. Total Recordable Case Frequency (TRCF, per 200,000 work hours)
11. Financial indicators which include:
    a. Net revenues (in € millions)
    b. Net Income from Operations (in € millions) and per share (in €)
    c. Dividend per share (proposed, in €)
    d. Operating EBITA margin (as % of net revenues)
    e. Net Working Capital (as % of gross revenues)
    f. Days Sales Outstanding (DSO)
    g. Return on Net Working Capital
    h. Net debt to EBITDA ratio (average)
    i. Free cash flow (in € millions)

The basis for our conclusion

We conducted our examination in accordance with Dutch law, including the Dutch Standard 3000A Assurance engagements, other than audits or reviews of historical financial information (attestation-engagements). This engagement is aimed to provide limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the examination' of our report.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of Arcadis N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

Applicable criteria

The reporting criteria used for the preparation of the indicators are Arcadis N.V.'s reporting criteria, as disclosed in section 'Glossary non-financial & financial indicators' of the Annual Integrated Report 2022.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Consequently, the indicators need to be read and understood together with the reporting criteria used.

Responsibilities for the indicators and the examination thereof

Responsibilities of the Executive Board and the Supervisory Board

The executive board of Arcadis N.V. is responsible for the preparation of the indicators in accordance with Arcadis N.V.'s reporting criteria, including selecting the reporting criteria, the identification of the intended users and the criteria being applicable for the purpose of these users.

Furthermore, the executive board is responsible for such internal control as it determines is necessary to enable the preparation of the indicators that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process on the indicators.

Our responsibilities for the examination

Our responsibility is to plan and perform our examination in a manner that allows us to obtain sufficient and appropriate evidence to provide a basis for our conclusion.

Our conclusion aims to provide limited assurance. The procedures performed in this context consisted primarily of making inquiries with officers of the entity and determining the plausibility of the information included in the indicators. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Procedures performed
We have exercised professional judgement and have maintained professional scepticism throughout the examination in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our examination consisted, among other things, of the following:
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the indicators. This includes the evaluation of the reasonableness of estimates made by the executive board.
- Through inquiries, obtaining a general understanding of the control environment, processes and information relevant to the preparation of the indicators, but not for the purpose to obtain assurance evidence about their implementation or to test their operating effectiveness.
- Identifying areas of the indicators with a higher risk of material misstatement, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the indicators responsive to this risk analysis. Those other procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate level responsible for the sustainability strategy, policy and results.
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the indicators.
  - Determining the nature and extent of the review procedures for the group components. For this, the nature, extent and/or risk profile of these components are decisive. Our procedures were performed out of head office.
  - Obtaining assurance evidence that the indicators reconcile with underlying records of the company.
  - Reviewing, on a limited test basis, relevant internal and external documentation.
  - Performing an analytical review of the data and trends of the indicators submitted for consolidation at corporate level.
- Reconciling the financial indicators with the financial statements.
- Evaluating the consistency of the indicators with the information in the Annual Integrated Report 2022, which is not included in the scope of our review.
- To consider whether the indicators as a whole, including the disclosures, reflect the purpose of the reporting criteria used.

We communicate with the executive board and supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 16 February 2023

PricewaterhouseCoopers Accountants N.V.
Original has been signed by J. van Meijel RA

Arcadis TCFD Disclosure 2022

Arcadis supports the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosure (TCFD). As a company, we already play a role in creating a more circular and sustainable economy and world for generations to come. Climate action forms a key business priority within our 2021 – 2023 Strategy 'Maximizing Impact' and our ambition is to accelerate the transition to a net zero world in a way that improves the quality of life.

For our operations: Arcadis is committed to achieve net zero greenhouse gas emissions (net zero). The commitment will reduce scope 1, 2 and 3 emissions in line with the Science Based Targets initiative supporting the Paris Agreement. The goal of this agreement is to limit global warming to 1.5°C compared to pre-industrial levels by 2050.

Our GHG reduction commitments across scope 1, 2, and 3 GHG emissions were approved by SBTi in February 2022. SBTi provides a robust and scientific approach for validating GHG reduction targets, and we are pleased to align our efforts with this leading organization.

For our clients: Arcadis is committed to driving the identification and implementation of climate mitigation and adaptation approaches across all our services and solutions and standardizing them in our operating procedures. Arcadis has also committed to support our client's climate plans through the services and solutions and through Sustainability Advisory services we offer to clients.

Our sustainability efforts are aligned with the United Nations Sustainable Development Goals (SDGs). We recognize the importance of these goals to businesses and governments and we aim to make a positive contribution to the goals through our work. (For more information see the SDG section of this report).

TCFD Progress Roadmap

Arcadis has improved the management of environmental targets and climate-related risks and opportunities over the past few years. We recognize that we can build on these priorities further, to continue enhancing our approach and strengthen the quality of our reporting. We commit to developing a climate-related management plan including environmental targets across our business operations. Below is a summary table of the steps we have taken recently as well as key planned future work.

2021	2022	2023 (planned)
• Submitted a SBTi 1.5°C aligned climate target for verification • Redefined global sustainability strategy to reach net zero. • Began to undertake qualitative Climate Scenario Analysis (CSA) • Finalized outputs from qualitative CSA used to inform Arcadis' climate-related risk and opportunity list • First TCFD disclosures included in Annual Integrated Report • Workshop with ELT members and Global Business Area leadership teams to identify risks and opportunities to accelerate a transition to Net Zero • Achieved a B score in CDP Climate change questionnaire	• Received validation of Arcadis' 1.5°C-aligned climate target by SBTi • Developed a climate management plan that seeks to: – integrate climate-related risks and opportunities into risk management processes • Following initial CSA: – Identified material climate-related risks and opportunities – Performed quantitative transition risk analysis based on risk and opportunity assessment – Performed quantitative physical climate risk analysis for our top office and project sites • Achieved an A- score in CDP Climate change questionnaire	• Further formalize roles & responsibilities around climate-related risks & opportunities – Quantify climate related risks & opportunities for our resilience activities, particularly climate adaptation and mitigation – Broaden board input to climate related risk & opportunity assessment processes • Integrate the results of our qualitative and quantitative CSA into our ARC framework and development of our next 3-year growth strategy • Apply to SBTi under the new Net-Zero Standard, taking into account our recent acquisitions and updated scope 3 inventory

Governance
Arcadis is committed to good governance across its business, based on integrity, transparency, accountability, and proper supervision. To successfully manage climate-related risks and opportunities we have governance mechanisms in place across the business.

The Supervisory Board supervises and advises the Executive Board (EB) in the performance of its management tasks and supervises the overall development of the Company and its affiliates.

The Supervisory Board has four committees: an Audit and Risk Committee (the AARC), a Selection Committee, a Remuneration Committee and a Sustainability Committee (the SusCo). Each composed of Board members, their task is to assist and advise the Supervisory Board in fulfilling its responsibilities. For more information see the Corporate Governance section of this report.

The AARC, comprised of four Supervisor Board members, is responsible for reviewing and managing risks across the business.

The SusCo assist and advise the Supervisory Board in sustainability, including on risk and opportunities. The SusCo meets at least four times a year. More information on the SusCo can be found in our Governance website.

The EB is entrusted with the management of the Company, under supervision of the Supervisory Board. The Executive Board consists of the CEO and the CFO. The EB is responsible for the management of the Company as well as the continuity of the Company and the Company's goals, objectives, long-term value creation strategy, policy, and results. It has oversight on and annually approves and adjusts our risk universe, including sustainability and climate-related risks. The SB is informed quarterly of our climate-related risks.

Climate-related issues are managed under the guidance of the EB and the Executive Leadership Team (ELT). ELT members hold ownership of mitigating identified key risks and pursuing identified opportunities. The ELT is led by our CEO, who has final responsibility for ownership of company performance, including climate-related topics.

The following are also in place to support the EB and ELT and ensure strong governance at every level throughout the business:
- Non-Financial Reporting Steering Committee, meeting at least four times a year, consists of one member of the EB, one member of the ELT, the Chief Sustainability Officer, the Global Accounting Director and the Non-Financial Reporting Director. The NFR SteerCo role is to provide strategic direction as plans and objectives are developed;
- Chief Sustainability Officer, leading the implementation of our Sustainability strategy and ambition.

In addition to its internal carbon reduction and climate change efforts, Arcadis contributes to external programs aimed at helping the transition to a net zero world. This includes contributions to working groups of the World Business Council for Sustainable Development (WBCSD) and the International Federation of Consulting Engineers (FIDIC). In addition to contributions to TCFD work for WBCSD, Arcadis also contributes to new developments such as those by the Taskforce on Nature-related Financial Disclosures (TNFD).

Strategy
Arcadis has embedded its approach to climate change within its overall business strategy, which is detailed in the strategy Section of this Annual Integrated Report.

During 2020 we redefined our business strategy for 2021-2023, as part of our 3-year strategy cycle. In our strategy sustainability and climate change are placed at the heart of everything we do. Our overarching sustainability ambition is to accelerate the transition to a net zero world in a way that improves quality of life.

During 2022 we upgraded our environmental management system to e enhance implementation of our net zero ambition. For our clients projects we invested in expanding our core services and solutions that drive sustainable client outcomes.

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

Impact Time Horizon	From	To	Duration
Short-term	2022	2025	0-3 years
Medium-term	2026	2030	3-8 years
Long-term	2031	2050	10-30 years

Arcadis Global Sustainability strategy defines our steps to accelerate the transition to a net zero world and includes climate related risks and opportunities.

To reflect our new ambition and to leverage the global scale of our expertise, we evolved our global operations by:

- Consolidating into Global Business Areas. For clients, this change will optimize access to our global skills, capabilities and experience, allowing for the delivery of best-in- class (sustainable) solutions, as well as efficient service and product delivery;
- Developing new client services and solutions that generate sustainable client outcomes, including the growth of our global Sustainability Advisory Practice;
- Developing our systems to assess and reduce the impact of our operations;
- Educating and engaging with internal stakeholders to inform and upskill our workforce (For more information see the Education and Engagement section of this report);
- Ensuring our own sustainable business transformation, working with Global Business Areas and their in-country leads to integrate sustainability into their strategy, processes, services, and solutions.

From a 2019 baseline, Arcadis is committed to reducing Scope 3 business travel emissions by 35% and domestic and international flights by 50% by 2025. Arcadis has also committed to transition its fleet to electric vehicles by 2030. Further to these short-term targets, Arcadis has set reduction targets that were approved in February 2022 by the Science Based Targets initiative (SBTi), see page 81. These targets will be used to guide our actions.

Risk management

Arcadis' Risk & Control (ARC) Framework enables a culture of risk awareness across the organization by identifying risks and defining controls which mitigate or manage these risks in line with Arcadis' risk appetite. Our approach helps Arcadis' leadership identify, evaluate, communicate, and manage risks. Arcadis has embedded a robust risk management process. For more information refer to the Enterprise Risk Management section in this report.

The EB is responsible for maintaining a comprehensive system of risk management and internal control, including climate-related risk, and for regularly reviewing its effectiveness. Each year the EB performs a review of Arcadis' risk universe and the Risk and Control Framework and makes adjustments as conditions change.

The ARC Framework currently identifies 16 risk categories, with Sustainability identified as one of the risk categories, under which climate change falls.

Climate related risk management is embedded in our global Environmental Management System Standard. The system ensures that any identified climate-related risks or opportunities are tracked and monitored. For example, GHG emissions and energy consumption are tracked through this system.

During 2022, we began a quantitative Climate Scenario Analysis, starting with a detailed review of the risks and opportunities climate change poses for the business. The identified physical and transition risks from this process were socialized with internal stakeholders and used as a basis for further CSA.

Metrics and targets

Arcadis uses a range of KPIs to track progress against climate-related targets. In February 2022, SBTi approved Arcadis' 1.5°C-aligned climate targets, which cover scope 1, market based scope 2, and scope 3 (focused on fuel- and energy-related activities, employee business travel, and employee commuting) emissions. This target will be a core tool for us to monitor our progress against and develop actions around.

Our Executive Board and leadership teams have climate-related performance linked into their executive remunerations. Remunerations linked to climate-performance ensure top-down guidance and focus efforts on meeting climate goals. For example, GHG emissions and energy consumption.

We currently have a range of metrics in place to monitor our environmental impacts:

Carbon metrics
Arcadis has an established process for measuring our Scope 1, 2 and 3 carbon emissions. This allows us to monitor and track our progress against our targets. We disclose multiple years of emissions data, which enables us to track progress. For further detail on Arcadis' previous energy consumption and GHGs emissions disclosure, see the Sustainability section of this report.

Additional metrics
Arcadis also captures its impacts from all operations, calculated based on the GHG Protocol Corporate Standard. Our progress is reflected in several ESG performance benchmarks, including Sustainalytics, , CDP, MSCI, ISS and EcoVadis. Key metrics relevant to our identified climate-related risks and opportunities identified are summarized in the table below:

Target	Deadline	Progress	Key metric	Page
Current 1.5°C Science Based Target (-74% vs 2019 in scope 1+2; and -74% vs 2019 in scope 3)	2035	In February2022, Arcadis received approval of its science-based targets from the SBTi to reduce its emissions in line with a 1.5°C climate scenario. Our intensity-based targets cover scope 1 and market-based scope 2 combined, and scope 3 emissions separately. In 2022 we conducted a 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 expanded our inventory to include additional scope 3 categories to align with leading practice. Due to these changes, we plan to resubmit our GHG reduction target to SBTi for approval and have started this process with SBTi. Considering the current scope of this target, we are on track -see more details on the reductions of our carbon intensity in the lines below in this table.	Arcadis Carbon Footprint (MT CO_2e per FTE)	81/82
Offsets program	2020	100% of Arcadis' 2021 footprint has been offset every year since then.	Arcadis Carbon Footprint (MT CO_2e per FTE)	81/82
Reduction of Scope 1 & 2 global GHG emissions by 45% from 2019 base year	2025	In 2022, Arcadis' estimated scope 1 & 2 emissions have reduced by around 70% compared to the base year. This means we keep having achieved this target since 2021. This decrease is partly still due to the various travel restrictions and WFH mandates in most countries at least in the first half of 2022.	Arcadis Carbon Footprint (MT CO_2e per FTE)	81/82
Reduction of scope 3 (GHG) business travel related emissions by 35% from 2019 base year	2025	In 2022, Arcadis' estimated scope 3 business travel emissions intensity is 50% lower compared to the base year, even though these are around 70% higher compared to 2021. This means we keep having also achieved this target since 2021. This decrease is partly still due to the various travel restrictions and WFH mandates in most countries in the first half of 2022. The increase versus 2021 is mainly due to lifted restrictions. The proportion of our reduction measures in this overall decline is difficult to determine due to the COVID-19 pandemic.	Arcadis Carbon Footprint (MT CO_2e per FTE)	81/82
Significantly contribute to UN SDGs	Ongoing	In 2022 >80% of total revenue is from projects that aid the SDGs.	% of revenue associated with an SDG	42
Environmental non-compliance	Ongoing	There were no environmental non-compliances in 2022.	Number of identified environmental non-compliances	88

Arcadis 2022 TCFD assessment

Building on the qualitative scenario analysis performed in 2021, Arcadis engaged its Sustainability Advisory team to perform a qualitative and quantitative assessment of the potential impacts on Arcadis from five climate-related transition risks and opportunities under two climate scenarios and three time horizons.

In addition, the team evaluated the physical climate risks for Arcadis by analyzing the largest offices of Arcadis by number of FTEs (124 offices), the offices of IBI (44) plus 86 of the largest project sites by net revenue generated.

The analysis demonstrates that Arcadis' business model is largely resilient to the effects of climate change and that the financial impacts on the operational cost side are limited or positive depending on the scenario, given the actions Arcadis is taking to mitigate these impacts. On the revenue side, the development of our Sustainability Advisory services offering and the integration of sustainability into the activities of all four Global Business Areas makes the opportunities outweigh the risks. This is especially driven by demand for both climate mitigation and climate adaptation services.

Transitional risk & opportunities in more detail
The risks and opportunities were selected earlier in the year in a workshop in which the Risk, Growth, and Sustainability teams, Sustainability Advisory, and each of the Global Business Areas participated. Together, they identified the following five risks and opportunities:

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

To explore potential transitional 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 **net zero 2050 scenario** details as follows:

Low carbon scenarios (1.5°C/ 2°C) - This scenario aligns with the IPCC Shared Socioeconomic Pathway (SSP) SSP1-RCP2.6. This scenario was chosen as it aligns with Arcadis' ambition of aligning to 1.5-degree warming and represents the rapid decarbonization that is needed to avoid the worst impacts of climate change. This is the scenario where the impacts of transitioning to a low carbon economy are likely to be most impactful as governments worldwide commit to driving down emissions. For example: higher carbon prices and greater business regulation.

The **current policies scenario** details:

High carbon scenarios ('Business-as-usual'/4°C) - This scenario is aligned with IPCC SSP5-RCP8.5 where climate is expected to warm by at least 4°C by 2100. This scenario has been chosen as it is 'business as usual' with no policy changes and leads to growth in emissions, causing physical effects of climate change to be felt with greater severity. This scenario includes physical impacts of climate change that are likely to be most impactful, for example: high temperature increases, high rates of sea level rise, and increased frequency and intensity of extreme weather events.

For more detail on NGFS scenarios, please visit: https://www.ngfs.net/sites/default/files/medias/documents/ngfs_climate_scenarios_for_central_banks_and_supervisors_.pdf.pdf

Policy & Market | Energy and Carbon Price

Description - Implementation of external carbon-pricing policies – such as taxes on aviation, energy, or fuel suppliers to drive the low-carbon transition or elimination of fuel subsidies – could impact Arcadis' expenses. Quantifying risks associated with energy and carbon prices helps Arcadis make informed decisions about investments and manage financial and regulatory risks.

Potential financial impacts - Costs from carbon price exposure and shift in energy prices. Outside of 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. Note: energy and carbon costs based on 2010 prices, following the NGFS standard methodology.

Time horizon for significant impact - Medium/Long term

Analysis scope

The analysis covers five countries (US, NL, AUS, DE, UK) representing 70% of revenues. Additionally, some of these costs are expected to be mitigated if Arcadis meets its emission reduction targets.

Potential impact by scenario		
Scenario type	**Net zero scenario**	**Current policies scenario**
Costs from carbon price exposure	Where carbon is aggressively taxed, Arcadis' potential increase in costs from carbon price exposure could be in the range of €3.8 million per annum in 2030 to €17 million per annum in 2050 under a net zero scenario, with Scope 3 (business travel) accounting for most of the increase.	Where carbon is not effectively taxed, Arcadis' potential increase in costs from carbon price exposure could peak in 2030 at €138,000per annum in 2030, falling to €111,000 in 2050 under a current policies scenario.
Costs from shift in energy (electricity and gas) prices exposure	Where energy mixes are rapidly changed, Arcadis' potential energy costs could reach €4.6 million per annum in 2030 and remain high at €4 million per annum in 2050 under a net zero scenario.	Where energy mixes gradually decarbonizes, Arcadis' potential increase in costs from energy price exposure could be in the range of €3.7 million per annum and holding steady at this level until 2050 under a current policies scenario.

Arcadis' response

Arcadis supports the aims of the Paris Agreement and Glasgow accords and has committed to reduce Scope 1 and 2 GHG emissions 74% per full time employee by 2035 from a 2019 base year. Arcadis also commits to reduce Scope 3 GHG emissions 74% per full time employee by 2035 from a 2019 base, focusing on business travel, fuel & energy related activities, commuting and working from home. Additionally, Arcadis committed to increase annual sourcing of renewable electricity from 6.8% in 2019 to 100% in 2022 and achieved that target.

Energy Source | Shift to Low Carbon Energy Sources

Description - Arcadis has the opportunity to reduce its energy expenses from meeting its net zero targets and reducing its energy use. An opportunity also exists in reducing its real estate footprint in post-pandemic return-to-work, which could also change portfolio efficiency depending on facility leases which are terminated or not renewed.

Potential financial impacts - Savings from avoided operational and capital expenses.

Time horizon for significant impact - Medium/Long term

Potential impact by scenario		
Scenario type	**Net zero scenario**	**Current policies scenario**
Fossil fuel exposure risks	Potential changes in renewable vs fossil fuel prices under this scenario: • Potential increase in renewable electricity prices in the short to medium term due to increase in electricity and renewable energy demand to meet electrification needs. • In the long-term, renewable energy prices could continue to decrease with the growth in the renewable energy market to meet net zero scenarios and expected improvements in technologies and battery storage solutions.	Reduced exposure to potential future fossil fuel price fluctuations. Stable operational costs (e.g., through use of lowest cost abatement) vs. business as usual, but higher operating costs vs. net zero scenario.
Cost of carbon exposure risk	Reducing emissions and energy use and shifting to renewables could reduce Arcadis' exposure to potential fossil fuel price fluctuations and exposure to changes in the cost of carbon.	Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon.
Costs from shift in energy (electricity and gas) prices exposure	If Arcadis reduced its global electricity consumption by a quarter by 2050 this could translate into estimated operational savings of around €1.4 million per annum across the five territories under the net zero scenario.	If Arcadis reduced its global electricity consumption by a third by 2050 this could translate into estimated annual operational savings of €1.8 million by this year under the current policies scenario.

Arcadis' response

Effects here are similar to the energy and carbon price development, so mitigation is the same. Arcadis supports the aims of the Paris Agreement and Glasgow accords and has committed to reduce Scope 1 and 2 GHG emissions 74% per full time employee by 2035 from a 2019 base year. Arcadis also commits to reduce Scope 3 GHG emissions 74% per full time employee by 2035 from a 2019 base, focusing on business travel, fuel & energy related activities, commuting and working from home. Additionally, Arcadis committed to increase annual sourcing of renewable electricity from 6.8% in 2019 to 100% in 2022 and achieved that target.

Products & Services | Growth Drivers

Description - Opportunities for revenue growth from increased demand for services that support low carbon economy and climate resilience.
Potential financial impacts - Impact on revenue from shift in demand for products and services
Time horizon for significant impact - Medium/Long term

Potential impact by scenario		
Scenario type	**Net zero scenario**	**Current policies scenario**
Opportunities	Potential increase in demand for services that support low carbon economy such as Energy Transition, Net Zero facilities and communities, etc. • Our ability to innovate and expand our services that support the transition economy would improve our competitive position. • Increased opportunities and revenue from businesses and sectors which leading the energy transition or enabling low carbon future. • Integration of sustainable, resilient and low emission solutions in our projects will strengthen our market differentiation.	Potential increase in demand for services that support resilience to physical climate risks such as climate adaptation, environmental restoration, water optimization, resilient ports, etc. • Our ability to demonstrate integration of forward-looking climate resilience into our services (e.g., climate adaptation, water optimization, nature-based solutions, etc.), in our engineering and design services, will improve market position and competitive advantage
Risks	• Loss of clients based on the work or perceived work done with heavy emitting sectors, loss of revenue from clients who fail or contract as a result of the rapid transition. • Risk of growing our own services appropriately or fast enough to meet clients' needs, allowing existing or new competitors to take greater market share. • Not having enough resources to deliver services to support the transition could lead to a loss of market share and reputation and inability to sustain business growth.	• Loss of clients and revenue from clients who lose economic viability due to physical risks. • Not having enough resources and trained staff to deliver services to support climate resilience and physical risk adaptation services.

Arcadis' response

Arcadis is growing its global Sustainability Advisory and Energy Transition practices to accelerate our clients' ambitions and cater to client's needs resulting from climate change.

Reputation | Reputational risks and opportunities

Description - Reputational risks and opportunities related to our climate actions and commitments could impact our relationships with clients, investors and shareholders, communities, employees, and our ability to attract talent.
Potential financial impacts - Brand risks' and opportunities' impacts on revenues. Increased cost to attract and retain talent and turnover costs.
Time horizon with significant impact - Short to long term

Potential impact by scenario		
Scenario type	**Net zero scenario**	**Current policies scenario**
Resilience	• Our ability to meet our net zero targets and contribute to finding solutions and providing services to enable the net zero economy will either improve our brand and reputation or potentially damage it, impacting our client relations and talent retention.	• Our ability to demonstrate integration of forward-looking climate resilience into our advisory, engineering and design services (e.g., Climate adaptation, water optimization, nature-based solutions, resilient ports) will improve our brand and reputation.
Transition speed	• Risk of "greenwashing" if we do not deliver on our climate the commitments could impact our brand and revenue. Every 1% increase or reduction in global revenue is worth approximately €33.8 million based on 2021 revenue.	• Transition speed will not be a challenge under this scenario and not lead to exposure
Revenue exposure	• Brand risks could arise from being associated with companies who are perceived as not taking appropriate climate action or not complying with climate disclosure rules.	• Under this scenario no additional pressure will develop to exit certain sectors
Ability to deliver	• Delivering sustainability solutions has risen as an important topic among our employees and customers through our latest CX surveys. Our ability to attract and retain talent is critical to delivering our services. Risk exists under both scenarios.	• Delivering sustainability solutions has risen as an important topic among our employees and customers through our latest CX surveys. Our ability to attract and retain talent is critical to delivering our services. Risk exists under both scenarios.

Arcadis' response
In addition to building a Sustainability Advisory practice to assist its clients in their ability to adjust to the changing climate, Arcadis itself has invested in its Global Sustainability team where it now has an Impact & Systems team that measures and reports Arcadis' footprint and impacts; a Future Focus team which looks at keeping our core services fresh and relevant; a GBA Partners team focused on helping the business "embed sustainability in everything we do"; and an Education & Engagement team which helps Arcadians understand, apply, and communicate our sustainability ambition and capabilities. Meanwhile, the company scores highly in sustainability ratings, such as those performed by Sustainalytics and Ecovadis, and also came out very favorably in the CDP analysis.

Physical climate risks in more detail

To understand the potential impact of climate change on its physical assets, Arcadis contracted a third-party company specializing in climate risk analysis. The results of their analysis were then reviewed and synthesized by our Sustainability Advisory team.

The analysis was performed by looking at 124 Arcadis offices (all leased properties), selected on the basis of highest number of FTEs, 44 offices in use by IBI, and 86 of the largest project sites, based on net revenues generated. Although our properties are all leased, this analysis was performed to understand our potential vulnerabilities from an in-office business continuity standpoint. At the same time, Arcadis has clearly demonstrated throughout the two years of the COVID crisis that an office base is not a necessity for business continuity on the short term for our operations.

Analysis details include:

Climate scenarios	SSP1-2.6 (1.8°C)- Sustainable Development Scenario SSP2-4.5 (2.7°C)- Middle of the Road SSP5-8.5 (4.4°C)- Fossil Fuel Driven Scenario
Timescales	Historical Baseline + every 5 years, 2020-2100

In total, eight climate peril metrics were part of the analysis:

Wind	**Heat**
Flood	**Cold**
Precipitation	**Wildfire**
Convective storm	**Drought**

Data refinement methodology:
- The data were filtered to include offices and projects that had an "All Peril Present-day Hazard Score" equal to or exceeding 50. This score is a composite and normalized globally.
- The peril scores and peril parameters (e.g., flood depth) were intersected to understand the level of mitigation that would be required.

Results of the analysis were plotted into sensitivity charts and will be an important input for our Risk and Global Real Estate team to address risk mitigation and business continuity issues. Based on the sensitivity analysis, seven Arcadis offices, four IBI offices, and five projects were identified as higher priority for further risk evaluation and potential mitigation.

Arcadis' response
Arcadis has a Global Crisis Response Plan in place which addresses business continuity with a specific methodology and with dedicated Crisis Response Teams (CRT) in the different regions. A crisis is defined as an emergency event or threat of such event that may cause immediate serious injury, death to employees or the public, property damage, damage to the company's image, disruption to the organization or emotional harm and/or a threat to business continuity. This includes any climate-related topics of a short-term nature (floods, storms, wildfires etc.). The Crisis Response Plan aims to protect and preserve life and the safety of employees and the public, protect property and assets, retain client and employee relations, minimize business interruption, and return the company to normal business operations as soon as possible.

Other financial data

Quarterly financial data

	2022				2021			
in € millions unless otherwise stated	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Gross revenues								
In the quarter	879	968	1,003	1,178	812	848	828	890
Cumulative	879	1,847	2,851	4,029	812	1,660	2,488	3,378
In the quarter	22%	24%	25%	29%	24%	25%	25%	26%
Cumulative	22%	46%	71%	100%	24%	49%	74%	100%
Net revenues								
In the quarter	688	729	740	861	632	644	637	652
Cumulative	688	1,418	2,158	3,019	632	1,276	1,913	2,565
In the quarter	23%	24%	25%	29%	25%	25%	25%	25%
Cumulative	23%	47%	71%	100%	25%	50%	75%	100%
EBITA								
In the quarter	65	65	27	75	56	57	57	67
Cumulative	65	130	158	233	56	113	170	237
In the quarter	28%	28%	12%	32%	24%	24%	24%	28%
Cumulative	28%	56%	67%	100%	24%	48%	72%	100%
Operating EBITA[1]								
In the quarter	64	68	76	86	58	58	60	70
Cumulative	64	133	208	295	58	116	176	246
In the quarter	22%	23%	26%	29%	24%	24%	24%	28%
Cumulative	22%	46%	71%	100%	24%	48%	72%	100%

1 Excluding acquisition, restructuring and integration-related costs

Five-year summary

People and culture

	2022	2021	2021	2019	2018
Employee engagement					
Total number of employees at 31 December*	35,617	29,236	27,939	27,875	27,354
Average total number of employees*	35,617	28,588	27,907	27,615	27,545
Total number of FTEs in GECs at 31 December	3,615	3,211	2,847	2,678	2,475
Total number of FTEs at 31 December (Arcadis only, incl. GECs)	27,435	28,019	26,804	26,436	25,996
Employee engagement score[2]	39	30	27	19	3.1
Voluntary turnover rate (as % of total staff)	14.7%	14.9%	8.7%	13.5%	15.6%
Women in total workforce (as % of permanent employees)*	38%	38%	38%	38%	37%
Total Recordable Case Frequency (TRCF)	0.15	0.14	0.13	0.16	0.18
Lost Time Case Frequency (LTCF)	0.05	0.05	0.05	0.09	0.06

1 The KPI's with an asterisk are including IBI and DPS. KPI's are less comparable by this over long time. Given the inorganic growth, the 2022 average is shown as total workforce

2 From 2019 an Employee Net Promoter score (on a scale of -100 to 100)

Sustainability

	2022	2021	2020[1]	2019	2018
Carbon footprint MT CO_2 per FTE	18.9	16.4	18.5	20.3	-
% of revenues that relate to relevant SDGs	>80%	>80%	80%	79%	80%
# of identified environmental non-compliances	none	1	none	1	none
Employees passing Code of Conduct training	94%	94%	91%	97%	98%
Investigated AGBP alleged breaches	64 (100%)	91 (100%)	72 (100%)	77 (100%)	77 (100%)
Number of appointed privacy officers under the privacy policy	23	14	13	12	12

1 Scope of carbon footprint measurement has changed and figures are retrospectively restated

Digital & Innovation

	2022	2021	2020	2019	2018
Building Information Modeling BIM (as % of total projects)			78%	61%	42%
EBITA/FTEs (in €)			8.5	8.2	7.3
Arcadis Way implementation progress (as % of net revenues)	85%		82%	64%	63%

As some of the above KPIs are newly defined, some previous years comparatives are not available

Focus & Performance

	IFRS16 2022	IFRS16 2021	IFRS16 2020	IFRS16 2019	IFRS16 2018
Direct economic value generated					
Gross revenues	4,029	3,378	3,303	3,473	3,256
Net revenues	3,019	2,565	2,494	2,577	2,440
Direct economic value distributed					
Earnings per share (in €)	2.26	1.96	1.46	1.36	(0.31)
Dividend per share (in €)	0.74	1.30[1]	0.6	0.56	0.47
Profit & loss performance					
Operating EBITA	194.7	246.4	225.7	212.6	177.2
Operating EBITA margin (in %)	9.8%	9.6%	9.1%	8.2%	7.3%
EBITDA	338.3	338.0	336.7	308.7	204.1
Net income from operations	202.2	175.4	130.4	119.8	87.6
Balance sheet performance					
Net working capital (in %)	10.7%	10.7%	12.6%	16.6%	15.1%
Days Sales Outstanding (DSO)	63	63	66	88	80
Return on Net Working Capital	54.0%	64.7%	54.5%	34.5%	34.0%
Net debt to EBITDA ratio (average)[2]	1.6	0.8	1.3	1.4	2.0
Cash flow performance					
Free cash flow	173.5	234.0	323.5	97.2	149.0

1 €0.70 per ordinary share plus an additional €0.60 per ordinary share
2 For bank covenant purposes

Non-Financial Reporting People Metrics 2022

The following people metrics relate to all Arcadis companies including the acquisition of Arcadis IBI Group, Arcadis DPS Group and Giftge Consult GmbH, unless otherwise mentioned.

	Total Arcadis	Mobility	Places	Resilience	Intelligence
Workforce					
Headcount as of 31st of December 2022					
Total Workforce	**35,617**	**7,017**	**12,706**	**11,079**	**971**
Permanent	31,552	6,283	10,709	10,014	915
Temporary	1,852	441	771	436	54
Contingent Workers (CWK)	2,213	293	1,226	629	2
Gender					
% distribution of Gender Permanent and Temporary Employees					
Women	37.9%	26.4%	39.8%	37.7%	25.3%
Men	61.9%	73.5%	60.0%	62.0%	74.3%
Undisclosed	0.2%	0.1%	0.1%	0.4%	0.4%
Turnover Rate					
Turnover, computed by number of leavers within 2022 divided by average headcount for 2022 for permanent employees only					
Voluntary Turnover Rate	14.7%	13.5%	18.8%	11.8%	18.5%
Involuntary Turnover	4.5%	3.1%	4.6%	6.0%	0.5%
Overall Turnover	19.3%	16.5%	23.4%	17.8%	18.9%
Engagement (core Arcadis business only)	**+39**				

The following people metrics relate to Arcadis companies excluding the acquisition of Arcadis IBI and Arcadis DPS

	Total Arcadis
People and Culture	
% of Employees Covered	
Share of women in STEM-related positions (as % of total STEM positions)	35.0%
Age % Distribution	
30 and Below	29.3%
31-50	52.3%
51 and above	18.4%
Undisclosed	0.1%
New Hires	
Number of Permanent and Temporary employees hired within 2022	
Total New Hires	7,113
New Hire Gender % Distribution	
Women	39.2%
Men	59.8%
Undisclosed	1.0%
New Hire Age % Distribution	
30 and Below	54.9%
31-50	37.1%
51 and above	7.7%
Undisclosed	0.3%
Turnover Rate	
Turnover, computed by number of leavers within 2022 divided by average headcount for 2022 for permanent employees only	
Voluntary Turnover Rate - Senior	6.2%
Voluntary Turnover Rate - Middle	9.4%
Voluntary Turnover Rate - Non-Management	16.9%
Voluntary Turnover Rate By Gender	
Women	14.7%
Men	15.1%

	Total Arcadis
Voluntary Turnover Rate By Age	
30 and Below	21.3%
31-50	14.1%
51 and above	8.5%
Performance Development	
Employees who had performance conversation/touchpoint within 2022	
Performance Development by Gender	
% employees that received a Performance and Career Development Discussion - Overall	75.0%
% employees that received a Performance and Career Development Discussion - Women	77.0%
% employees that received a Performance and Career Development Discussion - Men	74.0%
Performance Development by Employee Level	
% employees that received a Performance and Career Development Discussion - Senior	68.0%
% employees that received a Performance and Career Development Discussion - Middle	71.0%
Performance & Training	
% of the total employees across all locations who received career- or skills-related training.	74.0%
Average Hours of Training Per Employee - Overall	48 hours
Average Hours by Gender	
Average Hours of Training Per Employee - Women	46 hours
Average Hours of Training Per Employee - Men	49 hours
Average Hours by Employee Level	
Average Hours of Training Per Employee - Senior	8 hours
Average Hours of Training Per Employee - Middle	29 hours
Average Hours of Training Per Employee - Non-Management	58 hours
Average training cost per employee	€296

Non-Financial Reporting People Metrics 2022

	Total Arcadis
Diversity of Employees	
% of Employees Covered	
Employee by Level	
Senior	1.8%
Middle	22.2%
Non-Management	76.0%
Employee by Level - Gender	
Senior - Women	22.1%
Senior - Men	77.9%
Senior - Undisclosed	0.0%
Middle - Women	25.2%
Middle - Men	74.5%
Middle - Undisclosed	0.3%
Non-Management - Women	41.8%
Non-Management - Men	57.9%
Non-Management - Undisclosed	0.3%
Employee by Level - Age	
Senior - 30 and Below	0.2%
Senior - 31-50	34.4%
Senior - 51 and above	65.4%
Middle - 30 and Below	0.5%
Middle - 31-50	60.1%
Middle - 51 and above	39.5%
Non-Management - 30 and Below	37.8%
Non-Management - 31-50	50.2%
Non-Management - 51 and above	11.9%

	Total Arcadis
Freedom of Association	
% of the company's employees covered by collective bargaining agreements	28.0%
Diversity of Employees	
% of Employees Covered	
Compensation for extra or atypical working hours (e.g. overtime pay, night work pay or related allowance/s.)	99.0%
Additional leave beyond standard vacation days (e.g. parental leave, sick/personal leave, volunteer leave, study leave)	100.0%
Policy on flexible organization of work available to employees (e.g. telecommuting, variable schedules)	100.0%
Childcare services or allowance	41.0%
Health care coverage of employees	91.0%
Measures promoting career mobility (e.g. Promotions Policy, Career Framework)	100.0%

Parental Leave	Number of Employees	% of Employees Covered
Total number of employees that were eligible to parental leave	27,598	98.4%
Number of employees that were eligible to parental leave - Women	10,633	99.1%
Number of employees that were eligible to parental leave - Men	16,943	98.2%
Total number of employees that took parental leave	1,221	4.4%
Number of employees that took parental leave - Women	557	5.2%
Number of employees that took parental leave - Men	664	3.8%

Specific Diversity Reporting

In line with applicable regulations including the Dutch Diversity Bill[1] gender targets have been developed across all three of our most senior leadership groups:

- Supervisory Board (Arcadis NV) – at least 1/3rd of the Supervisory Board should consist of women and at least 1/3rd of the Supervisory Board should consist of men. Per year-end 2022, the Supervisory Board consists of four men (66.7%) and two women (33.3%).[2]
- Executive Board and Executive Leadership Team (Arcadis NV) – at least 1/3rd of the EB, and at least 1/3rd of the ELT shall consist of women, and at least 1/3rd of the EB and at least 1/3rd of the ELT shall consist of men. The Executive Board consists of one woman (50%) and one man (50%). Per year-end 2022, the Executive Leadership Team – which includes the two members of the Executive Board - consists of four women (57%) and three men (43%).[3]
- Sub-top across Arcadis globally (senior management - job level 12 and above) – at least 22% women leaders by the end of 2023. Per year-end 2022, 22.1% of our defined senior leadership positions are held by women at Arcadis.[4]

The following country-based targets relate specifically to Arcadis Nederland Holding B.V. and Arcadis Nederland B.V:

- Supervisory Board (Arcadis Nederland Holding B.V.) – at least 1/3rd of the Supervisory Board shall consist of women. Per year-end 2022, the Supervisory Board consists of two women (50%) and two men (50%).
- Management Board at Arcadis Nederland Holding B.V. and Arcadis Nederland B.V.: at least 1/3rd of the Management Board shall consist of women. Per year-end 2022, the Management Board of both entities consists of three women (75%) and one man (25%).
- Sub-top across Arcadis (Arcadis Nederland) – (senior management - job level 12 and above) – at least 20% women leaders by the end of 2023. With 19% of our defined senior leadership positions being held by women per year-end 2022, we are heading towards our Arcadis leadership gender diversity target for 2023.[5]

1 The requirements of the Dutch Diversity Bill entered into force on 1 January 2021 and apply to "large" Dutch companies as defined in section 2:166 and 2:276 of the Dutch Civil Code.
2 The requirements of the Dutch Diversity Bill entered into force on 1 January 2021 and apply to "large" Dutch companies as defined in section 2:166 and 2:276 of the Dutch Civil Code.
3 For more information on Diversity within the Executive Board and Executive Leadership Team of Arcadis NV, see the diversity paragraph in the Corporate Governance report on page 120.
4 In 2023 we will review our targets and discuss new "ambitious" and "appropriate" gender targets for Leadership.
5 The targets for Arcadis Nederland and Arcadis globally concerning the sub-top differ from the 40% target for total workforce as the state of affairs differ. In 2023 we will review our targets and discuss new "ambitious" and "appropriate" gender targets for Leadership and have the ambition to align these targets (depending on the state of affairs).

Measures Arcadis is working on to create a more gender balanced leadership

- Integration of Diversity, Belonging and Human Rights ambitions in the refresh of the Arcadis Way of talent management to help achieve our Diversity, Belonging and Human Rights diversity goals.
- Continued awareness of the importance of diverse teams by reinforcing team composition guidelines in appointment processes.
- As part of our global recruitment policy:
  - A commitment that all advertised senior management roles (Arcadis level 12 and above) have a diverse shortlist (at least one woman and one man on the shortlist) and at least one woman and one man as interviewers;
  - Ensuring there is a process in place to evaluate all job advertisements to ensure they are relevant, include the necessary skills, are non-discriminatory and gender-neutral language is used; and
  - A commitment that country recruitment processes will be periodically reviewed to eliminate bias as much as possible.
- As part of our Diversity, Equity, Inclusion and Belonging (DEIB) Policy Statement:
  - We have the ambition to create a more gender balanced leadership in the countries in which we operate as a business entity.
- Focusing on measures taken in the area of recruitment and selection and learning and development opportunities. For more detailed information on the targets above and the measures Arcadis is working on to reach these targets and therefore create a more gender balanced leadership, see the Arcadis action plan via the Social and Economic Council diversity portal.

Relevant documents on our corporate website

1. Diversity Policy for the Executive Board and the Executive Leadership Team of Arcadis NV — Download PDF →
2. Diversity Policy Supervisory Board of Arcadis NV — Download PDF →
3. Global Diversity, Equity, Inclusion and Belonging Standard Policy — Download PDF →

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Glossary non-financial & financial indicators

The selected indicators that fall within the scope of limited assurance by our external auditor are summarized on the '2022 at a glance page' on pages 2, 3 and 4 as marked with the symbol ✓.

Only the 2022 numbers for these indicators are assured under the Assurance report. These indicators are amongst the most material indicators for Arcadis. The indicators with limited assurance are based upon group consolidated numbers. Next to having these indicators in the '2022 at a glance page' they can also be found throughout this Annual Integrated Report. See page 265 for the Limited Assurance report of the independent auditor, which includes details on the scoping and outcomes. The boundary setting of the indicators is based on Arcadis NV and its consolidated subsidiaries ('Arcadis', 'the Group' or 'the Company'), aligned with the financial statements scope, except for the recently acquired entities Giftge Consult GmbH, IBI Group and DPS Group, for non-financial KPI's. For people related metrics, these acquisitions as well as the divestments of several business parts have been included per the dates of becoming effective as far as possible. Where necessary, a footnote about the scope of the calculations of the KPI's is added across the total Annual Integrated Report. Arcadis aims to increase the assurance scope for its sustainable information in the Annual Integrated Report in coming years. For a description of the definitions of these indicators (and some others used in this Annual Integrated Report), as well as relevant accounting considerations, please refer to the following sections.

	Term	Definition
Non-financial	Workforce	Workforce is defined as individuals and companies that have an employment agreement with Arcadis, according to national law or its application (i.e. employees and contingent workers). The workforce is measured in an absolute number at the balance sheet date.
	Employees	Individuals that are in an employment agreement with Arcadis, according to national law or its application (i.e. employees). Employees exclude contingent workers, such as consultants and agency workers.
	FTE	Workforce expressed in FTE (Full Time Equivalent).
	Permanent Employees	This includes everybody on the payroll with an employment agreement that is not temporary in nature. This is measured in an absolute number at the balance sheet date.
	Temporary Employees	This includes individuals on the payroll with an employment agreement that is temporary in nature. This is measured in an absolute number at the balance sheet date.
	Contingent Workers	These are individuals that are hired for a service from other companies for a limited duration such as consultants and agency workers. This is measured in an absolute number at the balance sheet date.
	Voluntary Turnover rate	Voluntary termination of permanent employees (see definition above) divided by the average number of permanent employees during the period. A termination is voluntary when the decision for termination is made by the employee. People going on retirement are not seen as 'voluntary' as it is initiated by local legislation. The rate is calculated as a percentage covering the calendar year.
	Involuntary Turnover rate	Involuntary termination of permanent employees (see definition above) divided by the average number of permanent employees during the period. A termination is involuntary when the decision for termination of an employee is initiated by the employer, local legislation and/or unforeseen circumstances. The rate is calculated as a percentage covering the calendar year.
	Women in total workforce	Number of permanent and temporary women employed at Arcadis as a % of total permanent and temporary employees. This calculation is based on absolute numbers and where the gender is not disclosed the denominator will not be the same as the total number of permanent and temporary employees reported.

	Term	Definition
Non-financial	Employee Engagement	The eNPS (Employee Net Promoter Score) measures our employee engagement. On a scale of -100 to +100, the eNPS score determines to what extent employees promote Arcadis as a place to work and therefore helps us ascertain how we are progressing on our journey to be a best place to work The eNPS is only measured for permanent employees and is calculated by subtracting the percentage of detractors from the percentage of. Our final score is based on four quarterly engagement surveys throughout the year, with our last survey in December 2022.
	Top Management	Employees on job level 12 to maximum of 14 with people management responsibility.
	Middle Management	Employees on job level 9 to 11 with people management responsibility.
	Junior Management	Employees on job level 5 to 8 with people management responsibility.
	Age	Is calculated based on the recorded legal birth date of permanent employees (see definition above). In some cases birth dates were not disclosed or recorded and have been labelled unspecified.
	Performance Development	Permanent employees (see definition above) who received a performance and career development discussion during the reporting period.
	Training	Refers to time or expenditure spent preparing and attending training events, E-learning, mentoring, coaching and internal/ external conference
	STEM (Science, Technology, Engineering and Math)	STEM participation will consist of the Arcadis job families with STEM related positions.
	Share of women in STEM-related positions	Share of women in STEM-related positions in a job family as a percentage from total STEM positions in a job family.
	Number of appointed privacy officers under the Privacy policies	This is the absolute number of Privacy Officers at Arcadis per each relevant business unit who will report to the Global Privacy Officer in accordance with the Arcadis Privacy Standards.
	Arcadis' carbon footprint (MT CO_2 per FTE)	Arcadis' carbon footprint consists of the total metric tons of CO_2 equivalents from material scope 1, 2 and 3 emissions, Gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent, including the methodology used to calculate GHG emission inventories. This includes company owned vehicles (purchased or leased for > 6 months) and stationary energy (e.g., natural gas for heating) consumption at the offices. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent and gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent, including the methodology used to calculate GHG emission inventories. This includes electricity and district heating/cooling if used in the respective office. Gross indirect (Scope 3) GHG emissions in metric tons of CO_2 equivalent from the scope 3 sources as described under "In our scope 3 we currently include". The general carbon accounting policies and emission factors are described below.
	General carbon accounting policies and emission factors	Our emissions calculations are based on the GHG Protocol "A Corporate Accounting and Reporting Standard" (World Resources Institute and World Business Council for Sustainable Development, March 2004), as well as the "GHG Protocol Scope 2 Guidance" and the "Corporate Value Chain (Scope 3) Accounting and Reporting Standard". The organizational boundaries of Arcadis are drawn up using the so-called 'Operational control approach'. This means that Arcadis takes responsibility for the emissions of the business units over which it has operational control. Emissions resulting from potential releases of refrigerants from fridges or air conditioners are not considered as assumed to be non-material, but the electricity consumption for the installations is considered. As emission factors, the factors from Defra v11 (09/2022) have been used and for electricity, the factors from IEA v5 (12/2022) have been applied for scope 2 (location-based). For the market-based scope 2 footprint, our renewable electricity purchases via direct contracts or (i)RECs/GOs have been taken into account with a factor of 0. For Scope 3 Category 1,2 and 5, spend-based EEIO emission factors have been used.
	Scope 3 definition and boundary setting	In our scope 3 we currently include Category 1: Purchased Goods and Services, Category 2: Capital goods, Category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2), Category 5: Waste generated in operations, Category 6: business travel (including airplanes, private vehicles, short-term hired vehicles, taxi, and public transportation), and Category 7: Employee commuting (also including WFH (emissions from working from home)). Any other scope 3 categories are not reported as previous screenings showed that these are not material to our footprint. We consider the indirect emissions over which Arcadis has limited influence. To illustrate: employees have the choice to meet the business mobility need in different ways, for example with their private car. Arcadis is responsible for the emissions but has no direct influence on the choice that is made and the type of car that the employee drives. For scope 3 category 3 - Fuel-and-energy-related activities (not included in Scope 1 or 2), consumption is captured in our NFR platform by each country and calculated according to the mapped emission factors. For scope 3 category 6 - Business travel, data is collected by an external provider, Thrust Carbon, directly from our travel agencies. For scope 3 category 7 - Employee commuting incl. working from home (WFH), data was collected via a global employee survey (overall response rate of 31% that was scaled based on headcount).

	Term	Definition
Non-financial	Estimates	As we publish our AIR early in the year, we don't have all final emissions data points by the time our AIR gets published, e.g., for December electricity consumptions at some locations. Therefore, we work with estimates for these missing data points and publish an update on our webpage in the 2nd quarter of 2023. When final data is not available, an estimation was calculated. For consumptions not depending on the climate (like electricity for workstations and lighting), an extrapolation is made based on historical data all previous months of the same year, or if not available, on the previous year. In rare cases where also previous year's data is not available, as a fallback option and conservative estimate, a global average of 25 kWh/m2year in electricity and 0.8 m^3/m^2year in natural gas is applied (if applicable). These global standardized numbers may be replaced by a better local average (e.g., from the same climate zone) when correct documentation can be provided (source, conversion factor, etc.). The use of climate-depending energy (e.g., natural gas, heat (district heating), electricity for heating or cooling if measured separately) is calculated in proportion to the number of heating or cooling degree days.
	Number of identified environmental non-compliances	Environmental violations or notices of violations from a regulatory environmental authority where a monetary civil penalty of an amount higher than €10,000,- was imposed on Arcadis. The identified environmental non-compliances are measured in absolute numbers.
	Investigated AGBP alleged breaches	Number of assessed and, as needed, investigated AGBP alleged breaches, as part of the Arcadis AGBP Issue Reporting & Handling Procedure.
	Employees passing Code of Conduct training (as % of total staff)	Percentage of employees that have successfully passed training on Arcadis' General Business Principles and code of conduct, including anti-corruption, bribery, conflicts of interest, anti-competitive practices, and other risks. From 2023 onwards each active employee must pass the training every year. The number is expressed as percentage, calculated by dividing the number of employees that successfully passed the training by the total number of active employees.
	Lost Time Case Frequency (LTCF, per 200,000 work hours)	The Lost Time Case Frequency (LTCF) is calculated as a ratio of cases per 200,000 worked hours using the formula LTCF = (LTI x 200,000 hrs)/ Work Hours. The cases are calculated as LTI (Lost Time Injuries) = PTD + LWC using the following abbreviations: PTD (Permanent Total Disability) = Number can be taken from injury/occupational illness logs or investigation sheets. LWC (Lost Workday Cases) = Number can be taken from injury/ occupational illness logs or investigation sheets. Note that cases are only recorded for Arcadis employees, not for contingent workers nor subcontractors. Hours are based on Arcadis employees as well.
	Total Recordable Case Frequency (TRCF, per 200,000 work hours)	Lagging performance indicator, like TRCF, are indicators mirroring past occurrences. TRCF is one of the indicators that is generally used by Arcadis clients to qualify or monitor the H&S performance of Arcadis. In some countries, the law requires companies to use different definitions as well as different measuring and calculation methods for reporting H&S Performance data. Arcadis companies shall comply with these requirements. For reporting H&S data for the global organization, Arcadis countries apply and report the parameters and performance indicators according to OSHA requirements. The Total Recordable Case Frequency (TRCF) is calculated as a ratio of cases per 200,000 worked hours using the formula TRCF = (TRC x 200,000 hrs)/ Work Hours. The cases are calculated as TRC (Total Recordable Cases) = F + PTD + LWC + RWC + MTC using the following abbreviations: F (Fatalities) = Number can be taken from injury/ occupational illness logs or investigation sheets. PTD (Permanent Total Disability) = Number can be taken from injury/ occupational illness logs or investigation sheets. LWC (Lost Workday Cases) = Number can be taken from injury/ occupational illness logs or investigation sheets. RWC (Restricted Work Cases) = Number can be taken from injury/occupational illness logs or investigation sheets. MTC (Medical Treatment Cases) = Number can be taken from injury/occupational illness logs or investigation sheets. Note that cases are only recorded for Arcadis employees, not for contingent workers nor subcontractors. Hours are based on Arcadis employees as well.
Financial	Gross revenues	The gross inflow of economic benefits during the period arising in the course of ordinary activities. Gross revenues of Arcadis consist of external revenues net of value-added tax, rebates and discounts and after eliminating sales within the Arcadis Group.
	Net revenues	Gross revenues minus materials, services of third parties and subcontractors, which are project-related costs of materials and services charged by third parties, including cost of subcontractor. Net revenues entail revenues produced by the activities of Arcadis own staff.
	Dividend per share	Dividends issued by Arcadis for every outstanding ordinary share.
	EBITA	Earnings Before Interest, Taxes, and Amortization/Impairment of goodwill and/or identifiable assets.
	EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization/Impairment of goodwill and/or identifiable assets.
	Operating EBITA	EBITA excluding restructuring, integration, disposal and acquisition related costs and net result from divestments.
	Operating EBITA margin	Operating EBITA as percentage of net revenues.

	Term	Definition
Financial	Net Income from Operations	Net income before non-recurring items (e.g. valuation changes of acquisition-related provisions, disposals and M&A costs, net result from divestments, expected credit loss on shareholder loans and corporate guarantees and one-off pension costs), the impairment/amortization of goodwill/identifiable assets, and share-based compensations related to the Lovinklaan Foundation share purchase plan.
	Net Income from Operations per share	Net Income from Operations in the year, divided by the average number of ordinary shares in the year.
	Net Working Capital	Sum of Contract assets (unbilled receivables), Inventories and Trade receivables minus Accounts payables, Contract liabilities (billing in excess of revenue) and Provision for onerous contracts.
	Net Working Capital as % of gross revenues	Net Working Capital/Gross revenues of last three months of the year * 4.
	Return on Net Working Capital	The Operating EBITA for the year divided by the Net Working Capital at year-end.
	Days Sales Outstanding (DSO)	(Trade receivables + Unbilled receivables - Billings in excess of cost - Loss provision) x 91 days)/Gross revenues of last three months of the year.
	Return on invested capital (ROIC)	The sum of earnings before interest after taxes and income from associates divided by average group equity, amortized goodwill and net debt.
	Net debt to EBITDA ratio (average)	Average net debt ultimo for the year/EBITDA. A measure of a Company's ability to pay off its incurred debt. This ratio gives the investor the approximate amount of time that would be needed to pay off all debt, excluding interest, taxes, depreciation and amortization.
	Free cash flow	Cash flow from operating activities minus (dis)(in)vestments in (in)tangible assets and including lease payments.

Other

AARC: Arcadis Audit and Risk Committee

ARC: Arcadis Risk & Control Framework

ASC: Arcadis Selection Committee

Arcadis General Business Principles: A set of working ethics and code of conduct for our employees

Backlog: Value of signed orders in the portfolio to be filled, expressed as gross or net revenue

BIM: Building Information Modelling. A collaborative way of working, underpinned by digital technologies

CGUs: Cash Generating Units

Cash Flow Operating Activities: Profit for the period adjusted for non-cash items and cash flow from working capital

Defined Benefit: When the benefit on retirement from a pension fund to its participants is fixed

Defined Contribution: When the value of the contribution to the pension fund made by the company is fixed

ELT: Executive Leadership Team

GBA: Global Business Area

GEC: Global Excellence Centers

Goodwill: The difference between the costs of an acquisition over the fair value of the identifiable net assets acquired

IFRS: International Financial Reporting Standards

Impairment test: An assessment on the value of an asset in use, whereby estimated future cash flows are discounted to reflect market conditions and the risks specific to the asset

Net cash position: Cash and cash equivalents minus Bank overdrafts

Net debt: Interest bearing debt minus all cash and cash equivalents

Net working capital: Difference between current assets and current liabilities. It shows the liquidity of the company.

Operating income: Earnings before interest and taxes

Order intake: The amount of new projects for which contracts have been signed or orally agreed on, expressed in gross or net revenue

Peer group: Group of listed companies that is comparable to Arcadis both in size and activity

Percentage-of-completion: Method to recognize revenue and expenses in an Income statement in proportion to the percentage of completion of the contract

Proxy solicitation: Means to provide shareholders the opportunity to vote without being present at the shareholders meeting

RemCo: Arcadis Remuneration Committee

SusCo: Arcadis Sustainability Committee

Total shareholder return: Stock price appreciation plus dividend yield

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