# People & Culture

We aim to be the best place to work in which all our people can realize their potential, work in inclusive and diverse teams, and impact the communities in which we operate in positive ways.

At Arcadis we strive on developing a People First Culture where we take an integrated approach to engaging our people as key contributors to executing our business strategy and our vision of improving the quality of life.

For definitions and methods of measure for the indicators included on this spread, please refer to page 320. The indicators that fall within the scope of limited assurance of our external auditor are marked with the ✔ symbol. See page 299 for the Assurance report of the independent auditor, which includes details on scoping and outcomes.

**Deterioration**   **Unchanged**   **Improvement**

**Total workforce**
headcount as at 31 December

**29,236**

2020: 27,939

**Voluntary turnover rate** ✔
as % of permanent employees

**14.9%**

2020: 8.7%

**Employee engagement[1]** ✔
employee net promoter score (scale -100 to +100)

**+30**

2020: +27

**Women in total workforce** ✔
as % of permanent and temporary employees

**38%**

2020: 38%

**Total Recordable Case Frequency (TRCF)** ✔
per 200,000 work hours

**0.14**

2020: 0.13

**Lost Time Case Frequency (LTCF) 2021** ✔
per 200,000 work hours

**0.05**

2020: 0.05[2]

[1]   Excluding Arcadis Germany
[2]   Not reviewed

Introduction

**Executive
Board report**

Supervisory
Board report

Financial
statements

Additional
information

**Arcadis** Annual Integrated Report 2021    **55**

# 29,236

**Total workforce headcount
as at 31 December 2021**

**People &
Culture**

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

# +30

During 2021, there was a significant focus on culture as part of the implementation of our Maximizing Impact strategy. The Capabilities and Cultural Shifts program was established to bring a holistic approach to aligning all Arcadians to the business strategy. The program seeks to create an inclusive organizational culture enabling all Arcadians to bring their whole selves to work, build future-focused skills, and ensure they can deliver the best of Arcadis to clients. Underpinning this aim, are four cultural pillars: Inclusivity, Sustainability, Accountability and Human Centricity.

## Culture: Being an Arcadian

The cultural pillars enhance the corporate values of: People first, Client success, Integrity, Sustainability and Collaboration, and bring to life further the aligned global company behaviours. In support, a cultural roadmap was built to guide all interventions within the Capabilities and Cultural Shifts program. The cultural roadmap was developed in a series of human-centred design sprints, a high-engagement, inclusive and human-centred approach. The process encompassed senior leader interviews, employee focus groups, and cultural jams attended by over 1,200 Arcadians across the business. Additional analysis came from over 20,000 qualitative comments in our global employee pulse survey Your Voice. These inputs were synthesized and workshopped through virtual sessions attended by over 70 senior leaders, and two co-creation sessions with over 80 employees.

In parallel, the Aligned Leadership Program launched in 2021 and the establishment of global affinity groups and a strategy for diversity, inclusion and belonging are key parts to embedding the cultural pillars and associated behaviours across the business. Collaborative work was also undertaken on embedding our global company culture and the cultural pillars into our Workstyle. More detail about these areas in forthcoming sections.

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.

### Flexible working for everyone: Our Workstyle Promise

To amplify our four cultural pillars, and to take action from Arcadian feedback through Your Voice feedback on flexibility and empowering our people for success, we launched the Global Workstyle Promise in July 2021. We recognise that the way we work has changed over the past years and to support our People first value the Workstyle Promise was launched to provide a commitment to Arcadians around flexibility enabling workstyles that truly work for individuals and their roles. Our offices continue to provide us with space to collaborate with our teams and clients to solve problems; coupled with the flexibility of hybrid working for a positive effect from a wellbeing perspective. In 2021, 91% of employees have access to flexible working arrangements.

### Talent Attraction – becoming an Arcadian

**Attracting Arcadians of the future**

The market for talent globally is increasingly competitive within the key skills, disciplines and core capabilities we need to operate successfully. As we drive digitalization into our business, the people we need to hire both now and in the future are in high demand.

We invested significantly in talent attraction and employer brand strategies to entice the best talent to join Arcadis in 2021. Our approach is global (LinkedIn, Glassdoor, Indeed), but deployed as needed across a range of country specific channels – to target and engage audiences where they spend their time – especially in their digital lives. We embraced digital and online events and developed a successful global approach for delivering best in class experiences that attract, engage and convert candidates to become Arcadians.

**People & Culture**

Our global careers website enables candidates to quickly find information and jobs in their chosen country across both Early Years and Professional roles. Candidates can also join the Arcadis 'Talent Community' which allows them to successfully be matched to opportunities by our global Talent Acquisition teams. In 2021 we launched our new global applicant tracking system – Recruit Cloud, enabling candidates to quickly apply by mobile or desktop, as well as 'Quick Apply' with a LinkedIn profile. Giving a seamless candidate experience across all touchpoints is critical if we are to hire the best talent.

We continue to communicate our Employee Value Proposition (EVP) based on four key pillars: People, Projects, Flexibility & Opportunities and engage our current employees through video, blogs and people stories.

**Early Careers**
Attracting and selecting Early Careers talent has evolved to include virtual as well as on campus and in workplace recruitment. The relationships we built with many of our target education institutions flourish, and we work closely with those partners and our strong alumni network to ensure that the best candidates are pipelined into the Arcadis talent pool.

Digital innovation was key in the success of our strategy to attract Early Career professionals into Arcadis. We introduced virtual Early Careers open days, utilised social media platforms to run live events enabling prospective candidates to hear from the experience of Arcadians, ask questions and learn about a career at Arcadis. In addition, we ran several targeted marketing campaigns. These digital strategies enabled us to reach wider pools of talent, especially in under-represented groups, and those who may never have considered a career in our industry previously.

In a historically man dominated industry, our focus on attracting women into our Early Careers opportunities is particularly critical. With a focus on diversity, we aim to ensure equal genders progressing through every stage of the recruitment process. Significant success in these focussed efforts has resulted in 47% of our new Graduates and Interns in the U.S. being woman, in the UK 50% were woman and in Australia 66% of our Early Careers new hires in 2021 were woman.

**Science, Technology, Engineering and Math (STEM) Education**
Through various regional initiatives, Arcadis is hosting and facilitating interventions to encourage and inspire young people to consider exploring a STEM career path and therefore contributing to our responsibility to attract future talent into our industry. As well as practical activities this also includes sponsoring several events focused on diverse candidates which has provided increased visibility of our recruitment brand to high potential candidates. In the UK we ran two weeks of insights and skills sessions which had 360 students registered, 49% were woman and STEM students or those interested in STEM careers.

In 2016 Arcadis began a relationship with Career Ready who are a charity transforming the life chances of 100,000 young people at risk of not achieving their full potential. The charity reduces inequality and tackles poverty through their structured careers programme. Through this we have helped increase young people's awareness of our industry, potential career paths and appreciation of the wider world of work. Our highlights to date include 86 unique mentoring relationships, running numerous masterclasses and insight days for over 1,500 students, provided seventeen students with paid Internships and we have four students who have joined us as Apprentices.

**Talent Engagement and Retention – The Arcadian Experience**
We believe that being recognised as a best place to work requires listening to, and acting on employee insight and this is also fundamental to Arcadis' ability to retain talent and enable people to flourish at work. Arcadis' Voluntary turnover rate KPI has a target of <10% by 2023. In 2021 the result was 14.9%. Some of the efforts in place to bridge the gap are the following:
• Employee Listening Program - Your Voice, so that we focus on engagement actions that matter most to our employees.
• The performance management framework, 'Grow Perform Succeed', continues to provide frequent and meaningful performance conversations, focused on the future, employee growth and career development.
• Learning and talent development programs, such as our Line Management experience to ensure our teams are lead by supported managers.
• Setting up our Global Affinity Groups to have a focus on Diversity, Inclusion to Belonging.

**People & Culture**

**"We are proud that through personal employee engagement in our global employee pulse survey 'Your Voice' local teams can openly talk about motivators and inhibitors to personal, team and ultimately business success. When people openly share their experiences on what it is like to work at Arcadis, we listen, and we act. Arcadian voices influenced our strategic business priorities - including setting up a global Diversity, Belonging and Human Rights team to drive change and enhance our accountability towards all our employees."**

**Jacoline van Blokland** Chief People Officer

Understanding the employee experience and expectations in a changing workplace is key as it impacts how we engage and deliver for our clients, supply partners, and the communities we work for. Through our integrated People Analytics platform we can combine the data on our people with the insights from our people team professionals and managers to help make more informed decisions around our people proposition. Monthly, we provide a robust set of people metrics that help inform us and guide actions to help improve our performance. In 2021, we upskilled the people function through a people analytics development program and this allowed them to inform retention initiatives as well us undertake focused retention discussions and action planning.

**Employee Listening Approach – Your Voice**
Over 20,000 Arcadians from across the global business engage in our quarterly employee pulse survey, Your Voice. Over the year the total 84% of employees trust us to listen, be respectful of personal points of view and to act to continuously improve the daily employee experience. Arcadian feedback through the Your Voice program has influenced:
- Our Workstyle promise embedding flexibility into the way people work;
- The way we engage in performance conversations through GPS (Grow Perform Succeed) empowering impactful engagement;
- The training priorities delivered through our line manager training and support system;
- Our talent attraction and talent management systems;
- Our global approach to wellbeing & resilience, understanding the unique wellbeing needs of our people;
- Line manager led conversations on how teams can grow using insight from the Your Voice tool, encouraging open conversations, idea creation and enhancing a sense of belonging and inclusion;
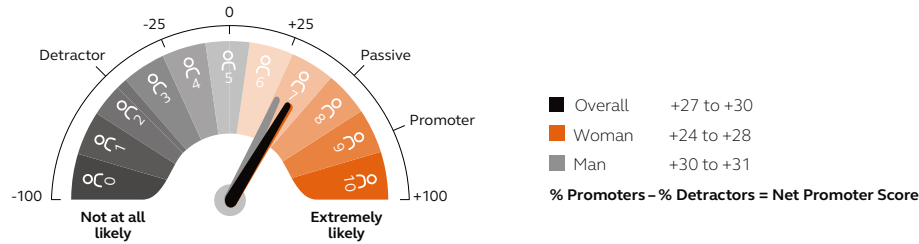- Feedback into shaping our cultural shifts program.

To fulfil our goal and achieve top quartile performance for professional services (as measured by our survey platform) by 2023, our focus is to identify barriers preventing our people from fully engaging by embedding inclusive processes, systems, habits and behaviours that lift the workplace experience for everyone.

Our increased result of +30 finds Arcadis in the mid-range for professional service companies using the same survey platform.

**People & Culture**

Employee Net Promoter Score (eNPS)



| | |
|---|---|
| ■ Overall | +27 to +30 |
| ■ Woman | +24 to +28 |
| ■ Man | +30 to +31 |

**% Promoters – % Detractors = Net Promoter Score**

Arcadians told us through Your Voice that they want to feel part of our strategy implementation journey, to be actively involved in decisions that affect them, and communicated with in a timely and relevant manner. People want to see the business mission reflected in what they do every day. To connect Arcadians to our business strategy, our global CEO and business leaders undertook a series of virtual roadshows, our senior leadership group used skills from storytelling workshops to engage with their teams and we established an intranet site that enabled two-way communication on our strategy implementation.

Arcadis' Employee net promoter Score KPI has a target of Improving annually.  Activities that are in place are highlighted in this chapter, with some key ones being:
• "Aligned Leadership Program" to activate the leadership team engage their teams on strategy implementation.
• Implementation of a global workstyle model to further Arcadians' employee experience in fostering a flexible working environment.
• Implementation of a Wellbeing and resilience strategy to enable all Arcadians to focus on their health and wellbeing while working.

We are making positive progress across our employee experience:

| Net promoter scores from Your Voice[1] (on a scale of -100 to +100) | Dec 2021 | Oct 2020 | Dec 2019 |
|---|---|---|---|
| I'm satisfied with the amount of flexibility I have in my work schedule | +49 | +44 | +38 |
| My line manager cares about me as a person | +44 | +38 | +26 |
| My line manager encourages and supports my performance and development | +36 | +26 | +9 |
| I get enough feedback to understand if I am doing my job well | +16 | +5 | -9 |
| I see a path to advance my career at Arcadis | +1 | -6 | -21 |
| I see how my work contributes to positive outcomes for our customers | +38 | +34 | +25 |

1  Countries excluded from survey: Germany

People & Culture

## Diversity, Equity Inclusion and Belonging

Arcadis' greatest embodiment of diversity and belonging, is first through the fair, accessible, inclusive experience we create for our people. Our mission is to improve quality of life, by promoting an inclusive, diverse, people-centred, accountable, and sustainable culture and work environment, where everyone can be their authentic selves. The launch of our strategy 'Maximizing Impact' in 2020 marked our intention to future-proof our commitment to strategically and purposefully create a culture where the richly diverse experiences of Arcadians would be channeled through all we do.

Throughout 2021 the percentage of women represented in the business remained stable around 38%. We also had a slight increase for women in technical roles keeping steady at about 34%. To bridge the remaining gap, in 2021 we launched the global Affinity Groups, including the Gender Affinity Group to drive gender diversity over the next few years by:
• Reviewing our global talent acquisition processes to identify how we can attract the broadest pool of women candidates from early years to senior leadership;
• Assessing our salary review processes to ensure we align pay, performance and recognition to be solely based on merit, skill, and talent and continue to close the pay gap;
• Creating a specific program to support women of color with progression in Arcadis;
• Reframing our our job descriptions to be gender neutral and adapting our current candidate screening process. We will introduce enabling tech that allows us to review candidates without bias at all levels.

We are taking an integrated approach to creating an inclusive and equitable work environment by also developing our employee well-being and safety; advocacy, education and awareness; leadership and professional development; and validation of best practices.

In 2021, we appointed a Global Diversity and Human Rights Director and supporting team, developed our core objectives to: Challenge; Empower and Change which are the foundation of our Global Diversity and Belonging strategy. The objectives and strategy are delivered across three focal global Diversity, Equity, Inclusion and Belonging (DEIB) and Human Rights interventions and underpinned by our foundational commitment, to create a work environment where all people are treated with respect, professionalism, and dignity.

### Our Objectives

**Challenge** the status quo
By developing a global diversity and belonging strategy, underpinned by global reporting on our targets and ambitions.

**Empower** others to be their whole selves
By harnessing the power, passion and ideas of Arcadians and their lived experiences to foster a sense of belonging.

**Change** perception and create allyship
By developing a sustainable global cultural and behavioral change program.

### Our Golden Thread

**Dignity, Respect and Anti-discrimination**
We are committed to creating a safe, equitable work environment where all people are treated with respect, professionalism and dignity for authentic self-expression and employee wellbeing, free from discrimination and harassment. This is our foundation with human rights, equity and anti-discrimination policies, transparent reporting and mechanisms at the core.

People & Culture

## Our Interventions

**Diverse Recruitment, Development & Retention**
We will actively leverage talent pools and listen to employees to attract Arcadians from underrepresented diverse backgrounds/characteristics; increasing proportion of hires into the business and retaining diverse talent at all levels by promoting access to opportunities for all.

**Diversity Awareness & Training**
We will create a people first culture of belonging, empathy and respect fostering a conscious interrupt bias mindset, through learning and development initiatives; equipping employees and leaders to be global ambassadors for diversity and belonging.
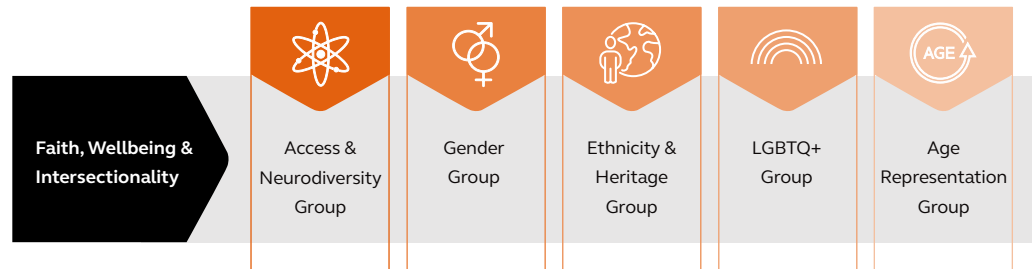
**Human Centricity & Societal Impact**
By taking a human-centric, inclusive and equitable approach to the design of our organizational ways of working, processes, spaces, and client solutions, we will foster equitable social mobility and sustainable societal impact to better meet the needs of all people in society.

In 2021, we mobilized various diversity and inclusion initiatives, for example:
- **We listened to our people** - Hosting global workshops and focus groups with colleagues supported by industry leading diversity and inclusion and neurolinguistic programming organizations to gather insights and employee feedback on our current position and future opportunities;
- **We developed a global diversity and inclusion data point** – Implementing diversity representation measures in our employee engagement survey Your Voice to better understand what influences employee experience;

- **We extended our stated diversity ambitions beyond women's representation** – Setting global commitments and priorities to improve representation from underrepresented groups (particularly Black, Asian, Latinx and Indigenous Peoples) in North America, the UK and Australia – through our early careers, employee population and in our senior leader group. We are also embracing intersectionality and ensuring that people's uniqueness is recognized and valued;
- **We launched a diversity and inclusion resource hub** – Accessible to everyone, enabling people to explore topics, connect with our global affinity groups and learn in a safe space;
- **We created five Arcadis global affinity groups** – Whose mission is to enable all Arcadians to flourish and feel a sense of belonging at work, wherever that is, to define and drive ambitions to increase representation, access to opportunities for underrepresented groups, ensuring that Arcadis' diversity reflects our clients, communities, and society at large. Each group has developed a roadmap to improve engagement and representation, with overall responsibility for implementation of diversity initiatives coming from an Executive Leadership team member and an elected Arcadian for each affinity area;
- **We engaged with our clients** – In open dialogue to identify how to drive engagement and integrate diversity and inclusion business practices that create lasting societal impact, equity, sustainability, and economic opportunity.

Our aspirations extend beyond diversity representation targets and statistics, this is about each employee being seen, where a truly diverse community can thrive by being themselves.

| Faith, Wellbeing & Intersectionality | Access & Neurodiversity Group | Gender Group | Ethnicity & Heritage Group | LGBTQ+ Group | Age Representation Group |

**People & Culture**

**Understanding our Diversity representation**

Every employee experience is unique, and we know that people's daily interactions can be influenced in a myriad of ways because of personal characteristics. For the first time we have one evidence-based, accurate source of data on the demographic composition of a large cohort of our people and how their personal characteristics may impact their employee experience. We achieved this by launching a series of diversity representation questions in our employee engagement pulse survey Your Voice. This information enables us to look at the nuances between and across different under-represented groups of Arcadians and to further conversations with employees, our global affinity groups and our line managers on how to deepen inclusion every day.

**Diversity representation**

The following statistics are based on the percentage of people who optionally responded to diversity representation questions – 66% of our workforce. The base number omits those who preferred not to disclose.

| **59%** | **14%** | **8%** | **17%** | **69%** |
|---|---|---|---|---|
| of Arcadians identified as having an ethnicity / heritage background | identified as LGBTQIA+ | live with a physical or hidden health or neurodivergent condition/ disability | are care givers to someone with a disability or health condition, or an older person | identify as having a faith |

**Diversity spotlight - Pay equality**

One factor influencing the Arcadian employee experience is reward. Arcadis is aware that a gender pay gap exists given our legal requirement in some countries to proactively analyze and reduce the gap. Arcadis has reported the gender pay gap in countries where this is a reporting obligation – specifically Arcadis Australia and UK with an identified a gender pay gap[1] of 24.4%, and 21.4% respectively. Our approach in these countries will help us inform gender pay analysis globally. We are also working to better understand and act on pay disparity for other minority Arcadians. For example, in the UK the mean ethnicity pay gap[2] is 11.6%, a reduction of 3% from 2020.

Over 2021 we have proactively moved towards improving pay parity in a coordinated way including:
• Investing in developing leaders' inclusive mindset to influence fairer outcomes in decision making;
• Gaining accreditation in Australia for our gender-neutral policies and our strategy in closing the gap;
• Mentoring to support empowerment and confidence through our company wide MentorLoop system;
• Reviewing succession for senior positions, where we have identify Arcadian women, ethnic minorities and underrepresented groups for roles and development opportunities.

[1] Gender pay gap measures the difference between the average pay of women and men in the Arcadis workforce.
[2] Ethnicity pay gap measures the difference in the average pay between white employees and employees from minority ethnic communities.

People & Culture

**Employee Wellbeing and Psychological Health**
Our employee wellbeing and resilience vision is to empower each Arcadian to live at optimum health and thrive, whilst ensuring that we are listening to and considering the individual and unique wellbeing needs of every employee.

In 2021 we implemented new global wellbeing and resilience initiatives and strengthened our commitment to encourage and support the physical, mental and social wellbeing of each Arcadian. This included appointing a Global Wellbeing & Resilience Manager to give real focus and drive to this area globally. Our approach includes a harmonized, accessible and equitable global program of wellbeing initiatives and activities as well as encouraging a culture of enjoyment and belonging. After listening to employee feedback from a number of sources, a key focus area of our framework is around creating a mentally healthy workplace and in 2021 we did this by:
• **Expanding our Employee Assistance Provider (EAP)** in every country we have employees based, ensuring every Arcadian and their family members have access to 24/7 confidential psychological support;
• **Globally expanding our Mental Health First Aid training program**, equipping Arcadians with the skills to look out for each other and provide initial support, creating a network of mental health champions within arm's length to help drive our strategy;
• Hosting **impactful quarterly global webinars** on resilience with inspiring external guest speakers – including award-winning human rights advocates and Olympians to share their lived experiences, impacting over 12,000 Arcadians attending;
• Asking Arcadians with **lived experience around mental health challenges** to share their stories. We are creating a culture at Arcadis where everyone feels comfortable talking about mental health.

## Talent development: Developing as an Arcadian
Providing our people with access to quality learning opportunities is critical to enhance their ability to perform in their current roles and prepare for future opportunities and maximize their impact. In Arcadis, we offer a range of learning opportunities for our people ranging from building core capabilities and initiatives that empower our leaders and managers to lead with impact. Also, this year was typically punctuated with online and virtual learning events.

**Grow Perform Succeed**
Grow Perform Succeed (GPS) is our global approach to performance development and focuses on continuous and meaningful performance conversations between line manager and their direct reports. It aims to create a safe environment focusing on growth and learning, developing a culture of feedback and recognition. In 2021, we continued to evolve our GPS approach by introducing Year End Summary (YES) conversations. YES conversations will facilitate summarizing the conversations that happen throughout the year, focusing on the impact and contribution of Arcadians and identifying their strengths to plan the following year. A continued focus on training and communication at both global and regional levels contributes to embedding GPS as a part of Arcadis culture.

In 2021, we had 68% of Arcadians undertake performance and career discussions with their line manager. To date, Arcadians continue to improve from the tools, guides, and learning available on our GPS intranet platform. Arcadis employee engagement results show consistently positive feedback on how their managers encourage and support their performance and ongoing development. Furthermore, they are more likely to discuss their career goals and take responsibility for their progression.

**Empowering our leaders in driving our strategy and cultural development – Our Aligned Leadership program**
To deliver our strategy and business development, we need to continue to develop our senior leadership group building on previous years development initiatives. For that reason, the Aligned Leadership Program (ALP) was launched in 2021 with the ambition to better equip our most senior leaders to embed and lead the strategy. The program was designed with interventions at group, team and individual level for maximum impact.

The first part of the Aligned Leadership Program focused on 160 senior leaders developing their storytelling and impactful communication skills to speak about the new strategy, adapt their stories to their audiences, and bringing clarity and minimizing anxiety in others. As a result, inspiring strategy stories from senior leaders have been emerging and leaders reported a significant improvement in their confidence and ability to authentically communicate the new strategy.

**People & Culture**

The second part of the year the program supported our leaders in the transition to a global business. Starting with clear Executive Leadership Team expectation setting about what it means to lead with impact in a global context, 230 senior leaders and champions were immersed in various highly interactive and virtual learning experiences to build the required capability and mindset to lead with our four cultural pillars of human centricity, sustainability, inclusion, and accountability in mind, and role model our leadership behaviors of being curious, driving success and igniting passion in others.

To maximize the impact of these newly formed global leadership teams, the Aligned Leadership Program supported multiple senior leadership teams in accelerating and further strengthening the team forming process. This was through facilitated sessions, individual reflection and team missions where the teams built up an understanding of each other and those they lead.

Furthermore, a total of 55 senior leaders went through an individual development process, using an assessment to provide personal insights into their leadership style, preferences, traits and drivers and continuous coaching conversations. This process gives our leaders an opportunity to reflect on their journey to date, their personal profile and further shape their growth and development at Arcadis. The insights that they will gain are valuable for development in their current leadership role and further success in Arcadis. The insights on group level are invaluable to get a better understanding of the group strength and development areas of our senior leadership group informing group development interventions as part of ALP.

**Succession and progression planning for future leadership**
The disruptive business landscape and unparalleled speed of change makes it even more that we have the right talented people, in the right roles, at the right time. This, in addition to the transition to the new global operating model confirms the importance of having a robust leadership pipeline with leaders who can take on a variety of senior leadership positions and are fit for multiple possible futures, rather than a sole focus on succession.

For executive leadership roles and key leadership roles that directly lead our business, a talent pool exists with potential candidates and future succession. To mitigate risk, emergency replacement plans, by way of a person that can immediately take the position in cases of emergency, are in place for our critical roles.
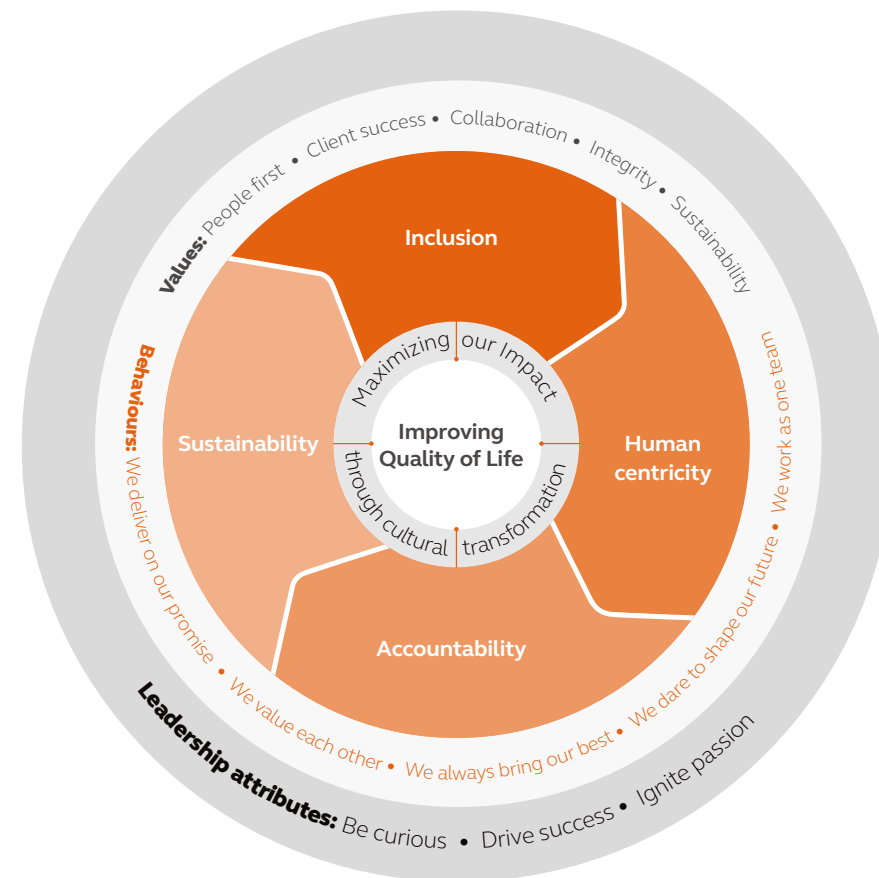
As we progressed in our global led organization, internal candidates were selected and appointed into the new global structure (87% internal appointments).

To build our leadership pipeline, in 2021 senior leaders and potentials have been supported in their individual development, with personal insights assessments, conversations about their multiple possible futures and targeted development and action plans providing the required experiences to further develop their career and take on other positions in Arcadis.

**Improving the experience of our managers worldwide through the Line Management Experience**
Our managers are pivotal in realizing our ambition to become the best place to work in the market and the best place to work for our people. The Line Management Experience (LMEx) is based on the premise that our managers are key to the evolution of our business and are key to the engagement of those they manage.

In 2021, we continued the implementation and embedding of our six promises for approximately 4,500 Arcadis managers worldwide. Local implementation teams focused on creating clarity about the manager role, implementing a structured onboarding process for those transitioning into a manager role, ensure managers can connect and join a community with other managers and mentors for sparring, sharing, learning and informal advice, and provide ongoing support and tools via the manager support hubs, and insights into their manager effectiveness via the LMEx insight tool, continuous GPS conversations with their teams, and team analytics from Your Voice.

This year there were many opportunities to develop life skills in highly interactive and virtual sessions empowering our managers to lead their teams with impact. To date, close to 200 training sessions took place as part of the Management Essentials curriculum with approximately 4,400 attendees, as well as 99 sessions as part of the Advanced Management curriculum for more experienced managers with over 1,600 attendees. The sessions were well received with an excellent NPS score of +53 overall.

Also, four globally led virtual LMEx Labs were organized on business relevant topics, such as using storytelling skills to bring the strategy to life, and managing ambiguity in your team. These sessions were specifically intended to empower managers to drive the strategy and attracted more than 1,750 Arcadis managers in total.

For the second year in a row, engagement scores show that Arcadians have a more positive perception about their manager than last year, amongst others in terms of how their managers care about their team and communicate open and honest with them.

**Mentoring available to all Arcadians**
In Arcadis, we recognize that many of us, at some point in our careers, have benefited from a mentor or a mentee, someone to provide you with guidance and advice on difficult decisions, key milestones in your careers, or be a sounding board for new ideas. Recognizing this value, we have launched a global mentoring platform this year providing Arcadians from all over the world with an opportunity to create their own mentoring relationships via Mentor Connect.

Mentor Connect is a global mentoring platform to help Arcadians make greater connections across the business and support their development. A platform to create valuable mentoring relationships best suited to Arcadians, wherever they are in the world, and whatever their role may be. With the launch of the platform, Arcadians can now experience the power of mentoring, being it more traditional mentoring, reverse mentoring or even reciprocal mentoring.

To date, 1,650 Arcadians have signed up on the Mentoring platform, resulting in 650 established mentoring relationships via the platform – a number that will grow even further over the coming years.

Case | Lehmannsmühle | Meißen, Germany

# Preservation of historic mill 'Lehmannsmühle'
## Protecting Social Heritage

Places

"Heritage assets like Lehmannsmühle bear witness to the resilience and sustainability strategies of our ancestors. It's worth protecting them."

**Thomas Kunz** | Dept. Head Highways and Intelligent Transportation Systems

7 AFFORDABLE AND CLEAN ENERGY

**Preserving a**

## 450 years

old mill for future generations.

**How we are different**

Using the skills of today to preserve the heritage of yesterday.

**Impact**

Preserving a precious heritage asset and thus connecting the past of renewable energy with it's future.

**The Challenge** →

**The Solution** →

**The Impact** →

In Saxonias Saubachtal valley near Meißen, water-driven mills once formed the cornerstone of the regional agricultural economy. Twelve grinding mills along the Saubach riverbank provided a steady food supply for the local population. Over a period of 500 years, the region suffered from sporadic droughts, causing low water levels and putting the local mill economy under stress. Just a handful of these mills still exist. Keeping these historical landmarks and popular tourist attractions in good shape, requires constant maintenance, commitment, time and energy.

Arcadian Thomas Kunz has been taking care of the 450-year-old Lehmannsmühle for over than 30 years now. Teaming up with 175 like-minded locals, unified in the mill preservation association, he checks the mill's timber, maintains the integrated museum and keeps the wooden oak wheel running - now producing renewable energy on microscale level for internal use. Each year on Whit Monday (mill's day in Germany), hundreds of guests visit the historical facility.

Thomas' engagement for the Lehmannsmühle is far more than just a passion for local history. It creates a link between ancient expertise in water management and our present acticivities (Arcadis provides flood protection services in the region). It preserves the sustainability heritage of past generations for future ones. It connects our ancestor's approach to living and working aligned and harmonized with the natural environment with our contemporary perception of sustainability. It inspires us to make use of our natural environment and resources without destroying and exploiting them.

# City Shapers

People & Culture



"Some might consider it crazy, but I lead two different City Shapers chapters in 2021 (Atlanta and NYC) with projects in the field of mobility as well as sustainability. The journey was challenging but gratifying at the same time. I got the opportunity to collaborate with talented and dynamic Arcadians. Regardless of the pitch sessions outcome, both teams are planning to address comments/suggestions from judges and further develop the concepts."

**Georges Bou-Saab** Transportation engineer at Arcadis, U.S.

City Shapers is a global incubator program as part of the Global Cities program, offering the opportunity for early career professionals to solve complex urban challenges in their own habitats. Over the course of one year the City Shapers chapters develop their projects, with a project pitch at the end of the year. City Shapers focusses on our Global Business areas: Resilience, Places and Mobility. Many of the projects aim to improve liveability, sustainability, or end user experience in major cities.

The City Shapers program has three objectives: personal and professional development, Arcadis acceleration and client outcomes. The program establishes early career professional networks in and between regions, create mentoring relations across experience levels and provide development

opportunities while working agile, building new generation solutions, and learning new skills along the way. Participating cities are spread over the world, such as Atlanta, Birmingham, Chicago, Hamburg, Hong Kong, Manila, New York City, Paris, Rotterdam and Sao Paolo.

In 2021, 23 City Shapers chapters globally started exploring the global mega trends which resulted in seventeen chapters pitching their city projects on varying topics including homelessness prevention in Chicago, blockchain technology for traceability of household waste in Santiago, Using Drones to Assess Roadway Safety and Assets in Atlanta and Addressing the participation paradox with a digital approach in Rotterdam.

All end-year pitches were evaluated by at least five business representatives from across the business, such as representatives from our innovation and sustainability function, solutions directors and board members of the Lovinklaan Foundation. The Lovinklaan Foundation is allowing the top five evaluated teams to invest in their projects to be brought to market.

## Human and Labour Rights

Our 'Maximizing Impact' strategy, essentially rests on two pillars: taking care of people and planet. Foundational to focusing on people is treating them with dignity and respect, something which Arcadis has based its purpose – improving quality of life. Understanding that society increasingly expects businesses to respect human rights, Arcadis is choosing to revise our approach to align more closely with the UN Guiding Principles on Business and Human Rights (UNGPs).

In doing so, our aim is not simply to meet international expectations, but also to act in a manner that allows us to bring our core purpose into full realization. Our long-term human rights objective is to embed purposeful actions and behaviors within and around Arcadis that create a positive impact for people, communities, and our planet. We aim to do so because we understand that such positive impacts to people flow directly from attending to human rights risks, as respecting human rights is the key to unlocking a sustainable present and future, meeting the Sustainable Development Goals, and tackling significant societal challenges like inequality and discrimination.

In 2021, we worked with an external human rights consultancy in conjunction with our employees, clients, investors, suppliers and others to develop a refreshed and more robust approach. This included:

1. Conducting a high-level assessment of potential adverse human rights impacts across our value chain (e.g., impacts as they relate to our workforce, clients, and suppliers);
2. Beginning what will be a continuous and transparent dialogue with stakeholders (both internal and external) around key learnings from human rights programs;
3. Refreshing and publishing an enhanced human rights policy consistent with the UNGPs; and Developing a three-year roadmap for how to monitor and improve our human-rights efforts going forward.

In addition to the above, we continued to focus on targeted human-rights initiatives. These included:

- **Continuing our collaborative efforts:** in order to confront systemic challenges that no actor can alone solve. This chiefly included our CEO and other employee's ongoing participation in the World Business Council for Sustainable Development's programs. In particular, signing up to be CEO commissioners to participate in The Business Commission to Tackle Inequality - an initiative that seeks to tackle inequality and generate shared prosperity for all investing in building the BCTI's position and paper on 'The Case for Equity Action'; and Healthy People Healthy Business, which explores how businesses can play a pivotal role in supporting the long-term promotion of health and wellbeing. The latter initiative also aligns with our internal Wellness efforts;
- **Diversity, Equity, Inclusion and Belonging:** Consistent with the UNGPs expectation that indicates business enterprises need to pay special attention to particular human rights impacts on individuals from groups or populations that may be at heightened risk of vulnerability or marginalization, we continued its DEIB work;
- **Attending to COVID-19 challenges** through our COVID-19 taskforce;
- **Go-No-Go process:** Defining our expectations around our client and pursuit opportunities considering human rights aspects;
- **Speaking and promotional engagements:** to further the awareness and education of respecting human rights and 'do no harm';
- **Resourcing human rights work:** embedding the updated human rights policy into our operations and decision-making.

To ensure society can meet the needs of the present without compromising future generations to meet theirs, we all need to contribute. We believe that respect for human rights by business is fundamental to living in a sustainable society and going forward we are committed monitoring and embedding a stronger approach to human rights.

**Communication of Rights**

Arcadis respects the rights of works councils as employee representation bodies and the role of works councils and/or trade unions in collective bargaining. Arcadis actively works with these groups in countries in which they are present and in 2021, 28% of the Arcadis workforce is covered by a collective labor agreement. In 2021, we proactively engaged with our European Works council to discuss and inform them on transnational matters that significantly affected employees interests across Europe. The consultation across a number of topics resulted in employees ideas and thoughts being part of the overall Arcadis strategic direction and taken into consideration as part of the decision making process.

**Health & 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), see page 71.

The global H&S Management System Standard (GHSMSS) identifies and requires us to record and investigate work-related risks and incidents through annual risk identification and assessment at business level. Based on the definitions in the management system, two KPI's have been identified to monitor our mission of TRACKing to 0: Total Recordable Case Frequency (TRCF) and Lost Time Case Frequency (LTCF). Evolution of TRCF and LTCF in 2021 compared to previous years is described later in this chapter (section "Performance 2021"). To reduce future TRCF and LTCF, we continue to embed the GHSMSS and organize training and awareness raising campaigns in line with the Year Action Plan that has been developed for the period 2021-2023. The global objectives for 2022 are described later in this chapter (section "Objectives for 2022 and beyond") and include amongst others an expansion of our mental health and wellbeing program and further sustainable digitalization to optimize knowledge sharing, client focus and awareness raising.

The Health & Safety Program is the responsibility of a Global team, led by the Global H&S director, who directly reports to Glenn Lutz, the Global Operations Projects Services Officer (GOPS) accountable for H&S. The GOPS officer reports to Alan Brookes, 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 always 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 for regional CEOs and leadership;
- Involvement of leadership and business managers on a regular basis, as well as engagement between H&S leadership and regional executive 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 being embedded in performance appraisals;
- Safety culture through behavior-based observations and shared information;
- Celebrate 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 of each region is captured in a consolidation tool and reported monthly to Arcadis' headquarters. 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 2021**
For the first time in ten years, Arcadis' 2021 Total Recordable Case Frequency (TRCF) increased from the prior year (0.14 compared to 0.13 in 2020). Despite this small increase, 2021 represents the second 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 2021 to 2020, the following observations were noted:
- The global COVID-19 pandemic continues to present an ongoing health risk to Arcadians. There were continued impacts to Arcadis' operations, workplaces, customer expectations, and employee mental health and wellbeing. Offices continue to open and close with the evolution of the pandemic, and in accordance with local guidance and regulations. These changing conditions complicate operations and distract from H&S;
- Arcadis' core business activities remained substantially the same in 2021 and, as such, the risk of health and safety incidents occurring did not significantly change. However, 2021 saw an increase in field hours vs. 2020 when some countries restricted access to client sites for certain periods of time. More time in the field resulted in an increased exposure to higher hazard environments and more recordable incidents;
- Until August 2021 we saw fewer recordable incidents in 2021 compared to the same period in 2020. Due to a substantial amount of biological recordable incidents over the 2021 US summer that correlation changed;
- A spike in recordable incidents in North America in December 2021 has been partially attributed to COVID-19 fatigue and an elevated level of distraction because of the Omicron outbreak.

Our Lost Time Case Frequency (LTCF) for 2021 (0.05) stayed the same as in 2020. 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 2020 and 2021. There were no work-related fatalities in 2021, 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 (up 20% since 2018), 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 2021 were for all Arcadis leaders' level 10 and 11 to complete at least one leadership H&S stewardship activity annually, for leaders' level 12 and higher to perform at least 2 leadership H&S stewardship activities, and for 50% of all staff to perform a documented proactive health and safety action. These objectives were identified to drive health and safety engagement by leadership and staff to encourage further development of our proactive health and safety culture. Engagement by both leadership and staff was strong. 89% of leaders performed one or two leadership H&S Stewardship activities (a light decrease from 91% of leaders in 2020) and 78% of staff performed a documented proactive H&S action in 2021 (an increase from 70% of staff in 2020). An additional objective required all projects that take place outside of an office environment to have a well-defined H&S Plan in place before actual site activities begin; this goal was met for all regions.

In addition, we aligned our People first commitment with our People & Culture value by focusing on the health and wellbeing of our people in 2021. A mental health, wellbeing and resilience manager was appointed, and a global wellbeing & resilience framework was designed. 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 & resilience 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:

People & Culture

- 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.

**Health & Safety awareness key in an ongoing COVID-19 crisis**

Protecting our people, their families, and our clients from the dangers of the COVID-19 pandemic has been an important topic for the Health & Safety team during 2020 and 2021. H&S was a fundamental element in the Global Task Force that was set up to manage the COVID-19 crisis. A travel ban, followed by a mostly mandatory work-from-home approach, were important initial steps in our response. At the same time hygiene protocols, cleaning protocols and awareness campaigns were developed and activated to ensure our people were well informed about the risks. Due to global differences in COVID-19 approach, Arcadis developed a global policy that gets adapted at country level to cope with continuously changing local legislative requirements, vaccination status and quarantine measures. More than 80% of Arcadians continue to work from home and the focus has shifted to mental health awareness, as prolonged periods of isolation may lead to new forms of stress or pressure.

**Objectives for 2022 and beyond**

The global H&S objectives for 2022 have been defined to further raise awareness with all employees and challenge Arcadis leadership to further increase their stewardship of health and safety. They focus on embedding a proactive H&S culture and ensuring we are prepared for the safe execution of all our projects. For 2022, we expect Arcadis management levels 10 and 11 to complete at least two leadership H&S stewardship activities annually, and our senior leaders (levels 12 and up), to perform at least one leadership H&S stewardship activity per quarter (four annually). Next to that, we expect at least 90% of all staff to perform a documented proactive H&S action. We will also continue to require that all projects that take place outside of an office environment have a well-defined H&S Plan in place before actual 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 roll out the wellbeing and resilience framework that was created in 2021.

**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 emplyees use the TRACK process to:
**T**hink through the task
**R**ecognize the hazards
**A**ssess the risks
**C**ontrol the risks
**K**eep 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, significant near misses, and unsafe acts and conditions immediately so that they can be investigated, corrected to prevent reoccurrence, and the lesson learned shared.

# Expedition DNA

People & Culture

2021 has been a significant year, with the Expedition DNA program being fully relaunched with a new curriculum that brings together digital and sustainability, ensuring Arcadians are fully equipped to deliver on the 2021-2023 Maximizing Impact strategy. The relaunch of Expedition DNA has also seen an evolution of the format of the program to support our business focus on global collaboration and hybrid working, with the program being delivered fully virtually throughout the year. Expedition DNA continues to be formed of two key programmatic elements: an online engagement and awareness-building platform known as Base Camp, and experiential learning journeys known as expeditions.

In December 2020, a sustainability module was launched in Base Camp to build awareness and engagement amongst Arcadians for the Maximizing Impact business strategy. This module focuses on building digital solutions that enable our business, and our clients, to be more sustainable. In the year since its launch, over 2,550 Arcadians (8.5% of employees) have completed this module. Continuing the focus on digital skills development, a further module focusing on Advanced Data, Analytics and Automation will be launched in December 2021. The new module also provides development and guidance to Arcadians on citizen development, reflecting the maturity of data and analytics skills development across the business.

As with previous years, there has been a steady increase in engagement across Arcadis in Base Camp. Presently 19,460 Arcadians are participating in the program, which represents 71% of the total employee headcount. This is a further 12% increase in employee engagement in the program during the 2021 year.

In addition to the continuous engagement of Arcadians in Base Camp, the relaunched Expeditions have been a significant success in 2021. The exciting new curriculum and format have been redesigned in collaboration with the Lovinklaan Foundation and in line with their mission to ensure the continuity of the enterprise, whilst ensuring Arcadians enjoy their journey and reach their full potential. The new curriculum incorporates a world-first development of a virtual escape room as a gamified approach to "learning through play" to build skills in complex problem-solving, creativity and collaboration.

During the 2021 year, over 200 Arcadians joined the fully-virtual Expeditions where they had the opportunity to deep dive into six-specifically designed Skill Labs focusing on Sustainability, Customer experience, Data, Platforms, Ecosystems and Business Models.

In addition, the program participants applied their learning through a business simulation, were further inspired by plenaries with world-class speakers showing them the art of the possible in sustainability and digital within our sector. Upon completion of the program, participants are equipped with new digital and sustainability skills, as well as transformational capabilities, and they are eligible to join the network of Ambassadors driving organizational change, engaging clients in new approaches and building sustainability into everything we do.

The newly launched Expeditions have been very well received by participants, who have rated the program 4.8 out of 5 for overall satisfaction. Participants highly rated the quality of internal and external facilitators, drawn from around the world, the quality of the content including the balance of technical and human-skills development, and the high-engagement, inclusive culture established throughout the program.

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. Expedition DNA will continue to be invested in over the coming two years of the Maximizing Impact strategy, with six further Expeditions planned over the coming two years, along with further development of Base Camp to enable greater digital accessibility and continued engagement of all employees in new digital and sustainability content.

Participants in Base Camp Program
as a % of total workforce
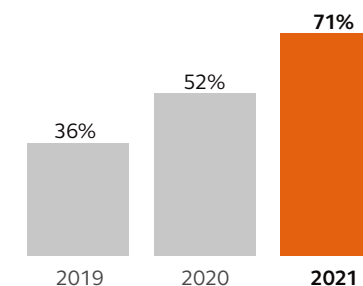
| 2019 | 2020 | 2021 |
|------|------|------|
| 36% | 52% | 71% |

# Sustainability

At Arcadis, we have a specific sustainability ambition – we want to accelerate the transition to Net Zero in a way that improves quality of life for all.

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 holistic and comprehensive sustainability strategies, or turning them into action through practical solutions we implement on every project.

For definitions and methods of measure for the indicators included on this spread, please refer to page 320. The indicators that fall within the scope of limited assurance of our external auditor are marked with the ✓ symbol. See page 299 for the Assurance report of the independent auditor, which includes details on scoping and outcomes.

**Deterioration** **Unchanged** **Improvement**

**Arcadis carbon footprint 2021[1]** ✓
(MT $CO_2$ per FTE)

## 1.17
2020: 1.48[2,3]

**Revenues that relate to relevant SDGs**
as % of net revenues

## 78%
2020: 80%

**Number of identified environmental non-compliances 2021** ✓

## 1
2020: nil[2]

**AGBP alleged breaches 2021** ✓
assessed and, as needed, further investigated

## 91 (100%)
2020: 72[2] (100%)

**Employees passing Code of Conduct training 2021** ✓
as % of total employees

## 94%
2020: 91%[2]

**Number of appointed privacy officers under the privacy policy 2021** ✓

## 14
2020: 13[2]

[1] For our material Scope 1, 2 and 3 emissions
[2] Not reviewed
[3] MT $CO_2$ emissions in 2020 compared to our Annual Report 2020 have been changed due to estimates being replaced by actuals

Introduction

**Executive Board report**

Supervisory Board report

Financial statements

Additional information

Arcadis Annual Integrated Report 2021    74
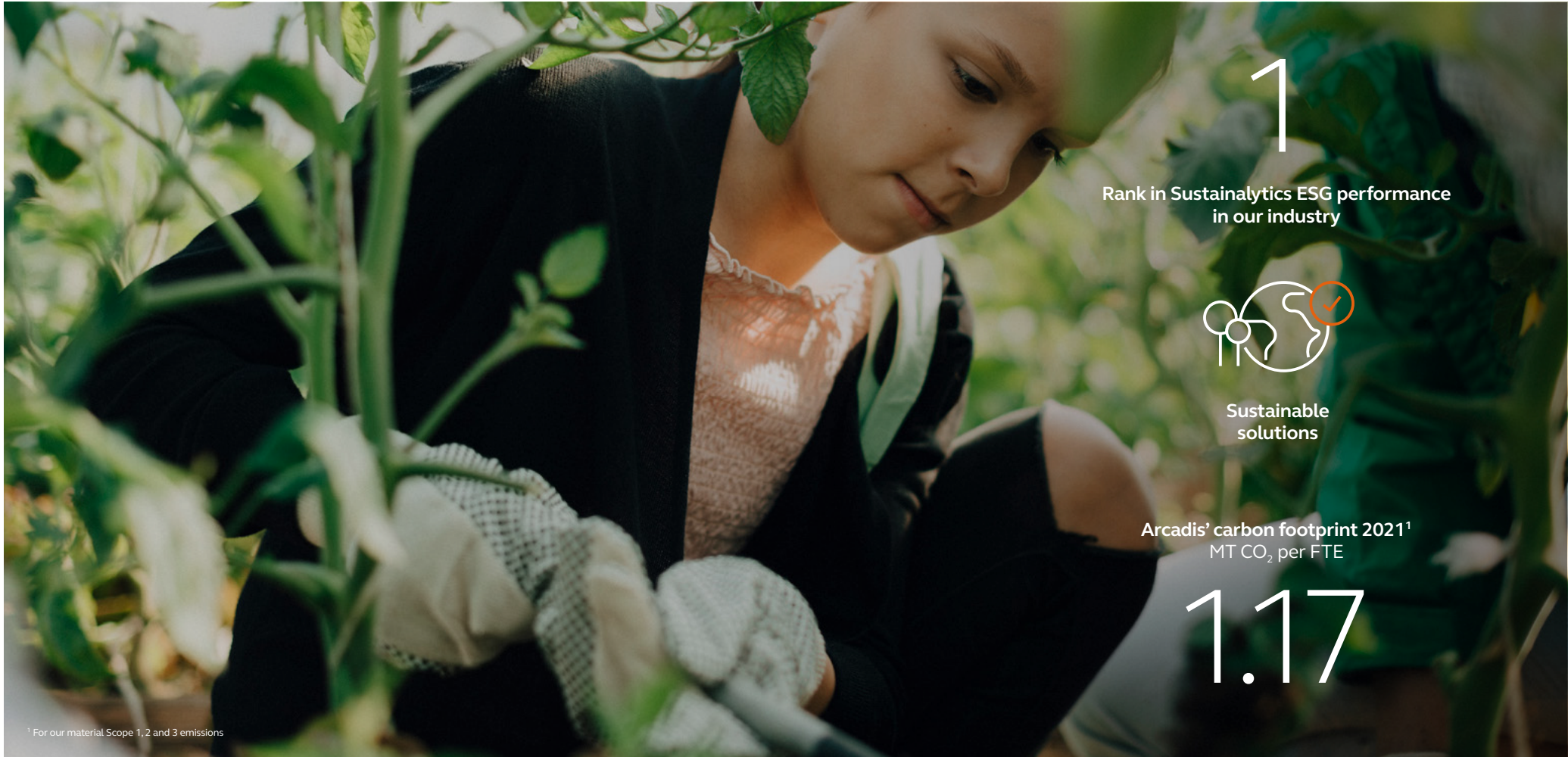
**1**

**Rank in Sustainalytics ESG performance in our industry**

**Sustainable solutions**

**Arcadis' carbon footprint 2021[1]**
MT $CO_2$ per FTE

**1.17**

[1] For our material Scope 1, 2 and 3 emissions

**Sustainability**

It's time. When we launched our 2021-2023 Strategy, we reinforced our commitment to put sustainability at the heart of everything we do. This commitment was not only a logical evolution of the journey which began when Arcadis was founded more than 130 years ago, it was also the result of increased collaboration with all our stakeholders, including clients, investors, as well as our own people, who have the skills and expertise to match their passion for sustainability.

Climate change is the biggest challenge we face and the sectors in which we operate are some of the biggest emitters. So, we have a fundamental role to play in changing the pace at which climate change is tackled and how we achieve Net Zero greenhouse gas emissions around the world. At Arcadis, we have a specific sustainability ambition – we want to accelerate the transition to Net Zero in a way that improves quality of life for all. 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 holistic and comprehensive sustainability strategies, or turning them into action through practical solutions we implement on every project.

Throughout the last 12 months, we've made great strides towards our ambition. In the following sections, we will explain how we have set our own ambitious target to be Net Zero in our global operations, how we have unified and grown our sustainability advisory team to be a truly global advisory practice that can meet growing client demand, and how we have been recognized for our leadership in sustainability by being ranked number one by Sustainalytics in the 'Construction & Engineering' category.

This is our crucial decade. It's time to accelerate to a better world.

**Introduction to our pillars**

2021 has been a time of rapid growth for Sustainability at Arcadis. Our new global operating model reflects our constant drive to meet changing client needs and offer solutions that the world critically needs now, and in the future. As part of this and to deliver on our sustainability ambition, our Global Sustainability Team was reorganized around the following pillars:

- **Client Solutions:** building on the insights generated by the Impact & Systems team, Client Solutions generates new sustainable solutions to bring to clients and pilots sustainable innovations that can be built into our existing Solutions;
- **Impact & Systems (formerly Business Operations):** assessing the impact of our own operations and of our clients' operations, driving the development of the accompanying systems and methodologies required to address operational impact, reporting on our performance, and setting global policies related to sustainability;
- **Integration & Transformation:** overseeing our sustainable business transformation, ensuring our sustainable solutions are integrated into country-level and Global Business Area practices;
- **Education & Engagement (formerly People & Communities):** upskilling all 29,000 Arcadians and inspiring them on our sustainability journey. This team also oversees our grassroots and volunteer engagement, supporting our sustainability outreach.

**It's time**
The world of tomorrow can be so much better than today. Healthier lives; thriving nature; effortless transport; enjoyable places. A more resilient future.  To get there, we must reinvent economies and rethink business, to help regenerate our communities and restore our world. Because sustainability isn't just about fixing things, it's about improving quality of life.

**Together, we can**
At Arcadis, we are Dutch by heritage, and problem solvers by nature. We've got 133 years of experience in developing pioneering solutions from across the world to share with you. We are passionate thinkers, designers and engineers, ready to put our talents to work on your challenges today, and your aspirations of tomorrow. Together, we can safeguard your business, inspire your communities, and open up new markets. Let's create a world others could only imagine. This is our crucial decade to rethink, rebuild and regenerate. No matter where you are on your sustainability journey, it's time to get real.

It's time to accelerate to a better world.
It's time to improve quality of life with Arcadis.



**It's time!**

1:30

Watch video here →
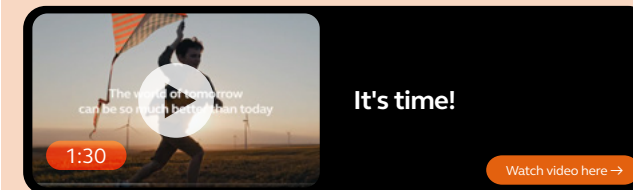
## Sustainability Governance

At Arcadis, sustainability is at the heart of everything we do. This means that from the leadership of our company, down to the Arcadians delivering projects for clients, sustainability is embedded in our organizational structure. To make sure our strategic direction and decisions are clear and aligned to the Arcadis 2021-2023 strategy, we have several governance bodies that make these decisions and cascade information across our business.

The Supervisory Board has established a separate Sustainability Committee (SusCo) that is described in the Corporate Governance section of this report. The SusCo, consisting of three members of the Supervisory Board, assist and advise the Supervisory Board in the area of sustainability. Sustainability is defined as the various Environmental, Social, and Governance topics that demonstrate or measure the Company's commitment to improving quality of life. The SusCo assists the Supervisory Board by preparing 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 Supervisory Board and its Sustainability Committee is included in the Governance section 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 the Sustainability Steering Committee (SteerCo). The SteerCo reviews progress made in Arcadis' sustainability program, drives change management, and provides strategic direction as plans and objectives are developed. The SteerCo has at least four meetings per year and consists of the (ELT) member accountable for Sustainability, three additional ELT members, and the Chief Sustainability Officer .

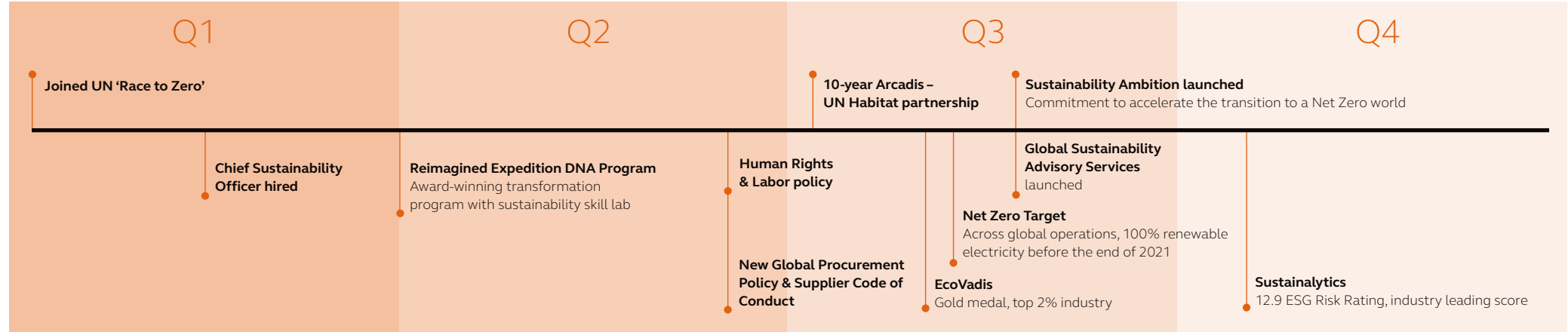## Sustainability in Remuneration & Finance

Sustainability is further integrated into our business operations through remuneration programs and in financing structures. For several years, one third of the variable long-term remuneration (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, 10% of the variable short-term remuneration (STI) of 25% of Arcadians depends also on a Sustainalytics target score. Sustainalytics is a leading independent global ESG ratings and research firm which provides a robust analytical framework that addresses a broad range of Environmental, Social and Governance (ESG) issues and trends that have a significant and material impact on industries and companies.

In 2021, Arcadis has further integrated sustainable thinking into its finances. In October, Arcadis formally closed a Sustainability-linked Revolving Credit Facility of €500 million. Arcadis can benefit from an interest-discount when it reaches a target Sustainalytics ESG Risk management score. In October 2020, €150 million in Schuldschein loans were renewed under similar sustainable terms.

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 2021

### Q1

**Joined UN 'Race to Zero'**

**Chief Sustainability Officer hired**

### Q2

**Reimagined Expedition DNA Program**
Award-winning transformation program with sustainability skill lab

**New Global Procurement Policy & Supplier Code of Conduct**

**Human Rights & Labor policy**

### Q3

**10-year Arcadis – UN Habitat partnership**

**Net Zero Target**
Across global operations, 100% renewable electricity before the end of 2021

**EcoVadis**
Gold medal, top 2% industry

**Sustainability Ambition launched**
Commitment to accelerate the transition to a Net Zero world

**Global Sustainability Advisory Services**
launched

### Q4

**Sustainalytics**
12.9 ESG Risk Rating, industry leading score

### About this report

This Annual Integrated Report 2021 has been prepared in accordance with the GRI Standards: Core option. Arcadis GRI Content Index and UN Global Compact Communication of Progress (CoP) can be found in our non-financial reporting website. Unless noted otherwise, all metrics reported on in this report are global in scope, covering all business units that Arcadis operates globally.

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 & System section of this report.

Arcadis climate-reporting can be found in Arcadis' Task Force on Climate-related Financial Disclosures (TCFD) section of this report on pages 300 to 307 and the CDP disclosures in our Non- Financial reporting website.

# Embassy Village

## Tackling city centre homelessness

"Embassy Village will make a huge difference to the lives of the many vulnerable homeless people in Manchester city centre and it is fantastic that Arcadians are playing their part in supporting this innovative project."

**Joelle Ivett** | Project Manager at Arcadis



**New modular homes**

# 40

**How we are different**

It demonstrates our organizational values and approach to driving social value.

**Impact**

The village will not only provide residents with a home but also teach them life skills that will enable them to live more fruitful and happier lives.

## The Challenge →

Meeting the growing demand for emergency accommodation to support people vulnerable to homelessness is a major challenge. An innovative initiative, launched by Manchester-based charity, Embassy, in partnership with developers Peel L&P and Capital & Centric, and supported by Arcadis, is tackling city center homelessness and driving our social value agenda.

## The Solution →

Embassy Village, which has recently achieved planning permission, will provide up to 40 new permanent modular homes, all of which will be made from repurposed shipping containers. Together, we will create a new community on a currently derelict site owned by Peel L&P, below the railway arches between the Bridgewater Canal and River Irwell in Manchester city center. The creative project, which will see Arcadis provide pro-bono quantity surveying and project management work as part of our Social Value commitment in the region, will also include a range of support to enable the city's homeless and vulnerable men to find work, and truly get back on their feet. Providing safe and secure homes for those in need, the proposed new village will take up residence on the currently derelict site below the railway arches between the Bridgewater Canal and River Irwell in the city center.

## The Impact →

Our support will include designing a community hub where residents will be able to undertake training and mentoring, socialize, make use of a sports area and even grow vegetables. Support workers will also ensure each resident is given six hours a week of dedicated time, as well as provide them with the life skills needed to move forward such as shopping and budgeting, cooking, how to manage a home, interview preparation and help applying for jobs.

### Client solutions

**The biggest and most obvious impact we can make on the world's climate emergency is addressing and minimizing the carbon impact of our clients.** This could be a flood defence scheme in Limburg or Louisiana, or an energy transition project in Scotland or Sydney. Arcadians put their talents to work on our clients' challenges of today, and their aspirations of tomorrow. We take every opportunity to help clients make Net Zero a reality through the practical solutions we implement across every project.

The Client solutions team standardizes sustainability across Arcadis' practice, embedding sustainability in all the solutions and services we provide and making it part of every bid, project and client engagement through The Arcadis Way process. This accelerates the transition to Net Zero.

Arcadis takes an open-source approach, bringing together the best minds inside and outside our company to solve problems. We want to be bold, fresh, and agile; constantly challenging industry norms. For example, we have committed to not engage in projects that have a net, long term negative impact on quality of life, block advancement of the SDGs, or are not in line with the Paris Agreement. By exploring ecosystem partners, new business models, and technologies, we develop pioneering solutions that help us mitigate and adapt to our changing climate.

Our deep industry and asset knowledge, combined with the strength of our sustainability advisory, makes us uniquely placed to deliver end-to-end sustainability services and solutions to our clients. The Arcadis KPI for Leading through sustainable solutions is the % of revenues that relate to relevant SDGs. In 2021 the result was 78%. (For more information on our contribution to the SDGs refer to the Supporting the Sustainable Development Goals section of this report.) In 2022, we will refine our methodology in line with our refreshed set of Services and Solutions, and advance the measurement of sustainability outcomes and impact we deliver to our clients through the projects we work on.

**Helping clients transition to Net Zero**
The construction industry today consumes roughly half of virgin resources globally and accounts for almost 40% of carbon emissions and solid waste streams. It's not hard to see why substantial changes are needed in this industry if we are to limit warming to 1.5°C globally.

At Arcadis, we understand the outcomes reducing our clients' carbon impact brings and are proud to stand side-by-side with our clients, guiding them on how to make this a fast and fair transition.

Whilst our process is standardized – our approach is not – we identify each client's individual needs considering sustainability at every stage of every project we work on. This starts with asking if we are doing the right project in the right place, and progresses to considering sustainability in the design, build, operation, and end of life of the projects we work on. We identify opportunities for our clients to accelerate their own transition to a Net Zero future. We use current research - such as the IEA Net Zero by 2050 Roadmap, Project Drawdown Solutions, and the WBCSD Vision 2050 , among others - to guide our insights and innovations, and ensure that each project we work on is aligned with the sustainable future that we want to see. Each conversation we have with a client is an opportunity to promote awareness around sustainability and encourage a behavior shift towards a Net Zero future. Having these conversations early in a project, when design decisions are still being made, is particularly important. Continuing these conversations throughout the project allows us to partner with our clients to discover new ways to be sustainable at every stage of the project. To help realize this, our Client solutions pillar therefore works with our Solutions and Service leads to ensure sustainability is comprehensively integrated into every solution we bring to the table.

As a response to the growth in our client's demand for comprehensive sustainability strategies that could guide the next several decades of corporate sustainability action, we strengthened our global Sustainability Advisory Practice. Global Sustainability Advisory will ensure that the strategies needed for our clients are in place, so our offices globally can continue to deliver the sustainability planning and execution they do so well through our Solutions.

**Five sustainability themes**
If we are to succeed in tackling climate change, we need to make discussing and accessing sustainable solutions straightforward. 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:

**Sustainability**

## Sustainable solutions

In 2021, we refined these sustainability themes to match our ambition and more commonly used terminology in the industry.

### Energy & Carbon
To limit global warming to 1.5 degrees, industries and governments need to transition to clean and renewable energy, significantly reduce their general GHG emissions and work towards a Net Zero future. Arcadis partners with clients to identify various initiatives to decarbonize their operations, evaluate and implement smart solutions to reduce energy consumption or change to renewable energy sources, and help them achieve their emission goals.

### Climate adaptation
Arcadis conducts climate risk assessments and designs adaptation strategies in cities, along rivers and coasts. Using nature-based solutions, creating room for the rivers, strengthening coastlines, developing multifunctional flood protection, designing water retention and other measures to mitigate impacts on communities and ecosystems.

### Circularity
Arcadis provides circular economy consulting to our clients to reduce waste of resources and adverse impacts on the environment. By performing thorough cradle-to-gate and cradle-to-grave life cycle assessments (LCA) Arcadis identifies eco-design opportunities to reduce, reuse and recycle resources such as energy, materials, and water. Additionally, Arcadis provides strategic support regarding packaging and has aided clients with developing packaging policies aimed at reducing packaging waste during the life of their products.

### Nature & Biodiversity
Environmental management aiming at restoring nature and promoting biodiversity is a significant portion of Arcadis' global business. Services include site and corporate level biodiversity footprint assessments, supporting clients to set biodiversity targets and define a nature-positive strategy, advisory services in the field of ecosystem restoration, nature-based solutions and valuation of ecosystem services. These solutions are aligned with Arcadis' sustainability mission as they contribute to a sustainable preservation or restoration of ecosystems.

### Transition
Arcadis provides their clients with comprehensive social performance management consulting services including regulatory compliance, management systems and compliance, health and safety programs social audits (labor standards, indigenous rights, ecological compliance, employee and other stakeholder assessments), industrial hygiene programs (indoor air quality, asbestos), and advises on inclusivity assessments, among other topics.

> "Global Sustainability Advisory brings together numerous areas of our business, enabling Arcadians to support clients in their transition to Net Zero. We provide front-end expertise focused on strategy, performance management, and reporting, both in operations and throughout the value chain. By doing so, we help our clients establish bold sustainability ambitions, and identify opportunities to help them succeed in an uncertain future."

**Josh Nothwang** Sustainability Advisory Lead

### Sustainability strategy and Program development

Arcadis supports clients at all stages of maturity – from those who are just beginning their sustainability journey to others who have prioritized sustainability for decades – in sustainability strategy and program development. We benchmark peers, conduct materiality assessments, determine priorities, structure programs, and develop policies, all to help clients further advance their sustainability ambitions.

### Carbon management

We help our clients develop GHG emission inventories across the value chain (scope 1, 2, and 3), select and implement data systems, set science-based and Net Zero GHG reduction targets, and report progress via frameworks including GRI, CDP, and TCFD. Arcadis has a suite of proprietary carbon tools including GRASP, which optimizes carbon reduction opportunities in support of target achievement roadmaps.

### Energy transition

Arcadis supports our urban and regional clients in their transition towards local low-carbon and renewable sources of energy by providing advisory in energy demand reduction, storage, distribution and more sustainable forms of energy, such as electricity, heating and cooling. We help develop spatial energy strategies, smart energy networks and planning and design for energy efficiency.

**Sustainability**

## EV transition

Arcadis supports our clients in EV transition, including zero-emission vehicle transition strategy, charging network planning, charging infrastructure design and delivery, as well as fleet electrification from capital planning, to implementation. Bringing together our expertise in energy transition, mobility advisory and behavioral changes, we help clients accelerate the zero emission transition with end-to-end services.

## Sustainable mobility

Arcadis helps cities and organizations reduce carbon footprints in mobility by providing road transport operation services to increase traffic efficiency and reduce congestion; making multi-modal mobility policy and travel demand management plan to promote sustainable modes usage and reduce car dependency; providing safe streets and high-quality biking and walking space to encourage more active mobility activities.

## Restoration and remediation

Arcadis has a long history of being a leading provider of restoration and remediation services. We bring together our remediation, engineered treatment systems and deactivation, decommissioning, decontamination and demolition disciplines to maximize project value. Arcadis applies sustainable remediation concepts in its projects, promoting efficient remediation with the smallest carbon footprint.

## Biodiversity and nature-based Solutions

Arcadis has cutting-edge expertise in the field of corporate biodiversity measurement and valuation, due to its involvement in international initiatives on standardization and external disclosure of corporate biodiversity performance. We translate this expertise into a range of advisory services for supporting businesses in the field of corporate biodiversity strategy development and target setting. We help clients with measuring and valuing their biodiversity impacts and with identifying and implementing actions to mitigate adverse impacts and to enhance ecosystem restoration. We know how to design and value nature-based solutions in the built environment.

## Water optimization

Arcadis supports in the water optimization of existing assets through machine learning, develop the most efficient designs for new assets, and support use of recycled material and water reuse through construction and operation while incorporating societal drivers.

## Waste management

Arcadis has experience across a suite of solid waste management solutions including developing solid waste master plans, waste to energy advisory, feasibility studies and due diligence services. The solutions are directed towards greater sustainable waste management practices, shifting from a linear to a lifecycle-based and circular approach. We advise on reduction, reuse, recycling, and recovery solutions that contribute towards a transition to zero waste to landfill.

## Strengthening Operational EHS

We partner with our clients to help them run safe, reliable and compliant operations via the implementation of commercial enterprise-wide software solutions. This allows organizations to define, organize, simplify, interpret and report their progress, performance and risks in challenging areas such as Energy & Carbon, Circularity and Climate/ Environmental Justice.

## Product Stewardship

These services aim to understand and manage the environmental and human health impacts of products during their entire life cycle (production, use, and disposal). Successful product stewardship sustainability programs include hot spot analysis, life cycle assessments, product carbon footprinting/environmental product declarations, material screening for restricted substances, pro-active regulatory monitoring, regulatory analysis and compliance reporting, hazard and exposure assessments and supply chain communications.

## Net Zero / Circular Buildings Design

We advise on sustainability measures needed to achieve Net Zero operational carbon and provide sustainable design advisory to incorporate considerations to reduce embodied carbon, such as through adopting circularity principles. We take a holistic approach through system thinking and by using innovative smart digital solutions, not only for new buildings and retrofit, but also for large programs, urban development and new cities.

## Built Asset Lifecycle Optimization

We advise on the re-use and repurposing of vertically constructed assets through evaluation of the desirability and viability of a retrofit solution, the latter of which not only considers financial metrics, but also considers embodied and operational carbon. All of our solutions incorporate innovative energy solutions, minimizing building energy use, then ensuring that multiple usage of energy. We also provide continual optimization solutions through digital enabled assets.

## Social Performance Measurement

We also support clients by conducting transparent community engagement processes, to integrate the lived experiences of communities impacted by the project into planning and design. The needs and priorities of socially vulnerable populations are addressed in our work to promote not only equitable processes, but equitable outcomes as well.

## Enterprise Decision Analytics

Arcadis Gen developed a range of asset investment planning, asset management and asset performance management products help organizations and governments better understand and utilize their data to plan, predict and optimize for greater sustainability, efficiency and resilience, across the asset lifecycle. Enterprise Decision Analytics for example, offers clients access to advanced analytics and machine learning to navigate ESG challenges of climate resilience, energy transition, water optimization, sustainable operations, and regulatory and reporting demands in the face of extreme weather events.

# Biodiversity: foundation for social and economic prosperity

## Sustainability

Climate change captures the headlines and global action. Meanwhile, another dramatic development, perhaps even more threatening is happening in relative silence. Humankind currently overuses biocapacity by 56%, meaning we are fast depleting the world's natural resources, rapidly reducing the abundance of species that once roamed our planet. Meanwhile, our economies, livelihoods and the safe supply of food and water all depend on biodiversity.

The loss of biodiversity is more than an environmental crisis, explained Victoria Leggett, UBP's Head of Impact Investing, since the global economy is highly dependent on nature and its services, such as water purification and pollination. UBP is an investor in Arcadis since 2021.

Johan Lammerant, Arcadis', Lead Expert on Natural Capital and Biodiversity has worked on ground-breaking biodiversity projects and was one of the authors of the Natural Capital Protocol. In 2021 he contributed to a UBP seminar on biodiversity. Regulation around biodiversity performance disclosure is in development, such as the new Corporate Sustainability Reporting Directive (CSRD) of the EU, the Task Force on Nature-related Financial Disclosures (TNFD) – which is developing a common reporting framework for nature-related risks, and the European Central Bank's recommendation to price in climate and biodiversity risks.

"Frontrunner businesses are not waiting until the legislation is there […] but they are looking for innovative approaches on how to measure biodiversity," says Lammerant calling on corporates to, "take action today" rather than waiting for the perfect approach. Although biodiversity is often perceived to be a more complex challenge than climate change, especially as there is no one single indicator to measure biodiversity compared to carbon emissions, there are many reasons for making faster progress on biodiversity.

"Healthy ecosystems absorb a lot of carbon ($CO_2$), provide cooling in cities and reduce the risk of flooding. So, we need healthy ecosystems to make our society more resilient towards the impacts of climate change. In addition, they offer many other benefits such

**"Healthy ecosystems absorb a lot of carbon ($CO_2$), provide cooling in cities and reduce the risk of flooding."**

**Johan Lammerant** Lead Expert Natural Capital and Biodiversity

as pollination, air purification and the provision of food and water. Biodiversity therefore forms the foundation for social prosperity and a healthy economy. All businesses ultimately depend on biodiversity", he said.

Arcadis helps both companies and investors to make well-founded choices. We assist companies like Alpro (agrifood), Spadel (drinking water) and Eneco (power supply) in the development of their biodiversity strategy. "We know which tools and metrics are available to measure the impact and we guide them to limit, restore and compensate for biodiversity loss. We can also assist financial players with the right insights, data and indicators to assess investments and investments, Lammerant concludes.

Arcadis is also involved in various international networks. We are a member of the Science Based Targets Network, which provides support in establishing scientifically robust biodiversity targets for businesses. We are participating in the European Commission's ALIGN project to develop an international corporate standard for measuring biodiversity. And last but not least, as a member of the Expert Working Group supporting the upcoming CSR Directive in the EU, we provide expertise on how businesses should disclose information on biodiversity performance.

| Introduction | Executive Board report | Supervisory Board report | Financial statements | Additional information | Arcadis Annual Integrated Report 2021 | 83 |

**Sustainability**

## Impact & Systems

The Impact & Systems team, previously Business Operations, works together with other teams such as Procurement, Workplace, and Travel to ensure environmental, social and governance (ESG) considerations are embedded into our operations and value chain, assessing our own impact, reporting on our performance, and setting global policies related to sustainability. In line with our ambition to accelerate the transition to Net Zero in a way that improves quality of life for all, we are committed to operating our company in a way that eliminates carbon and other greenhouse gas emissions in our operations while reducing harm to society and the economy.

To do this, we have committed to achieve Net Zero greenhouse gas emissions within our global operations (Scopes 1-3). In addition to the valuable preparedness this will bring our organization regarding adapting to and mitigating the effects of climate change, we are confident this Net Zero own operations 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. From 2023, we will include updates on our progress (relevant non-financial KPIs) in quarterly disclosures. The scope of this team has been expanded to activities such as Impact assessment (including life cycle assessment), hotspot analysis, impact tracking systems development and modelling. As of 2021, we also report on Task Force on Climate-Related Financial (TCFD) Disclosures.

In June 2021, we updated our Sustainability Policy Statement that was originally published in 2020 to better align with the business strategy we published in November 2020, and with our new global operating model. Regular reviews of this Sustainability Policy Statement will continue, to ensure alignment with our Sustainability ambitions.

### Our approach to the UN Sustainable Development Goals (SDGs) and Human rights

With our Sustainability ambition of accelerating the transition to Net Zero, in a way that improves quality of life for all, in 2021 we strengthened our approach to the SDGs and to Human Rights, to further demonstrate how we improve quality of life.

We focus on those SDGs that are the most relevant for Arcadis, identified by leaders and sustainability specialists in every region where we operate. We have selected 'focused impact' SDGs, where we can leverage our skills, expertise, and global scale to make an outsized, positive contribution to their achievement through our core business. We have also selected three 'specialized impact' SDGs, where we can make a positive contribution through specific services and solutions. (For more information refer to the SDG section in this report).

In 2021 we refreshed our Human Rights and Labor Policy to align with international expectations for our own operations, our supply chains including procurement and for the project work we do for clients. Our human rights and labor policy also includes a three -year roadmap, through which we will implement the policy and continue taking concrete steps to further embed respect and the promotion of human rights in all our activities. For more information refer to the Human Rights section in this report.

### Energy & Climate

The science is clear, the effects of climate change will have an increasing impact on our way of life for this generations and those to come. Climate change has been identified by Arcadis as one of the four mega trends driving business growth, so to ensure our strategic direction remains aligned to the latest developments in the market, we consider climate change a trend shaping our operating environment For more information refer to the Mega Trends section of this report.

It's time to create the world of tomorrow, one that is much better than today. We aim to create a more resilient future both through our solutions and services, and through the way we manage our own company. We recognize our responsibility to eliminate carbon and other greenhouse gas emissions in our operations.

At Arcadis we quantify and track our Energy & Climate KPI by calculating our carbon footprint for our material Scope 1, 2 and 3 emissions (MT $CO_2$ per FTE). The target for this KPI aligns with the Science Based Targets initiative (SBTi) 1.5°C scenario. Our 2021 estimated Carbon Footprint can be found in the Emissions and Environmental Management section of this report. The efforts in place to bridge the gap and reduce our emissions are described below in the section Net Zero Commitment.

**Arcadis Net Zero Commitment**

In September 2021 Arcadis announced the commitment to accelerate reductions to achieve Net Zero faster within the company's global operations (Scopes 1-3). The step is part of the ambition the company set out last year 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 our largest categories of emissions. Additionally, Arcadis commits to increase annual sourcing of renewable electricity from 6.8% in 2019 to 100% by 2022. These targets were approved by the Science Based Targets initiative (SBTi), a partnership of four leading NGOs who collectively validate organizational greenhouse gas (GHG) reduction targets, in February 2022.

In addition, as an interim step to Net Zero, we invest in high quality Gold Standard and VCS certified offsets for all material Scope 1, 2 and 3 emissions that protect and restore ecosystems in Cambodia and improving quality of life, and abating 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 is looking to invest in 136,700 of the forest's carbon credits in the next three years (2020-2022), saving approximately 110.5 hectares of protected forest land – an important step in our journey to mitigate climate change and reach our Net Zero ambition.

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 on 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 2021 investment in cookstoves will be determined once the final footprint is published. You can check 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 led by our Global Impact and Systems Lead and embedded and monitored via our Global Environmental Management System Standard (EMSS). By using this standard, each region has flexibility on how to approach their roadmap to achieve set targets and reduce environmental impact, but all regions consistently report progress using the Global Standard as a minimum requirement. In these guidelines Arcadis requires regions to report on metrics that were determined "material" to our organization's environmental impact. For more information refer to the Materiality section in this report. Metrics are compiled globally and summarized in the Annual Report; additional details are published publicly via the Carbon Disclosure Project (CDP). Carbon footprint data are reported by the operating companies to environmental engineering professionals, who review the data. This review includes a comparison to other operating companies and historical performance. Before data is released in our Annual Integrated Report (AIR) it is third party verified (see page 299). Currently, 68% of Arcadis Operating Companies run a certified ISO 14001 Environmental Management System, although all Operating Companies are required to run a system this does not have to be certified.

Due to COVID-19, 2021 was not a typical year in terms of energy consumption. This means there are little to no guidelines or references available on the effects of a pandemic on energy consumption. To be able to measure this impact a calculation methodology was developed in 2020 that improves consistency across our regions. It also gives additional insight in the effects in our scope 3 emissions since some of our scope 1&2 emissions (heating, cooling, electricity consumption, etc.) moved to our scope 3 (energy consumption at employee's homes) with these different circumstances.

**Sustainability**

Since the release of our Annual Integrated Report is before we have received full year energy consumption data the energy consumption and carbon footprint mentioned in the following tables are estimations based on measured data from January 2021 to November 2021. The most up to date releases regarding information on energy consumption and footprint will always be posted on our website.
The total material emissions for 2021 will be offset as soon as we have finalized our full year reporting cycle.

Estimated scope 1, 2 and material 3 emissions 2021

| | MT $CO_2$e | MT $CO_2$e/FTE |
|---|---|---|
| Scope 1 | 7,581 | 0.27 |
| Scope 2 (location-based)[1] | 12,138 | 0.44 |
| *Scope 2 (market-based)[1]* | *490* | *0.02* |
| Scope 3 | 12,945 | 0.46 |
| **Total (location-based)** | **32,664** | **1.17** |
| *Total (market-based)* | *21,016* | *0.75* |

[1] Our market-based scope 2 is 490 MT $CO_2$e absolute and 0,017 MT $CO_2$e/FTE

The above mentioned 2021 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., GO's and i-REC's) is considered.

The following image shows our reported emissions from our new baseline year (2019) compared to our 2035 targeted emissions. Please note that the COVID-19 pandemic has had a major reducing impact on our emissions in 2020 and 2021.

Arcadis Global Carbon footprint



* Remaining emissions which will be offset by carbon removals
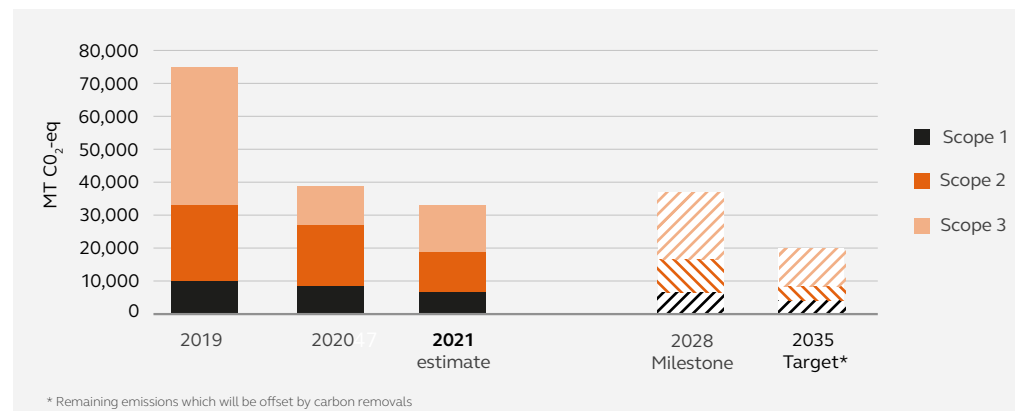
In 2021 Arcadis rolled out its global travel policy targeting reductions of domestic and international flights. In addition, since 2017, Arcadis NV and the Netherlands have participated in KLM's Corporate Biofuel program. Through this program, Arcadis pays a surcharge to the airline that covers the cost 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 solutions and ensure sustainability up and down our supply chain.

**Sustainability**

We also updated our procurement policy and included sustainability and energy reduction as one of the key components. Both policies have been included in our EMSS.

2021 was also the year we focused on developing sustainable workplace guidelines, including energy efficiency in our buildings, which will be finalized, rolled out and embedded in the EMSS in 2022.

**Pledge to Race to Zero**

To further reiterate our commitment to becoming a Net Zero company, Arcadis became a signatory to 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.

## Taskforce on Climate-related Financial Disclosures (TCFD)

This year, we integrate our TCFD disclosures in the Annual Integrated Report. The disclosures assess the risk and opportunities for Arcadis related to climate change. In 2021 we carried out a qualitative Climate-Scenario Analysis (CSA). The qualitative CSA outputs have helped us to identify and assess climate-related Physical and Transition risks and opportunities for the business. The insights generated from the qualitative CSA engagement will feed our internal teams and will help us set a course of actions for next year. The complete TCFD Disclosures can be found in the section Additional information at the end of this report.

# The Hague Heat Plan
## Protecting the cities' most vulnerable

**Resilience**

"The heat plan forms the basis for crisis management. All involved parties now exactly know what to do when a heatwave occurs."

**Rogér Derksen** | Climate Advisor Arcadis Netherlands

**3** GOOD HEALTH AND WELL-BEING

**17** PARTNERSHIPS FOR THE GOALS

**Cooperating organizations**

## 25

**How we are different**

Adressing the needs of the most vulnerable.

**Impact**

Effective control of heat-related health effects.

**The Challenge** →

**The Solution** →

**The Impact** →

Heatwaves occur more often due to climate change, creating a health risk for cities' most vulnerable inhabitants. As an extension of the National Heat Plan, the municipality of The Hague needed a local heat plan to better inform and protect vulnerable groups against the consequences of heat stress symptoms that can occur during extremely hot summer days.

Our project team teamed up with 25 organizations in The Hague that work with people who may experience health risks in the event of heat, but who are beyond the reach of healthcare institutions. These groups consist mainly of senior citizens living alone, people suffering from chronic illness and the homeless. Following an extensive survey of existing initiatives and a webinar with all involved parties, we worked out a plan to address the issue. The plan consists of measures aimed to reduce heat-related health and wellbeing problems, promoting self-sufficiency and cooperation, as well as the exchange of knowledge and experiences. It contains a practical scenario that can be implemented when a heatwave occurs. Part of the plan is the implementation of an elaborate information campaign designed to inform vulnerable groups and their immediate circle of the health risks that may occur during periods of prolonged heat. In addition, a so-called 'cooled locations' pilot project was launched, which focused on finding locations that can serve as 'cooling centers' during a heatwave, such as places of worship, libraries and government buildings. This pilot produced valuable insights and identified areas requiring attention.

Thanks to the plan, the local Municipal Health Service (GGD), Red Cross and various social, welfare and healthcare organizations can operate in an effective and structured way when the National Heat Plan is activated. The heat plan provides The Hague with a solid basis for efficiently controlling heat-related health effects. It enables authorities to quickly offer effective assistance to people who are most affected by heatwaves.

Introduction

**Executive
Board report**

**Supervisory
Board report**

**Financial
statements**

**Additional
information**

**Arcadis** Annual Integrated Report 2021    **88**

**Sustainability**

**Sustainable Procurement**
Arcadis is committed to meeting the highest standards of business conduct. These commitments extend to our supply base since Arcadis' suppliers represent an important part of our sustainability impact. We seek to establish a sustainable supply chain that is enabled by digital tools, supported by clear policies, and empowered by best practices, serving as a key enabler of success.

In 2021, we initiated the centralization of our procurement function to provide a foundation to organize and implement our actions and commitments on a global level. A Global Sustainable Procurement Manager was hired into the Global Procurement Organization in 2021 to focus specifically on the integration of environmental, social, and governance (ESG) factors into Arcadis' supply chain, in close collaboration with the Sustainability and Human Rights functions.

We redefined our core principles that guide Arcadis' Sustainable Procurement practices:
• Global Procurement Policy Statement outlines our ambitions on how to achieve a sustainable supply chain through a center-led and global strategic procurement operating model;
• Global Supplier Code of Conduct outlines the collaborative approach we have with our supply base. It details expectations that suppliers need to meet regarding ESG topics.

As part of our broader program and ambitions, we publicly articulated our Net Zero and human rights ambitions for the value chain:
• In our Net Zero commitment, our value chain emissions have a central role (scope 3) through reduction of scope 3 (GHG) business travel related emissions and a range of short- and medium-term milestones that also relate to our scope 3 emissions;
• Next, our human rights program explicitly addresses the supply chain and our expectations from business partners, including suppliers for key human rights issues.

Arcadis purchases a varied mix of goods and services:
1. Direct spend: acting on behalf of a client
2. Indirect spend: acting on our own behalf

Our supply base includes global but also often local markets for products and services, involving a wide array of stakeholders. This requires a customized approach, and we seek to prioritize this approach based on impact.

To strengthen our management, 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.

**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 2021 there has been 1 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.

**Ratings and Recognition**
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 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.

**Sustainability**

The table below shows our scores for several key Environmental, Social, Governance (ESG) related rating agencies over the last three years. Our Non-Financial Reporting webpage includes more information and details on these assessments.

| | Score 2021 | | Score 2020 | |
|---|---|---|---|---|
| | **Score** | **Rank** | **Score** | **Rank** |
| **Sustainalytics** (Lower ESG Risk Rating score = lower risk) | ESG Risk Rating: 12.9 | Top 1% (1st place) in industry<br><br>Top 4% all companies | ESG Risk Rating: 17.9 | Top 1% (1st place) in industry<br><br>Top 14% all companies |
| **EcoVadis** | Overall: 69 points, Gold medal | Top 2% in industry<br><br>Top 4% all companies | Overall: 64 points, Silver medal | Top 5% in industry<br><br>Top 7% all companies |
| **MSCI** | TBD Q1 2022 | TBD Q1 2022 | AA ('Leader') | Top 21% of industry |
| **ISS** ESG Corporate Rating | C+ 'Prime' status | Within top 10% (1st decile) of industry | C | Within top 20% (2nd decile) of industry |
| **CDP** Climate change questionnaire | B | Above industry and Global average | B | Above industry and Global average |
| **S&P Global** Corporate sustainability assessment | 54 | Top 14% in industry | 55 | Top 18% of industry |

**Arcadis EU Taxonomy disclosure**

At Arcadis we support the transformational objectives of the EU Taxonomy Regulation. We are committed to achieve its benefits that are so close to our ambition to accelerating our industry's transition to a Net Zero world, while improving quality of life for everyone. When it comes to establishing eligibility and alignment with the EU Taxonomy, we are taking the following factors into account.

We recognize that the Taxonomy Framework will develop over time. Given the urgency of the climate crisis, the Regulation currently prioritizes activities with a large share of overall emissions and reduction potential, among which manufacturing, transportation and construction. This approach by default excludes many activities at the forefront of the value chain and asset lifecycle in our industry, where the impact potential on the regulation's environmental objectives could be significant as well. We believe that at some point the fundamental role of design, engineering, architecture and technical consultancy in the quality of our environment, should be better reflected in the Taxonomy Regulation in order to fully leverage the expertise required to achieve the transformational benefits we all aspire to.

We estimate that, by design, given in addition that for 2021 the EU Taxonomy focuses only on activities related to two of the six environmental objectives (climate change mitigation and climate change adaptation), the potential percentage of eligible activities for Arcadis would probably not be representative of our contribution to climate change mitigation and adaptation.

The current systems do not allow the Group to split nor to pinpoint revenues, Capex and Opex to specific EU Taxonomy activities. A manual exercise is not feasible notably due to the size of the project portfolio and the EU Taxonomy does not allow to make use of estimates. The company is working on a specific reporting that will allow to produce the KPI's requested by the EU Taxonomy. This project embeds notably the auditability requirements as defined in the Taxonomy.

## Education and engagement

To truly deliver on our sustainability ambition of accelerating the transition to Net Zero, in a way that improves quality of life for all, Arcadis recognizes that success will require every employee to have the knowledge, skills, and behaviors to proactively deliver on this through the work we do with our clients, through our partnerships and through the grassroots activities that 29,000 Arcadians regularly take part in. Our people believe in our mission to improve quality of life and want to play their part.

We commit to providing appropriate, practical training to empower and equip all Arcadians to deliver sustainable outcomes for clients and help make our own operations more sustainable. The Education and Engagement team aims to make both this training and broader skills building opportunities available, working with our teams globally to make sure it is accessible to all our employees, regardless of location.

**Diverse and inclusive workforce**

Engineering, along with other STEM professions, has a history of being insufficiently diverse. As part of the Sustainability strategy that we launched in November 2020, Arcadis committed to building a workforce that is 40% woman by 2023. We are particularly interested in increasing the representation of women across all STEM (Science, Technology, Engineering and Math) roles. In 2021 the percentage of women represented in the business rose slightly and remained stable around 38%. We also had a slight increase for women in technical roles keeping steady at about 34%. An update on our progress towards this goal can be found in the People & Culture section of this report.

**Basecamp sustainability module Roll out of a Sustainability engagement module**

Available to all employees since 2020, Expedition DNA Basecamp educational program covers basic sustainability topics, Arcadis' operations, sustainability for clients, the impact of urbanization, and ways that we can maximize our impact. As of 2021, 2,772 Arcadians have completed the sustainability module of Basecamp, equivalent to 9% of our workforce. Once Basecamp has been completed, the more advanced 'Expedition' portion of the training becomes available. In 2021, 206 Arcadians completed the advanced sustainability training through Expedition DNA. See page 72 for more information on Expedition DNA. Our goal over the next three years is to upskill 100% of Arcadians on applicable sustainability topics.

Sustainability

**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 has been a member of the WBCSD since 2014, with our Global CEO Peter Oosterveer being on the Executive Committee. This partnership gives us the ability to collaborate and learn from business leaders across different industries and countries to promote sustainable business practices. Some highlights from 2021 are listed below. For more details, you can visit our WBCSD webpage.

- In 2021, Arcadis contributed to the updated WBCSD Vision 2050 to provide comprehensive, reliable and ambitious guidance on how the business community can accelerate the sustainable transition that the world urgently needs;
- Arcadis is proud to be supporting the Business Commission to Tackle Inequality. The commission, comprised of more than 20 CEOs and more than 10 key stakeholders, will, over the next year and a half, create a business narrative and action agenda towards a more inclusive and equitable society;
- Arcadis was a key contributor to the value framework for sustainable charging infrastructure to help business and policymakers understand how to play a leadership role in transitioning to 100% electric fleets;

- Together with the WBCSD, Arcadis developed the Digitalization of the Built Environment report that evaluates the role that digital tools have in the shift to sustainability in the built environment;
- In 2021 Arcadis was a key contributor in the development of a long list of use cases, as part of the Commuting Behavior Change project. The project objective was to help businesses adopt sustainable corporate mobility policies, highlighting practical solutions for inciting a shift to cleaner transportation.

**UN Global Compact**
Arcadis has been a member of the UN Global Compact (UNGC) since 2009 and is committed to its objectives and to the ten universal principles regarding human rights, labor standards, environmental stewardship, and anti-corruption. We post our annual Communication of Progress to our Non-Financial Reporting webpage.

**50L Home Coalition**
Arcadis is a partner member of the 50L Home Coalition, a collaborative of private, public, and civic leaders who aim to reinvent the future of urban water use through innovations that enable people to live comfortably using only 50 liters of water per person per day at home. In November, Arcadis published a white paper on the connection between water, energy and carbon in our homes and the ways that water use contributes to climate change.
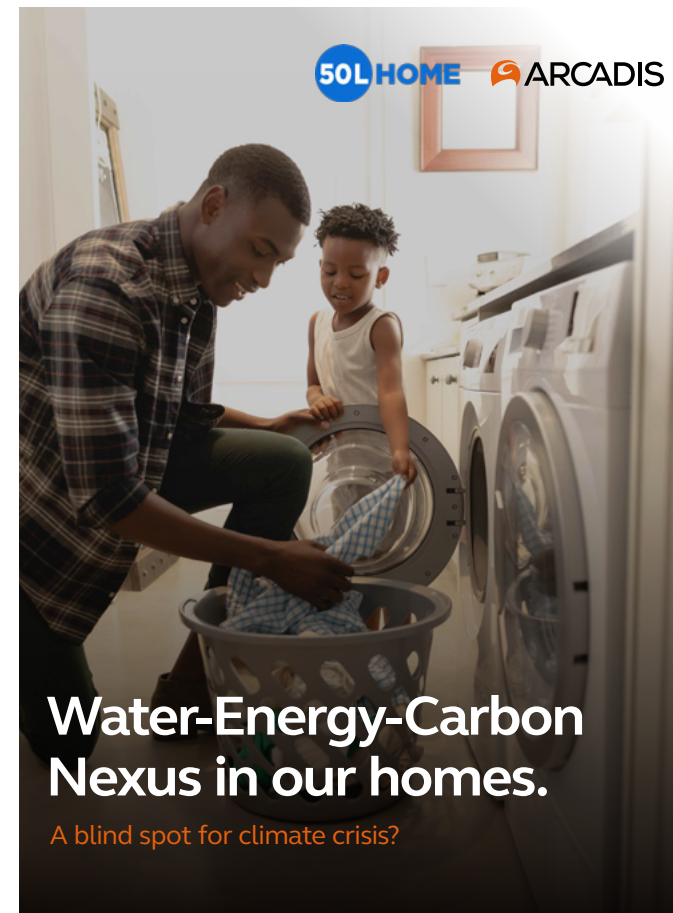


# Water-Energy-Carbon Nexus in our homes.
A blind spot for climate crisis?

**Sustainability**

**Tent**

In 2019 Arcadis committed to offering employment opportunities to 45 refugees across Europe over the next three years, as part of its commitment to attracting diverse talent and providing an inclusive working environment. Arcadis offers an internship program that provides training and/ or coaching to help refugees adjust to their new working environment. The most appropriate candidates will be offered a job with Arcadis. Arcadis is committed to encouraging its network, including suppliers, vendors, clients, and investors, to hire refugees who are not offered employment with Arcadis at the end of the internship.

When COVID-19 and associated restrictions emerged in 2020, we suspected that we would have to slow down our hiring. However, Arcadis teams were committed to this program and able to evolve the internships and coaching to the new way of working. In 2021, 26 refugees were hired in Europe for a total of 56 program participants in the three years since we made our original commitment. Arcadis plans to continue this program in the future and have dozens of staff members across Europe already committed to acting as a mentor for future refugee hires.

**Institute for Sustainable Infrastructure**

In 2013, Arcadis North America became a charter member of the Institute for Sustainable Infrastructure (ISI). Since then, Arcadis has embraced ISI's Envision rating system for civil infrastructure and developed an in-house training program before the system even launched to prepare our people to become credentialed in its use. This rating system provides a basis to evaluate and rate the social, environmental, and economic benefits of all sizes and types of infrastructure, such as water, power and transportation. Hundreds of North American employees have completed the ISI Sustainability Professional credentialling. Through our partnership, we have strengthened our commitment to delivering positive business outcomes to our clients while doing the right things for our planet and for society.

**World Green Building Council**

We work with Green Building Councils in several of the countries where we operate in an effort to always stay current with sustainable best practices in the building and construction industries. Notably, we are Silver Members of the U.S. Green Building Council, the group responsible for LEED building certifications. We are also active in the UK Green Building Council and the Dutch Green Building Council.

**Community engagement**

Arcadis and its people dedicate time, expertise and money to local community engagement initiatives. We perform volunteer-based activities and projects around:
- **Create today** - providing hands on assistance, through a range of one-day activities 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 to improve their quality of life. Our support consists of process consulting, technical advice, financial know-how and access to our extensive network;
- **Create the future** - nurturing future talent. We bring together present-day experts and the talents of the future to promote the positive impact our profession can have on the world.

In 2021, COVID-19 continued to affect the ways that our Community Engagement programs operated. Many activities shifted to be virtual, and a greater focus was placed on helping our communities recover from and become more resilient to threats like COVID-19. In 2022, we will develop a globally coordinated community engagement program to deliver more sustainable outcomes for our communities.

**Local Sparks**

Local Sparks is a global Community Engagement program where Arcadis employees can create their own volunteer programs. It is made up of three components:
- **Local Sparks Platform:** A place where people can upload their own community engagement work and be inspired by others;
- **Local Sparks Challenge:** A one year challenge for Arcadians interested in setting a goal around community engagement with a 1000 Euro reward;
- **Local Sparks Accelerator:** A 2-year development program for larger community engagement projects with a funding opportunity of up to 40,000 Euros provided between the Global and Regional management teams.

During 2021, the main focus of Local Sparks was COVID-19 Recovery. Nine workshops were held around the globe to brainstorm together on ways that our offices could help their local communities recover from COVID-19 and be more prepared for the future. Over 450 Arcadians participated in these workshops and 27 Challenge/Accelerator ideas were generated. In the end, ten of these ideas (five Challenge projects and five Accelerator projects), located in 7 different countries, were awarded a total of €206,000. These projects kicked off in the final month of 2021 and will continue into 2022.

**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, more than 2,200 Arcadians have participated in one of the more than 100 Shelter missions, in 31 countries, improving living conditions for some of the world's most vulnerable people. In 2021, Shelter operated as a virtual program but in many ways, the reach of Shelter was even greater than it has been in the past. Seventeen workshops, including nine in collaboration with Local Sparks, were held throughout the year to introduce Arcadians to Shelter and work together on generating ideas that address urbanization challenges. A total of 1,189 Arcadians participated in these online workshops. Arcadis also was able to offer virtual support to 9 UN-Habitat missions in 2021. Through these missions, 46 Arcadians provided pro bono expertise to communities around the world.

## 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) 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. At Regional 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-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. 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.

Introduction

**Executive
Board report**

Supervisory
Board report

Financial
statements

Additional
information

**Arcadis** Annual Integrated Report 2021    94

**Sustainability**

**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.

**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 has been updated in 2021 and 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 our 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 and SACS 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 November 2020 and made available in 16 languages. Employees that join Arcadis must successfully pass the AGBP training within 30 days of joining. In 2021, 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 2022.

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 in 16 languages. Reports of potential or suspected misconduct or other AGBP issues can be made in native languages.

In 2021, a total number of 91 alleged breaches of the AGBP were reported through the various reporting channels, including to the Arcadis Corporate Compliance Committee (2020: 72). All alleged breaches were assessed and, where necessary, further investigated or advised upon, except for 24 alleged breaches that are still being assessed or, where necessary, investigated. In addition, there were 5 reports of alleged breaches from before 2021 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 2021 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 13 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.

[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.

Introduction

**Executive
Board report**

Supervisory
Board report

Financial
statements

Additional
information

Arcadis Annual Integrated Report 2021    **95**

**Sustainability**

Arcadis has also introduced 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.

### Privacy (and personal data protection)

In 2021, the change program in Digital matured and the demand around digital products from our clients has also grown. 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. The Global Privacy Program focused on further supporting the business by integrating the online Privacy Impact Assessment Tools into the global standardized operational programs (Arcadis Way) and the digital compliance frameworks. The Privacy Task Force set up in 2020 with senior leaders to further explore and identify actions 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') has been continued in the form of the Global Personal Data Transfer programs with ELT sponsorship.

A global awareness campaign was rolled out 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. Also, privacy has been further introduced in the additional online Basecamp awareness programs that were developed as part of the Expedition DNA program to support our people to deliver the future strategy of the business. The Privacy function, with the Privacy Officer Network, has collaborated closely with the 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.

Case | **Intersection Berlin** | Berlin, Germany

# Redesigning intersection 'Funkturm Berlin'
## Smart design for smooth mobility

Mobility

"Reconstructing one of the busiest traffic hubs in Germany feels like heart surgery. Meticulous design work is paramount."

**Ralf Schiller** | Head of Division Highways & ITS Germany

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

**Cars passing each day**
# 230,000

**How we are different**

Applying sophisticated digital tools and Building Information Modeling for a highly complex design challenge.

**Impact**

Reduced congestions and and smoother traffic flow with improved $CO_2$-footprint.

**The Challenge** →

**The Solution** →

**The Impact** →

The Funkturm motorway junction links the A100 and A115 motorways and is one of the busiest junctions in Germany. After many years in operation, its structure cannot keep up with modern mobility demands. Rising maintenance efforts reached the threshold of economic efficiency. Approximately 1.9 kilometers of urban motorway of the A115 and the A100, as well as the necessary connecting ramps and 25 bridges will be renewed. It will be a highly complex endeavor, performed right in the heart of one of Europe's most prestigious big cities.

Redesigning a junction, whilst ensuring optimal traffic flow and reducing footprint, is a complex task. With the intricate nature of the remodelling in mind, a highly sophisticated and digitalized design process – created in collaboration with engineering form Schüssler Plan – is the key to success. Building Information Modeling (BIM) at level 5.0, as well as a 3D overall modelling with consistent data management have been applied. The digital twin model allows for simulation and analysis of the dynamic behavior of a real transport infrastructure structure, including its technical facilities. The thorough and integrated digitalization focus lays solid groundwork for maximum efficiency along the entire lifecycle of the mobility asset.

As a result of smart design optimization, the all new motorway intersection "Funkturm Berlin" will serve as a milestone on Berlins path to a more sustainable, efficient and people-oriented future urban mobility. Perfectly integrated into the urban fabric, smooth and low-emission traffic flow will meet both citizen demands for a livable environment as well as high-performance transportation systems.

# Digital & Innovation

Providing clients with integrated, sustainable and digital solutions which maximize their effectiveness and impact and drive growth for our company.

Our focus on digital and innovation stems from the ambition to improve our relevance, to exceed client expectations and to protect our planet and the communities in which we work. Innovation for us is a means to a better end. It helps us bring the best of our digital knowledge and skills, combined with our sustainable capabilities to bring superior solutions to our clients. We see digital technology and scalable solutions as a major opportunity. To enable this Digital transformation, we are investing in our Tech function to deliver business growth by developing digital solutions and empowering Arcadians through the latest technology.

For definitions and methods of measure for the indicators included on this spread, please refer to page 320. The indicators that fall within the scope of limited assurance of our external auditor are marked with the ✓ symbol. See page 299 for the Assurance report of the independent auditor, which includes details on scoping and outcomes.

**Deterioration**   **Unchanged**   **Improvement**

**% of revenues**
using BIM level 2

**78%**

2020: 61%

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

**82%**

2020: 64%

**EBITA / FTEs**
switch to digital solutions
in € 1,000

**8.5**

2020: 8.2

Introduction

**Executive
Board report**

Supervisory
Board report

Financial
statements

Additional
information

**Arcadis** Annual Integrated Report 2021

98

# 78%

**% of revenues**
using BIM level 2

**Digital
leadership**

# 82%

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

We plan to maximize our impact by leveraging our global scale, by embedding sustainability in everything we do and by continuing our drive to be a digital leader. With regards to Digital leadership, it is our ambition to build on our existing digital platforms and capabilities while heavily investing in new areas and cultivating the skills of Arcadians, empowering them to create enduring digital solutions that meet our client's greatest challenges.

## Ambition

To drive digital products, we have created Arcadis Gen to bring new digital driven business models towards our existing and new clients. Besides that, we are bringing Digital in the core of our existing business by making the business responsible for automating our services and augmenting these services with digital solutions. Our Tech function will enable and empower this, while the Innovation function will support the business in targeting the right investments. The business itself takes further ownership of the investment decisions based on client needs and the implementation, change management and monetization of the automated services and digital solutions.

### Tech mission

The technology function has in 2021 further changed its strategic from a traditional IT function into a function which co-creates digital value with the business for our clients. 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 and be that digital frontrunner.

### Innovation mission

In 2021 we created a Global Innovation and Ecosystem team. The mission of this team is to create an environment that enables Arcadians to explore new possibilities that can clearly be distinguished from business as usual, working towards discovering our clients' needs and opportunities and daring to imagine bold propositions, embedding Arcadis in the ecosystems that will disrupt our industry working together with our partners.

## Governance

In line with our ambition to Focus & Scale, leveraging our global capabilities and global footprint, we started to globally centralize the governance for our investments in automated services and digital solutions. This for both new ideas as existing services and solutions, and to ensure that we focus our investments on those ideas and solutions which have the biggest return on investment.

New ideas go into our global innovation pipeline called Quick Launch and enabled by an innovation platform. Ideas are being reviewed and tested before further investments decisions are being made by the governance. In 2021 all new investments for mentioned solutions have been made through this governance.

Not only new ideas are led through this governance. Decisions like scaling, migration or elimination of existing services and solutions, are being made by the same governance. In 2021 we have assessed around 175 digital solutions. Based on the business value and technical quality we have defined a path forward. Based on the viability this can lead either towards scaling or elimination. All to ensure maximum return of investment.

Arcadis Gen is part of the governance structure to ensure that ideas for external scalable Digital Products with new business models, are being captured and shared with Arcadis Gen for further assessment.

## About this report (progress)

### 100% BIM

Based on global quarterly figures for design and engineering (D&E) revenues in 2021 Arcadis achieved 78% transformation for projects that could achieve a digital maturity that is in accordance with the Arcadis BIM level 2 metrics. Across the Arcadis regions, no single country that is part of the D&E metrics was found to be under the threshold of change to be considered a majority, with many in the final 10-15% necessary for full transformation completion in relation to BIM Level 2. This diversity in transformation is in part due to client, market and geographical maturity in relation to the constructs of BIM, but for those nearing completion new metrics in relation to BIM are being developed in support of the Standardization & Automation Strategy.

For Arcadis, BIM has been found to have had a substantial impact on efficiency due to information-sharing. Improving production time, supporting how we can assure and optimize our design and engineering outcomes, and ultimately promoting sustainable practices through linking with other data sources such as cost and carbon databases. While the use of BIM across all levels is improving not only how natural and built assets are designed and constructed, but how they are operated as we move closer to our corporate Arcadis vision of the Digital Asset Lifecycle.

### Data Analytics

Data and Data Analytics is increasingly driving value for our clients. It redefines both our clients as how we deliver and do business as Arcadis.

We are empowering Arcadians to expand their skillsets by exploring their potential, digital capabilities, future proofing their career and business with the assistance and guidance in order to have an impact with our clients with Data and Data Analytics. We run digital Communities of Practitioners for data visualization, data management and data science to share knowledge. At an enterprise level, we are investing in among others a Data Platform, Data Governance and learning platforms, which will ultimately improve the way we operate, focusing on data-driven decision making, using facts, metrics, and data to drive business decisions which are aligned with our goals, objectives, and initiatives.

### Digital client achievements

In 2021, Arcadis' core technology team successfully delivered digital solutions to many global clients. In Germany, we delivered a key Program Management solution to the multinational automotive manufacturer Stellantis N.V. that allows this client to track the building and refurbishment of their retail outlets from concept through implementation. Arcadis' solution streamlines communication between Stellantis and their retailers, ensures that a "single version of the truth" is available to all stakeholders, and that Stellantis branding standards are met.

In the Netherlands, Arcadis continued to deliver its Dyndash (Dynamic Data Sharing) solution to ProRail, the government organization responsible for the maintenance and extensions of the Dutch national railways. Dyndash, an Object Type Library (OTL) for the rail industry, allows our clients to store standard design components in a uniform way that makes retrieval and reuse simple and easy thus eliminating duplicative work and ensuring compliance with design and safety standards. Dyndash also tracks design changes over time ensuring clear version control and allowing an inventory of upgrades to be maintained. Partnering with ProRail as the pilot client who provides immediate feedback from the market, Dyndash is being developed with a view to scaling to additional rail clients in other geographies.

In Australia, across Asia and the UK, Arcadis continued to deliver Cost and Commercial Management (CCM) services to a growing number of key clients via its Cost Clarity platform. Launched late 2021 there are already over 200 projects benefitting from the system. Cost Clarity is a single platform where Arcadis CCM clients can access all the information pertaining to their current engagement with Arcadis – scopes of work, communications, schedules, and cost estimates – track KPIs in easy to digest dashboards and reports and, importantly, gain valuable insights to improve decision making. In 2022 the functionality of Cost Clarity will be expanded to deliver standard benchmarking services that clients can use to develop preliminary cost estimates for their projects and that can be used to compare with bid prices to help inform the contractor selection process.

# Mobility as a Service Pilot

## Enabling transport in rural Scotland

Mobility

"It is an ambitious region-wide solution that has the potential to make a significant contribution to improve accessibility for residents and visitors."

**Cllr Allan Henderson** | Chair – HITRANS

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

**Integrated transport solution**

**1**

**How we are different**

We build on the knowledge we have – through data and technology – to create bespoke user experiences that lead to long term behavioural change.

**Impact**

Rebalances how people travel, giving better access to integrated transport options to ultimately reduce the number of vehicles on the road.

**The Challenge →**

An over-reliance on car ownership, particularly in rural areas of Scotland, is leading to a rise in harmful emissions. Finding alternatives is easier said than done, especially in rural areas where transport options are often limited. The challenge is particularly acute in the highlands and islands of Scotland; an area covering half of the countries' land mass and hosting 600,000 tourists every year, 75% of whom travel by car or motorhome.

**The Solution →**

MaaS, or Mobility as a Service, brings together multiple modes of travel, combining options for different transport providers into a single service. From bike hire to car clubs, taxi and ride sharing, to public transport, including bus, rail, aviation and even ferries and flights, MaaS allows access to all modes of transport via a single payment platform. But it's about more than just an app. While a MaaS app makes it much easier to plan, book, pay for and access different transport services, it will only work and create the necessary behavioral change if there are reliable, affordable transport services available in the first place. There is a very direct link between supply and demand. If many customers use the MaaS app, it can give transport service providers the confidence to add additional services, so over time MaaS can be one of the most effective enablers when it comes to driving change.

**The Impact →**

GO-HI is the largest MaaS program to date in the UK. It will increase the accessibility of integrated transport for residents, visitors and business travelers in some of Scotland's most rural areas. As the pilot progresses, participating transport providers will be able to access data about the demand for their services. This will help them to better understand the needs of people in the region and to make more informed decisions about the provision of services. It has already resulted in initiatives such as the Enterprise Car Club, and the Bewegen and Brompton Bike Hire system, gaining the confidence to provide more transport choices for customers in the region. Ultimately, this will play a significant part in helping to reduce the number of vehicles on the road, cutting congestion and limiting harmful emissions.

Introduction

Executive
Board report

Supervisory
Board report

Financial
statements

Additional
information

Arcadis Annual Integrated Report 2021     102

Digital & Innovation

**Partnership with Techstars**
Since 2019 we have worked in partnership with Techstars Accelerator program, we have continued to work closely with starts up from 2019 and 2020 programs such as Irys, Niricson and Cobalt Water. In 2021 we have successfully scaled our partnership Irys from North America into the UK, showcasing project examples and the value of our partnership at COP26. In 2021 we shifted to Techstars' Pathfinder program, participating in global innovation challenges with other likeminded organisations on the theme of Net Zero leading to new relationships for Arcadis with start-up and scale-up businesses who are innovating to further improve the AEC industry and explore new technologies.

**Digital Studio**
Arcadis Digital Studio is an Amsterdam based multidisciplinary team approaching problem solving in an agile way, with design thinking methods and the three lenses of desirability, feasibility and viability. We are creating scalable digital products by combining global trends and Arcadis' current experience and expertise. Ultimately, we want to better serve our clients by providing new offerings that will allow them to remain competitive in the digital age.

In 2021 the team has explored exciting opportunities in the areas of data and analytics and digital twins, working closely with our clients to test and validate new digital solutions. An example is how Arcadis is helping reduce water leakage by consistently developing and delivering sustainable solutions to address the current and future challenges of our water clients, based on new and emerging technologies. Arcadis is conducting research into innovative approaches to reduce water leakage and believes that leakage can be reduced significantly using digital twin technology. This technology can be used to bridge the gap between the modelled world and the physical world. Arcadis identifies five maturity levels of digital twins. In the next 2 to 5 years, it is expected that the technology landscape will evolve towards simulation, autonomous and cognitive digital twins, which could be used to predict and prevent water leaks.

**Technology function**
The Tech Function is transforming itself to be able to co-create value with the business for our clients and with that grow the business. This while continuing with providing conventional IT services to run the business. To achieve this, we are investing in our Tech function. We are recruiting external Tech talent, setting-up new Tech services and investing in new Technologies.

We have established Digital Services and Solutions within the Tech Function in which we developed the automated Services and Solutions in collaboration with the business. We have around 12 development teams (scrum teams) active we are working Agile and are fully responsible for end-to-end development and operations (DevOps) of a solution. In 2021, these teams have been working on approximately 25 new and existing digital services and solutions which have been identified across the business and prioritized by global governance. Local project related developments are being supported by our Citizen Development team. Empowering Arcadians in a managed way to create specific digital solutions to meet client challenges and at the same time mitigating risks like cyber security.

We started the development of the Data Platform where all our federated data will be connected to monetize this data and have a platform in place on which we can develop and scale our services and solutions thought-out Arcadis including CallisonRTKL and Arcadis Gen. The first services and solutions are currently running on the Data Platform.

We are moving away from a conventional server environment towards the Cloud to host all our own hosted data. The migration started mid-2021 and by the end 85% of all our data has migrated without business disruption. Having all our data in the Cloud will lead to cost reduction through optimization of our processes and will allow for further utilization and monetization of our data.

## Digitalizing Global Solutions
**Environmental services**
In 2021, Arcadis evolved its FieldNow™ solution beyond the 100% data collection vision towards a suite of standard, end-to-end solutions that address project needs from the planning phase through reporting. One of the early wins is the end-to-end groundwater monitoring and reporting solution currently being rolled out in North America. This will enable greater efficiencies and financial gains for Arcadis and our clients with one of the largest volume services delivered in the Resilience Environment global business area. An automated Quality Assurance/Quality Control dashboard offers real time feedback to field teams to ensure scope completeness and eliminate field remobilization costs that occur if gaps are identified.

**Digital & Innovation**

Arcadis' investment and development of a Data Platform is foundational in the success and ability to scale the solution across services. Ultimately, the Data Platform will be used to store all Arcadis data and help unlock the promise of data analytics across all Arcadis business for us and for our clients.

**Design & Engineering**
In our Design and Engineering solutions we remained laser focused on standardizing and automating design processes and strengthening global alignment within all engineering disciplines. In addition, in line with our strategy emphasis has been put on the fundamental step change towards a data-centric design process. With the development of the Arcadis Object Type Library (OTL), we globally structure our design information and navigate towards semantic linked data models with unambiguous terms, definitions and relationships across language barriers, service areas and disciplines, which will be instrumental to increasingly benefit from the wealth of benchmark data in and across projects. The availability of unambiguous information on user requirement specifications, material properties, sustainability performance criteria and other relevant design information in our BIM models facilitates seamless and automated connections with other data sources such as cost and carbon databases. The automated design processes in combination with integrated cost and sustainability performance assessment introduce the next level of opportunity framing and value engineering to identify the best outcomes and enhance client value.

Sustainability by design is in our DNA, through this we aim to incorporate the latest (proven but also experimental) technology to reduce carbon emission and put a hold to exhausting natural resources. Our digital transformation journey enables us to maximize our impact and monitor our progress by recording our carbon emission but also allows us to provide our assets with material passports to underpin that the assets of today are not only designed to comply to the relevant user requirement specifications but also need to anticipate a next life or be a material storage for the future.

Our clients increasingly recognize and appreciate the benefits of digital tooling for model-based system engineering, such as creating a data-centric platform with one version of the truth for all stakeholders, allow traceability of specifications, control complexity and particularly perform design verification and validation with respect to the user requirements specifications and deliver an evidence-based assurance.

**Program & Project Management**
The way we deliver our Program & Project Management services is evolving at pace linked to our ability to leverage advances in digital technologies available in the marketplace and allowing us to better tackle complexity and scale. Our continued investment in our people, in the applications and products that we use, has generated scalable and reusable solutions. We are migrating our delivery tools to a common data environment resulting in improved governance and access to information from anywhere, allowing us to apply analytics to deliver global insights for our clients. We have undertaken a review of our technology real estate and we are forming deeper relationships with eco-system partners allowing us to increase consistency, capability, and mobility. Leaning on our heritage we continue to build on our environmental, social and governance goals and these are embedded into our service delivery as we focus on financial and non-financial outcomes for our clients.

We have recently completed and deployed an evolved approach for a global program of works; we have identified and implemented new technology solutions to drive efficiencies, support decision making and improve overall business performance. Our ethos has been to implement digital solutions that deliver tangible benefits. These solutions are embedded within our program management platform that provides an improved user experience and captures all data ensuring consistency and accuracy in the insights delivered in real time to our client.

**Digital cost management**
Cost & Commercial Management services continue to be in high demand due to the value to our clients. The volatility, disruption and disputes arising from the pandemic has added to the importance of close budget, cost, and commercial control of investments across all assets in the build environment. In particular the disruption to supply chains, materials and changing working conditions as well as tail winds from stimulus packages increasing demand has exacerbated pressures on resources – invariably this has led to inflationary pressures, uncertainty and risk which if not controlled and managed proactively can lead to commercial issues affecting projects and client objectives.

**Digital & Innovation**

We focused on the continued digitalization of our service offering, leveraging the data and insights we have to create value for our clients. This also includes the development of new digital solutions in the form of **Cost Clarity** which enhance our client's user experience of our services but also provides the opportunity for increased retention of clients and repeat business. The growing focus on sustainability objectives across all investments and projects in the built environment posing a huge opportunity but also a fresh cost challenge on the viability of projects. As these new measures often lead to increased capital cost but lower operational costs, helping our clients to make their projects investible, affordable, and optimized will be increasingly important in the short to medium term and our growing capabilities in whole life costing, carbon quantification and our ability to support clients make data led decisions based on cost and benefit will be in demand as industry makes the journey towards a Net Zero economy.

**Asset management**
Over the past year, our asset management solution team has focused on standardizing and automating our services to make our deliverables more consistent and efficient. We have streamlined our processes to enable the use of digital tools throughout the globe. By focusing on standardization, teams in Latin America are utilizing the same risk assessment tools that were developed for the North American market. In addition to developing in-house applications, our team has developed several ecosystem partners to bring new applications to the market. One example is how the asset management team collaborated with Arcadis Gen to develop several new applications that are now available on the Applied Insights platform. These applications leverage the power of machine learning and artificial intelligence to predict better outcomes for our clients. We are driving change in the industry through the adoption of digital technologies and the use of advanced analytics.

By leveraging digital solutions, our research shows that clients will save billions of dollars annually in the North American water market alone. There is overwhelming evidence that digital solutions offer productivity and efficiency savings to our clients. There is a wave of digital solutions hitting our market annually. Our clients are now incorporating digital strategies into their asset management plans to leverage the latest digital product advancements. These products eliminate data silos and provide our clients with better insights to meet their business goals.

We are more proficient in digital technologies and now differentiate ourselves as frontrunners. Our team routinely leverages the latest technology in business visualization to put our client's data to work and make more informed decisions. Our team has shifted from static paper-based plans to online asset management plans that tie in real-time data streams to allow for better decisions.

Our team leverages the skillsets of data scientists and developers to make better solutions for our clients. We are realizing the value of change by utilizing advanced asset management principles. We see a shift in the market to incorporate the concepts of innovation, resilience, and sustainability into asset management programs. By leveraging these advancements, we are helping our clients optimize spending decisions to reduce the infrastructure funding gap while maintaining assets at an acceptable service level.

**Innovation & Digitalization**
At Arcadis innovation is in our DNA, from deep roots in engineering to the new shoots from the data science, software engineering and technology advancements. We continuously strive to maintain an environment where innovation serves to challenge the status quo enabling us to work with our clients to explore and discover wicked problems and work with them, daring to imagine bold solutions.

Working together across our industry, across our global business and with our ecosystem partners to push the AEC Industry forward whilst respecting its complexities. Our strategy, Maximizing Impact, further advances our position as a digital frontrunner and an organization whose sole mission is to Improve Quality of Life. We are laser focused on delivering sustainable outcomes in all that we do.

Innovation occurs in many places in our business, and our focus homes in on digital and sustainability-led solutions that challenge the way we and our peers deliver solutions today across three key business areas – Resilience, Places and Mobility.

At Arcadis we have consciously embedded an end-to-end innovation value chain into our operating model. This is important to enable the right people to participate in idea creation, development and implementation, avoiding pilot purgatory, reframing failure and enabling bold moves that can be implemented at scale and deliver benefits to our clients and their customers at pace.

The work we do in innovation epitomizes the passion, talent and ambition of Arcadis. We continue to learn, explore and evolve and dare to shape the future of our industry.

# Network Rail Digital Solutions
## Supporting Intelligent Infrastructure Vision

ARCADIS gen

"These solutions will optimize asset investment planning, help the frontline workforce maximize productivity, but most importantly support safety and reliability at the heart of this critical national infrastructure."

**Rachel White** | CEO at Arcadis Gen

**8** DECENT WORK AND ECONOMIC GROWTH
**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE
**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

**Train journeys annually**

## 40 million

**How we are different**

Holistic asset and workforce planning, done in one team with the client.

**Impact**

Ensure the right people are assigned to the right job, on the right assets, in the right location, at the right time.

**The Challenge →**

**The Solution →**

**The Impact →**

Network Rail owns and operates the UK's railway network. They are in the midst of a multi-year digital transformation program to turn data into intelligent information to improve services for passengers. As part of this journey, Network Rail is looking to develop the next generation of asset and workforce planning solutions.

In 2021, Network Rail appointed Arcadis Gen to deliver two large digital programs: Asset Lifecycle Planning and Work Planning and Scheduling solutions, using Gen's Enterprise Decision Analytics (EDA) software. Asset Lifecycle Planning will deliver an integrated, strategic asset management planning system with the capability to optimize investment plans across asset disciplines, based on a common value framework of service measures. Work Planning and Scheduling will enable the workforce to efficiently plan and deliver commitments through an optimized industry leading maintenance regime.

With the use of Gen's Enterprise Decision Analytics (EDA) platform, Network Rail's asset management staff are able to optimize their asset investment planning, maximize productivity for their frontline workforce, but most importantly, support safety and reliability at the heart of this critical national infrastructure. Through tackling asset and workforce planning holistically using Arcadis Gen solutions, Network Rail are ensuring the right people are assigned to the right job, on the right assets, in the right location, at the right time.

### Progress report 2021 on Information security

The increase of digitalization implies an increase of cyber risk: the more we depend on information technology systems 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 2021.

We recruited an experienced Global Information Security Officer and positioned the Information security function outside Technology reporting directly into our Executive Leadership Team. This enables the Information security function to work independently from Technology and any other function.

We matured capabilities to identify risks, prevent incidents, detect anomalies soon, have a response ready when something happens, and be able to recover quickly to limit the impact for the organization if an incident occurs. We continued to invest in educating our people all over the world about the right behavior when handling client and Arcadis' data, about reporting anomalies and incidents and about recognizing social engineering attempts like phishing emails. All these maturity improvements are described in our security roadmap which is based on the latest developments within and outside Arcadis and on the latest threat insights.

We updated our security control framework. It is now aligned with the international ISO27001 standard, and it contains forty-seven controls to keep track of implementation and effectiveness of our information security measures. To increase our control, we installed a Security Committee steered by our CEO, Peter Oosterveer. The role of this committee is to oversee Arcadis' information security risk posture and provide binding recommendations to ensure and facilitate that the risk-posture is kept in line with our risk appetite.

We believe that implementing and maintaining Information Security requires cooperation with peer companies, partners, and government bodies. Therefore, we became a member of the Multinationals ISAC[1] from the National Cyber Security Center (NCSC) of the Dutch government and joined FERM-Rotterdam[2]. Both partnerships provide access to non-public threat intel from the NCSC and best-practices and new insights from peer companies.

---

[1] Information Sharing & Analysis Center.
[2] Public-private partnership around Rotterdam harbor to share threat intelligence and best practices.

**Digital & Innovation**

## The Arcadis Way

Implementing harmonized business processes, supporting technologies and behaviors, creates a global way of working. The Arcadis Way enables employees to grow and provide superior value to clients, realize their potential, and work jointly towards common goals, based on core values.

2021 was another significant year for Arcadis on the Arcadis Way journey as we went live in European countries adding just over 5,000 employees to our one way of working and Oracle ERP solution. In addition Arcadis started to add additional Oracle functionality to the core products that had previously formed part of the Arcadis Way by rolling out Oracle Recruitment Cloud which allows a consistent experience for all applicants who wish to join Arcadis as well as Oracle Advanced Procurement in our North America Business (go-live early 2022) as well as moving our Australian and North American businesses onto the Oracle Compensation Cloud allowing a consistent and transparent approach to how we facilitate the annual employee compensation process.

Relative progress of the Arcadis Way implementation in segments can be negative as countries without Arcadis Way in a given region may outgrow countries where it has already been rolled out.

## Gearing up through standardization then automation

As Arcadis develops its worldwide organization, it seeks to reap additional benefits from its global presence. One way of improving performance is to standardize and then automate processes. This can increase efficiency and effectiveness, improve the user experience for both employees and clients, increase the consistency and quality of our solutions and reduce cost.

### Taking one Arcadis to the next level

The Standardization then Automation program (StA) was launched in 2021 in support of our Maximizing Impact strategy. The program seeks to identify, develop, and reap the benefits from globally aligned processes, definitions, and ways of working.

Examples of such benefits include better insights in global performance and development of the organization – which becomes more relevant now that we introduce Global Business Areas to govern our business. This will also allow us to benchmark performance across geographies, supporting the further improvement of our solutions. The program helps reduce manual labor in standardized business processes, freeing up time for our people to work on other more complex or more creative tasks. As we standardize remuneration and benefits, the program can drive equality, transparency, and fairness towards our people, while also allowing them to develop their careers quicker and easier. It will improve seamless delivery towards our clients while enhancing the quality and consistency of our solutions in,

## The Arcadis Way - Key processes and operational control points for projects

**Market-to-opportunity**

**Pursuit-to-win**

**Deliver-to-result**



Create awareness → Identify need → Create opportunity

Create pursuit team & approach → Create offer → Contract awarding

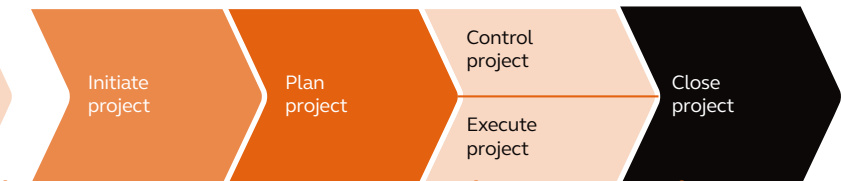Initiate project → Plan project → Control project / Execute project → Close project

Client go/no-go

Opportunity go/no-go — Strategic Pursuit Committee

Sign contract — Handover meeting

Project kick-off

Project reviews

Reflect & learn

**Digital & Innovation**

for example, design or Cost Management. Standardized processes also make it easier to increase collaboration with our Global Shared Service Center and Global Excellence Centers. All these benefits, plus the economies of scale associated with having fewer local systems and associated maintenance, produce considerable cost savings.

**Room for creativity**
An important element for the success of the program is the knowledge that eliminating repetitive tasks and other work that can be automated, will free up time for our staff to do more value added and interesting work. While it must be acknowledged that such benefits accrue over time, once repetitive parts of jobs are automated and obsolete parts removed, the saved time can be used for more creative, innovative or collaborative activities. One difference going forward is that we will need to manage creativity within the confines of a common environment, such as ensuring that new ideas provide benefit for the entire organization (at scale) rather than just a single country or client. Once new or improved work processes are proven, we will also ensure they are embedded into our standard work processes and made available to the entire organization. This way, not only do we continue to benefit from the creativity of our global organization, but we also obtain the improvements in deliverable quality that comes from employing repeatable processes.

**Supporting people development and employability**
Once fully deployed, the StA program will also support increased mobility of our staff and better utilization of our people. Once versed in the standard processes and procedures, our people will be able to deploy their skills wherever there is a need, working seamlessly with colleagues in other locations. This way, global clients receive a consistent experience, the company can leverage its senior leaders to deliver at international scale, and many employees will have the opportunity to live and work around the globe.

**Process steps**
The StA program has two work streams, one for corporate enabling functions, such as HR, Finance, Legal and Marketing, while the other is for the services we provide in support of our projects. The approach to StA is comparable for both parts. While the end focus is to automate all suitable processes, to get there we need to first collaborate to identify best practices, eliminate obsolete or redundant activities, and then maximize efficiency by simplifying the remaining process. We will then harness technology to automate as much of the process as is practical to further improve the quality, consistency and efficiency of our work.

# Scalable and data driven: Arcadis Gen

**Digital & Innovation**

ARCADIS gen

Arcadis Gen, our global digital business, is at the forefront of Arcadis' commitment to Digital leadership and sustainable development. Since its creation in 2020, Arcadis Gen has focused on growing its recurring revenue model, building scalable data-driven products. By creating products in an expert software organization, Arcadis Gen helps to accelerate the Arcadis digital transformation, providing a launch and growth platform for sustainable innovations.

In 2021, Arcadis Gen has enhanced Arcadis' offerings and ability to solve complex client challenges with advanced analytics, in a repeatable, scalable way. Arcadis Gen's unique combination of analytics expertise and deep sector knowledge means their software is tailored to unique market needs, helping clients improve reliability, performance, efficiency, and safety across their operations.

Arcadis Gen is committed to helping asset management companies looking to develop their ESG strategies. Their products are built to help organizations and governments better understand and utilize data to plan, predict and optimize for long-term sustainability and resilience.

**Investing in growth**
In 2021, Arcadis Gen has focused on investing in growth to achieve its purpose of unlocking the power of data for a more sustainable, efficient, and resilient world. They are now realizing the benefits of the acquisitions of EAMS Group and SEAMS, investing in People & Culture to build a single organizational culture and seamless client-centric experience. Arcadis Gen is now leveraging the full capability of its integrated organization across the whole asset management lifecycle. As well as expanding or continuing major contracts with existing clients, Arcadis Gen has seen strong pipeline growth and their client base has increased significantly, with new clients globally across Resilience, Places and Mobility; including District of Columbia (DC Gov), Wessex Water, and Network Rail.

Arcadis Gen has also invested in digital talent, growing Arcadis' software and product development capability. Located around the world, this diverse workforce represents the best digital talent in the market. This headcount growth has enabled Arcadis Gen to invest in developing both new and existing products, continuing to productize their intellectual property to create modular products that can be rapidly consumed, to deliver insight to organizations of any size.

Growth in the North American market has been a key focus, where Arcadis Gen continues to support Amtrak with their multi-million-dollar transformation program and has secured additional new contracts with local governments as well as utilities, also new to Arcadis. This North American growth has been further supported by new strategic ecosystem partnerships, with companies such as Canada-based, Enterprise Asset management services company, Conectado Solutions.

A key 2021 milestone in fostering scalable and repeatable business growth, was the official announcement of Arcadis Gen's SaaS-first business model: the market launch of AppliedInsight. Underpinned by the technology behind Arcadis Gen's Enterprise Decision Analytics software, AppliedInsight offers asset intensive organizations an accessible, affordable, first step towards digitalization, through Cloud-based app subscriptions, available for direct purchase from Arcadis Gen's e-commerce Marketplace, also launched in 2021. This commitment to client-centricity has been reinforced with Arcadis Gen's investment in a Digital adoption platform to provide scalable, digital first, customer onboarding.

**Digital & Innovation**



**Unlocking the power of asset data**

Arcadis Gen differentiates itself from others in the market through its ability to optimize value across the asset lifecycle, with products that can work together, or individually, depending on a client's needs. Arcadis Gen's strategy is comprised of two business models: selling established software solutions to complement the offerings of Arcadis' Global Business Areas; and Software as a Service (SaaS).

**AppliedInsight** is a SaaS analytics platform and online marketplace designed to make advanced asset analytics available to organizations of any size. Utilities face growing pressures from customer demand, aging assets, extreme weather events and increased regulatory expectations of digitalization. The generation of actionable insights using AppliedInsight helps utilities enhance their service to consumers, increasing quality and value. Apps like the Water AI Pipe Predictor use artificial intelligence and machine
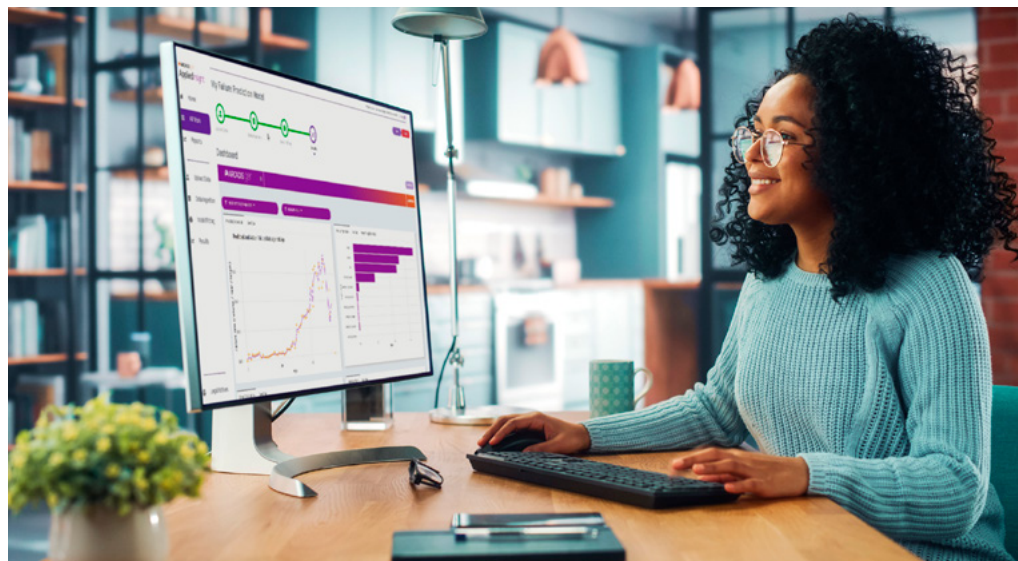


learning to help utilities predict pipes most like to fail; while simple data repair and visualization apps help organizations take a first step towards digitalization.

Enterprise Asset Management (EAM) helps asset-intensive organizations create sustainable asset management practices that maximize asset information value for more efficient operations and maintenance activities. Arcadis Gen's EAM solutions support proactive maintenance, reducing the risk of asset failure, extending the useful life of assets, and helping clients achieve more from their assets, with a critical focus on resilience, safety, reliability, affordability, and capacity. Arcadis Gen's EAM solutions are used by some of the world's largest asset owners and operators including Transport for London, Amtrak, and Dublin Aviation Authority.

Arcadis Gen's Enterprise Decision Analytics (EDA) software has long been recognized as a market leader in the rapidly growing Asset Investment Planning market. EDA helps organizations navigate ESG challenges of climate resilience, energy transition, water optimization, sustainable operations, and regulatory and reporting demands. Client-centric service measure frameworks generate a comprehensive view of risk and impact across a broad asset base, optimizing portfolios and programs in real-time. In 2021, organizations including DC Gov, Network Rail, and Severn Trent Water used EDA to aggregate and analyze data to support operational, tactical, and strategic decision-making and align value to their service and performance commitments.

The InvestSmart product helps organizations manage their investment outcomes making data-driven decisions across the property life cycle, providing critical asset information, commissioning asset evaluation services, and capturing asset history in a single digital platform. Clients can make faster decisions about property investments through better collaboration and oversight, while speeding up technical and environmental due diligence transactions and increasing deal capacity. InvestSmart creates more robust, data-driven, and compliant asset management plans to support sustainable asset management practices and efficient resource management.

**Digital & Innovation**

ARCADIS gen

### Wessex Water, UK

Providing water services to over 2.8 million customers across South West England, Wessex Water is keen to maintain a leading position within the UK water sector through compliance with and exceeding regulatory targets, improving sustainability and taking action to provide best value and quality services to customers. Wessex Water appointed Arcadis Gen in 2021 to provide their Enterprise Decision Analytics software for an Asset Investment Planning solution that allows Wessex Water to make optimal decisions, quicker and with more confidence, to achieve both their five-year and 25-year business targets. Through creation of adaptive plans to account for the impact of possible shocks and stresses in achieving its long-term outcomes, Wessex Water will be able to ensure improved service performance and reliability, comply with regulations, meet environmental and safety targets, as well as ensuring customer bills are kept as low as possible.

### District of Columbia (DC Gov), U.S.

Home to nearly 700,000 residents, Washington, D.C., formally the District of Columbia and also known as D.C. or just Washington, is the capital city of the U.S. Unlike most local governments, DC Gov operates as, has to finance and provide the infrastructure needs of: a state, county, city and school district, making their asset management system one of the most complex in the U.S. DC Gov is on an asset management journey to produce a more data driven capital improvement program. For this, they sought to replace their Capital Asset Management System with a vendor committed to the public sector, that provides a leading Asset Investment Planning solution that is flexible with strong visualization capabilities. They have appointed Arcadis Gen to provide their Enterprise Decision Analytics for assets and projects to address Capital Asset Management needs and investments. Due to the strength of this customer relationship, there has been additional growth into other areas, such a Facilities Utilization Approval systems and Fleet Electrification studies, totalling 13 different areas in which DC Gov is utilizing Arcadis Gen solutions.

# Financial performance

Healthy organic growth, solid margins and a strong balance sheet that will allow us to further invest into 2022.

With our new strategy fully in place, plus a sustained pipeline of opportunities, driven by increased investments from both public and private sector clients in growth areas such as smart mobility, energy transition and climate adaptation, we are confident in our ability to deliver on our strategic targets.

For definitions and methods of measure for the indicators included on this spread, please refer to page 320. The indicators that fall within the scope of limited assurance of our external auditor are marked with the ✔ symbol. See page 299 for the Assurance report of the independent auditor, which includes details on scoping and outcomes.

**Deterioration** **Unchanged** **Improvement**

**Net revenues** ✔
in € millions

**2,565**

2020: 2,494[3]

**Net Income from Operations** ✔
in € millions
**Per share** in € ✔

**175**/1.96

2020: 130[1]/1.46[1]

**Dividend per share** ✔
proposed, in €

**1.30**[2]

2020: 0.60

**Operating EBITA margin** ✔
as % of net revenues

**9.6%**

2020: 9.1%[1]

**Net Working Capital** ✔
as % of gross revenues

**10.7%**

2020: 12.6%

**Days Sales Outstanding** ✔
(DSO)

**63**

2020: 66

**Return on Net Working Capital** ✔

**64.7%**

2020: 54.5%[3]

**Net debt to EBITDA ratio** ✔
(average)

**0.8**

2020: 1.3[3]

**Free cash flow** ✔
in € millions

**234**

2020: 324[4]

[1] Restated in accordance with IAS 8, see note 3 to the Consolidated financial statements
[2] €0.70 per ordinary share plus an additional €0.60 per ordinary share
[3] Not reviewed
[4] The level of 2020 cash flow was outstanding due to exceptional working capital improvement driven by high level of cash collection resulting from group cash management program launched in Q1 2020, early client payments during covid crisis and tax deferrals under COVID-19 programs

Introduction

**Executive
Board report**

Supervisory
Board report

Financial
statements

Additional
information

**Arcadis** Annual Integrated Report 2021          **113**

# 3,378

**Gross revenues in € millions**

**Focus & Scale**

# 9.6%

**Operating EBITA margin as % of net revenues**

**Financial performance**

2021 has been a strong and prosperous year for Arcadis. The business is in an excellent position, with healthy organic growth, solid margins and a strong balance sheet that will allow us to further invest into 2022. Organic net revenue growth for the full year was 3.5% with an improved operating EBITA margin of 9.6%. Sustained good order intake is resulting in organic backlog growth of 5.1% year-over-year.

**Full year results:**
- Organic net revenue growth of 3.5% to €2.6 billion (gross revenues of €3.4 billion)
- Operating EBITA margin improved to 9.6%
- Strong free cash flow of €234 million, leading to net debt of €168 million
- Further improvement of Net Working Capital to 10.7% and DSO to 63 days
- Organic backlog growth year-over-year 5.1%, record backlog of €2.2 billion
- Dividend proposal of €0.70 per share, special dividend of €0.60

The strong improvement in our results, including the strong cash generation over the last couple of years have created our solid financial position. This will allow us the opportunity to continue with our investments in people, in sustainable solutions, and digital capabilities. Additionally, we will embrace opportunities for bolt-on and medium sized acquisitions to enable us to increase the return to shareholders.

**Organic revenue growth**
Gross revenues for the year amount to €3,378 million. Net revenues totaled €2,565 million and increased organically by 3.5%, with a currency impact of -1%. Revenues increased in all segments, partly offset by COVID-19 related decline in CallisonRTKL and the Middle East, driven by our decision to further reduce our footprint in that region.

Order intake in the year was €2.7 billion leading to a book-to-bill of 1.04. The book-to-bill ratio was greater than 1 in all regions, except for the Middle East, driven by our decision to reduce our footprint, and for CallisonRTKL. Exceptionally strong was the order intake in Australia due to some significant project wins. Organic backlog increased by 5.1% to a record amount of €2.2 billion. Backlog at the end of December 2021 was €2.2 billion (2020: €2.0 billion), representing more than 10 months of net revenues (9 months last year).

**Key Clients Program**
Our Key Clients Program closes the year with a net order intake of €1.4 billion, which is 5.5% above 2020 level. Net revenue for key clients is with €1.3 billion, 9.9% ahead of 2020. Organic net revenue growth was 11.8%. Backlog for key clients increased substantially versus last year to a level of €1,022 million (2020: €989 million). Through the program we focused in 2021 on 180 local, regional, and global key clients by prioritizing our resources to work on strategic pursuits and strategic projects for them: bringing the best of Arcadis together to meet the most complex challenges of the markets and clients we serve. The program represents more than 50% of Arcadis revenues and has shown again an excellent performance in 2021. After review, we will continue in 2022 with an adjusted key client selection of 148 clients aligned with our strategy and open to build partnerships with us. By selecting our largest clients, and those with most promising growth potential, we trust that we will again bring together approximately 50% of net revenues and net order intake. We win because our client account leaders are well equipped to offer clients excellent service, industry best practices and cutting-edge digital innovation.

**Financial performance**

## Developments in 2021 - Global Sectors

**Industrial Manufacturing**

Following the global pledge to decarbonize, many of our manufacturing clients have set up their own Net Zero carbon goals and are now requiring the implementation of these strategic plans. Giga-factories producing batteries that match the replacement demand for electric vehicles are booming. We expect massive investments in this area until 2030.

The pandemic has had varying impacts across sectors. Life Sciences is stable with continuous investments. Manufacturing was resilient to the economic downturn in 2020 and 2021, and is getting back into growth mode. Aerospace expects a recovery in 2022 and beyond. Meanwhile, the global hydrogen market is projected to grow massively. In various end-user sectors such as Chemicals, hydrogen (storage) has become a critical enabling technology for the advancement of hydrogen and fuel cell technologies. Moreover, the global semiconductor chip shortage continues to affect the Automotive sector. Due to chip shortage, the production of nearly half a million automobiles has been disrupted, affecting distribution chains. There is currently massive investment in chip production.

**Technology**

Growth in the data center market remains bullish despite the omicron variant undermining investor confidence and capital expenditure. Lockdowns and liquidity pressures sustained microprocessor shortages. Combined with shared prosperity policies, Real estate issues have significantly impacted the ability for our Chinese clients to invest. To grow the sector, we created compelling materials around the biggest issues we see for 2022 and how we can support clients through them. The team has planned introductions to new businesses to diversify our technology portfolio.

**Energy & Resources**

As clients strive to meet their short-term sustainability goals and prepare for future Net Zero carbon requirements, they come to Arcadis for help in managing their energy transition initiatives. As a trusted partner, we offer them digital tools for asset management. In the Oil & Gas Sector, oil prices are fluctuating from $70 to $80 per barrel. Gas prices in Europe came down nearly 50% as exports from the U.S. increased without the challenges of the hurricane season, thus offsetting the decreased volume from Russian imports. Stability in oil prices and demand drives clients to spend more on traditional OPEX

projects. Conversely, CAPEX spend is primarily focused on energy transition. The divestment and sale of assets, specifically in the Gulf Coast region of the U.S. and the Permian Basin, continue, and may accelerate.

In the Power Sector, power delivery during a catastrophic event is one of the core concerns of our Power clients globally. Reliability as a brand and commitment to Net Zero carbon goals are also important to keep the clients in this sector satisfied. Our digital services, combined with our focus on sustainability and energy transition, won us a partnership position with many of these clients in the fourth quarter of 2021. In the Mining Sector, late into 2021, the demand for certain commodities decreased due to Chinese loan defaults. Mining companies took 2020-2021 to reduce costs, and balance sheets are strong. Commodity prices are expected to stay stable through 2022, drawing similarities with 2021 in terms of our mining clients continuing to spend to reduce their environmental liabilities. CAPEX spend is lower than pre-pandemic; however, planning for capital projects continues. Miners see demand for their products due to energy transition, causing them to support sustainability initiatives.

**Contractors**

Contractors finished the year on a high note with our team booking several large wins in the fourth quarter. We have been particularly successful in Australia and in several major pursuits across the globe, striving to bring our global Arcadis experience to the local office. Our working relationships with global contractors are strong, and clients in the contractor sector seek our added value in the complex projects they're engaged in. This is a testament to our strong account management and continued relationship building. Our pipeline remains strong, and we are positioning well for some major pursuits with our contractor partners. The market outlook for 2022 is positive, and we see more projects being procured by alternative delivery methods. Digital and automation are dominating the sector, and the pipeline is healthy.

**Property & Investment**

The 2021 United Nations Climate Change Conference (COP26) reinforced client's focus on delivering sustainability ambitions. This is evident across all P&I subsectors. Demand for Arcadis' sustainability advisory services also continues to grow. Understanding climate change impact on existing assets and achieving resilient returns are driving increased client demand for services. Significant liquidity remains in the market, and sustained demand is expected from investor clients for new asset acquisitions.

**Financial performance**

We continue to focus on core and alternative asset classes, as well as those that align with sustainability such as renewable energy solutions. Ongoing recovery is happening across retail, mixed use, and commercial developments in prime locations as post-pandemic optimism continues. The China property market remains turbulent and has decelerated due to restrictions, finance availability, and investor concerns.

**Developments in 2021 Expertise areas & Solutions**

**Infrastructure**
Our strong book-to-bill and order intake in 2021 are clear indicators of the vitality in Infrastructure. Proper resourcing for our projects remains a core challenge and opportunity for us. With the approval of the $1 trillion Infrastructure Investment and Jobs Act in the U.S., we get more visibility on opportunities with Contractors, Design & Build, and pursuits driven by the Department of Transportation. Record infrastructure investments in the UK contribute to a healthy pipeline. Australia ended the year with an outstanding order book and a lineup of large pursuits. Netherlands delivered an excellent order intake, and together with Belgium, won an important contract extension. Key wins with cross-country collaboration show the strength of our global operating model. Healthy industry trends continue to favor our business. Large public investments will renew aging infrastructure and stimulate growth in government work. Private sector investors and liquidity push increased interest for public-private partnerships. We are actively engaged with global and local contractors on all key pursuits.

**Water**
Demand in municipal water grew in many regions as supply assurance becomes an issue now that climate change is increasingly affecting precipitation pattern. Upgrades also include steps to decarbonize or reuse in-process methane for energy production. Network optimization and loss reduction in delivery remains an opportunity to reduce municipal water expenditure. Coastal resilience is driven by the growing threat of sea level rise.

**Environment**
IPCC, COP26, and other developments make the environmental market vibrant. We organize our market development, campaigns, and innovations, which allow us to have the right focus on market trends, both regionally and globally.

**Buildings**
We have seen a strong market demand in Buildings throughout the year, specifically in giga-factories, manufacturing facilities, and data centers. Client needs continue to evolve as businesses try to obtain quicker, more dynamic, and assured levels of advice and insight. This demand is higher than ever. Following COVID-19 and COP26, clients have increasingly prioritized sustainability in their internal and market commitments to cut carbon. Within this landscape, clients are focusing on sustainable solutions, Net Zero carbon designs for buildings, retrofit for greener estates, and energy efficiency improvements. Moreover, across all countries, clients are concentrating on digitalizing project delivery to achieve greater efficiency and productivity. Digital products and platforms, along with digitally enabled services, have been deemed as key to addressing client needs.

**Developments in 2021 - Global Cities**
The global pace of change increases as earth's rapidly growing population flocks to urban centers, placing ever-increasing pressure on resources, space and safety. Our cities need to respond to these stresses and quickly – their livability and competitiveness depends on it. Arcadis works with cities across the world, giving 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.

Each of our selected Global Cities has its own unique DNA, cultural life, and wow factors. And as their populations increase, so too does their need for regeneration, resiliency, and mobility, to compete and attract investment, as well as protect and improve the city. Arcadis is proud to work alongside some of the world's most innovative city bodies to improve quality of life. Our Global Cities Program brings together a significant portion of our solutions with a large number of our selected key clients in a highly successful combination around the city agenda. Behind this unique success story is a world-class example of a high performance, collaborative team who has mastered the skill of thinking globally and acting locally.

Throughout 2021 the pandemic impacted cities, businesses and infrastructure in many different ways. As a response to the tough conditions many of our city clients have been facing, our Global Cities Program developed -in close collaboration with our Solution Leaders - a series of thought leadership pieces and case studies including 'The road to Net Zero', 'Future mobility is people-centric', 'How to bring a strategic CAV program to life', and several others.

## 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 2021. It remains a fundamental lever to drive continuous improvement in our financial performance and deliver our Capital Market Day commitments. Using detailed Maturity Assessments – performed on a business unit level – evaluations of each business unit's maturity is completed against ten fundamental business principles. The principles cover the whole project lifecycle: from pursuit identification, through project delivery towards, project close-out and capturing lessons learned. Improvement areas are identified, action plans outlined and implementation monitored to facilitate performance improvement. In addition to the maturity assessments, a core MEPC community continues to develop tools (or 'building blocks') to support the dissemination of best practices and the standardization of methodologies. Examples of building blocks prepared in 2021 include an updated framework for Risk management and new tools to facilitate the identification and tracking of Project changes.

In 2021, we witnessed a further reduction in both the number of loss-making 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 2021. Efforts to inculcate the importance of structured (monthly) reviews, transparency of issues, effectively managing scope changes, and engaging senior leadership for assistance when warranted have proven highly effective.

Building upon the initial success of the MEPC program, the decision has been made to invest further in these efforts under a refreshed program entitled Make Every Project Count Plus (MEPC+). While retaining most aspects of the initial program, MEPC+ has been structured to ensure accountabilities for further refinements are split between Growth (Sales Excellence and Project Pursuits), Operations (Processes and Procedures, Training and Resource Management) and Projects (Project delivery). In this manner, leaders with direct oversight of specific aspects of the Arcadis Way have been empowered to identify and embed improvements based on the insights of MEPC+. As before, MEPC+ retains the approach of ensuring participation from Finance, Legal, and Risk management, to leverage the entire breadth of the company's expertise.

## 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 2021 was 189,225 shares (2020: 182,950). Of the total volume traded, 80% of the shares were traded via Euronext, 18% via BATS, and 2% via Equiduct. On 31 December 2021, and pursuant to the Dutch Financial Supervision Act, the largest shareholders in Arcadis were:

| | |
|---|---|
| Stichting Lovinklaan | 18% |
| APG Asset Management | 14% |
| Impax Asset Management | 4% |
| Vereniging KNHM | 4% |
| UBS | 3% |
| Fidelity Management & Research | 3% |

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 2021, Arcadis held investor roadshows and participated in virtual investor conferences in the world's major financial centers including Boston, Brussels, Frankfurt, Paris, London and New York. Approximately 200 virtual investor meetings were held in the year. Arcadis is currently covered by five financial analysts. The Annual General Meeting is scheduled for 12 May 2022 at 2.00 p.m. CET. The agenda for this meeting will be made available in March 2022 will be published on the Company's website.

### Number of outstanding ordinary shares

The total number of outstanding ordinary shares at 31 December 2021 was 89,009,239 (see note 26 of the Consolidated financial statements). During 2021, 2,316,830 shares were repurchased to cover

Introduction

**Executive
Board report**

**Supervisory
Board report**

**Financial
statements**

**Additional
information**

**Arcadis** Annual Integrated Report 2021    **118**

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. A number of 616,854 shares were cancelled. The average number of shares, used for calculating earnings per share, decreased to 89.4 million (2020: 89.6 million). For more information on the number of outstanding shares and options, and on share purchase plans, see notes 10, 13 and 26 to the Consolidated financial statements.

**Share price development**
On the last trading day of 2021, the Arcadis share price closed at €42.34 (2020: €27.04), a year-on-year increase of 57%.

The development of the Arcadis share compared to the peer group companies is shown in the graph on page 108. 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); Hill International (New York Stock Exchange); Jacobs (New York Stock Exchange); AFRY (The Nordic Exchange, Stockholm); RPS (London Stock Exchange); SNC-Lavalin (Toronto Stock Exchange); Stantec (New York Stock Exchange); Sweco (The Nordic Exchange, Stockholm); Tetra Tech (NASDAQ); John Wood Group (London Stock Exchange); Worley (Australian Securities Exchange); WSP (Toronto Stock Exchange). Cardno (Australian Securities Exchange) was excluded from the peer group given that its engineering and consulting businesses in North America and the Asia-Pacific region were acquired by Stantec.

**Earnings per share**
The basic Earnings per Share (EPS) for 2021 amounted to €1.88 (2020: €0.21[1]). Earnings per Share based on Net Income from Operations amounted to €1.96 (2020: €1.46[1]). See note 13 to the Consolidated financial statements for further details.

**Dividend per share (policy and proposal)**
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 €0.70 per share (2020: €0.60) is proposed, being 36% of Net Income from Operations. On top of the regular dividend the Board will also propose a special cash dividend of €0.70 per share. Both the regular dividend as well as the special dividend will be paid in cash.

## Profit and loss performance
Our EBITDA in the year was €338 million (2020: €337 million).

EBITA increased by 8% to €237 million (2020: €221 million[1]). Operating EBITA increased by 9% to €246 million (2020: €226 million[1]) and the operating EBITA margin increased to 9.6% (2020: 9.1%[1]). This increase was mainly driven by a strong improvement in the segment Europe and Middle East.

Non-operating costs were €9 million (2020: €5 million); mostly relating to restructuring at Middle East and CallisonRTKL.

**Personnel costs**
Personnel costs were €1,996 million, a 3% increase compared to the previous year (2020: €1,931 million[1]). Our global total workforce was 29,236, up 4.6% versus last year (27,939).

**Other operational costs**
Other operational costs were €240 million (2020: €235 million[1]) and increased due to a partial reversal of COVID-19-measures taken in 2020 reflected in higher IT-related cost and consultancy services.

**Net finance expense**
Net finance expenses decreased to €19 million (2020: €27 million). The interest expense on loans and borrowings of €11 million (2020: €18 million) reduced due to lower average gross debt and lower interest rates.

**Results for associates and joint ventures**
Income from associates increased to €11.2 million (2020: €1.0 million) due to a favorable outcome of a commercial litigation.

[1] Restated in accordance with IAS 8, see note 3 to the Consolidated financial statements

Financial performance

**Income taxes**
The underlying income tax rate was 25.1% (2020: 33.2%), excluding impact of investments, ALEN and goodwill impairments. The tax rate was impacted by, amongst other things, non-deductible expenses, updates to tax positions from previous years, and unrecognized losses.

**Net income from Operations**
Net income from Operations increased by 35% to €175.4 million (2020: €130.5[1] million) or €1.96 per share (2020: €1.46[1]).

Share price
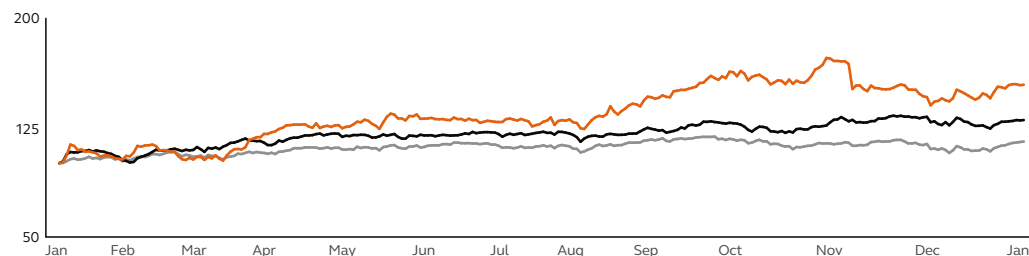


| | Arcadis | Peers | AMX |

| | | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter |
|---|---|---|---|---|---|
| **High** | | € 34.76 | € 36.92 | € 44.92 | € 47.36 |
| **Low** | | € 27.62 | € 34.06 | € 34.04 | € 38.48 |

**Balance sheet performance**
Year-on-year, the balance sheet total increased to €2,736 million (2020: €2,707 million[1]).

**(Net) Working Capital and Days Sales Outstanding (DSO)**
Net Working Capital as a percentage of annualized Q4 2021 gross revenues further improved to 10.7% (2020: 12.6%) and Days Sales Outstanding improved to 63 days (2020: 66 days) both well within the strategic targets set for 2023.

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

| In € millions | 2021 | 2020 |
|---|---|---|
| Trade receivables (excl. receivables from associates) | 520 | 467 |
| Contract assets (unbilled receivables) | 500 | 466 |
| Contract liabilities (billing in excess of revenues) | (381) | (296) |
| Provision for onerous contracts (loss provisions) | (26) | (40) |
| Accounts payable | (232) | (183) |
| **Net Working Capital** | **383** | **414** |
| Q4 gross revenues, annualized | 3,560 | 3,278 |
| **Net Working Capital as % of Gross revenues** | **10.7%** | **12.6%** |

**Cash and cash equivalents**
Cash and cash equivalents at year-end amounted to €351 million (2020: €449 million).

**Equity**
The movements in total equity are summarized in the Consolidated statement of changes in equity on page 206.

**Loans and borrowings**
Long-term loans and borrowings decreased to €188 million (2020: €401 million). Short-term loans and borrowings, including the current portion of long-term debt, decreased to €76 million (2020: €99 million).

[1] Restated in accordance with IAS 8, see note 3 to the Consolidated financial statements

**Net cash (debt)**
Net cash excluding lease liabilities was €87 million (2020: net debt of €48 million). The net debt position including lease liabilities amount to €168 million (2020: €330 million), and decreased mainly due to the strong cash collection.

**Financial covenants**
The leverage covenant for the €500 million syndicated Revolving Credit Facility and for the Schuldschein loans issued in October 2020 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 2021 the average net debt to EBITDA ratio calculated in accordance with the credit documentation of the Schuldschein loans issued on October 2020 and the €500 million syndicated Revolving Credit facility is 0.8. No other financial covenants exist for these credit facilities. Both the €500 million syndicated Revolving Credit Facility and the €150 million Schuldschein loans issued in October 2020 do not contain an interest coverage ratio.

The leverage covenant for the 2015 Schuldschein loans prescribes that the average net debt to EBITDA ratio is not to exceed the maximum ratio of 3.0x, which is confirmed to all lenders twice a year. At 31 December 2021, the average net debt to EBITDA ratio calculated in accordance with the agreements was 0.0x (2020: 0.7x). These financial covenant ratios are not impacted by IFRS 16.

The lease-adjusted interest coverage ratio for the 2015 Schuldschein prescribes that EBITDA to Relevant Net Finance Expense (Net Finance Expense plus Operating Lease Expense) must exceed 1.75x. At 31 December 2021, this ratio calculated in accordance with agreements with the lenders was 3.8x (2020: 3.2x).

**Cash flow performance**
Free cash flow in the fourth quarter was €129 million, leading to a full year free cash flow of €234 million (2020: €324 million). In 2020, the full year free cash flow was exceptionally strong due to the cash program undertaken and a significant improvement in the invoicing process in the U.S. following the Oracle implementation.

**Performance by segment**
The four Segments of Arcadis (Europe & Middle East, The Americas, Asia Pacific, and CallisonRTKL) reflect the operating model applicable for 2021. The performance and developments of these Segments are described in more detail in the next sections of this Annual Integrated Report.

**Financial dates**
The financial publication dates for Arcadis NV in 2022:

| | |
|---|---|
| 4 May 2022 | Trading update Q1 |
| 12 May 2022 | Annual General Meeting |
| 28 July 2022 | First half year results |
| 27 October 2022 | Trading update Q3 |