ARCADIS

Annual Integrated Report 2023

Accelerating a planet positive future

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

Accelerating a planet positive future

"I am delighted to report that we closed 2023 on a very strong footing. We have repositioned our business in key growth markets, achieved our annual financial targets, built on our sustainability record, and exceeded the three-year commitments made in our 2021-2023 strategy cycle.

A personal highlight has been the launch of our new business strategy **Accelerating a Planet Positive Future.** This is not just a business goal; it is an action and commitment to our investors, people, and clients over the next three years."

Alan Brookes
Chief Executive Officer

LA Regional Connector

> “The connector provides a faster, easier Metro ride, all while Metro works to make the experience safer, cleaner and welcoming for riders.”

Karen Bass | Metro Board Member and Mayor of Los Angeles

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES

Case | MOBILITY

Providing greater connectivity to transit

The Challenge

For decades, LA has been known as one of the most congested cities in the world, yet residents historically opt for single-passenger vehicle trips, contributing to traffic congestion and environmental impacts. To create an efficient, equitable and sustainable transit option, LA Metro developed the Regional Connector, a 1.9-mile underground light-rail extension to the business, education, and cultural hubs of LA.

The Solution

This ten-year construction project included 6,000 feet of excavation across two 21-foot-diameter tunnels and three 350-foot-long underground stations. Arcadis managed the construction of the tunnel and the light-rail’s new home beneath the downtown area, safely and without disturbing existing buildings or disrupting LA’s bustling business district.

The Impact

Now open to the public, the connector has transformed the way residents and visitors travel throughout LA. The new system provides convenient and equitable access to LA’s rich cultural landscape, jobs, and homes. With faster cross-county trips, the new system will take thousands of cars off the road, improving congestion and reducing emissions.

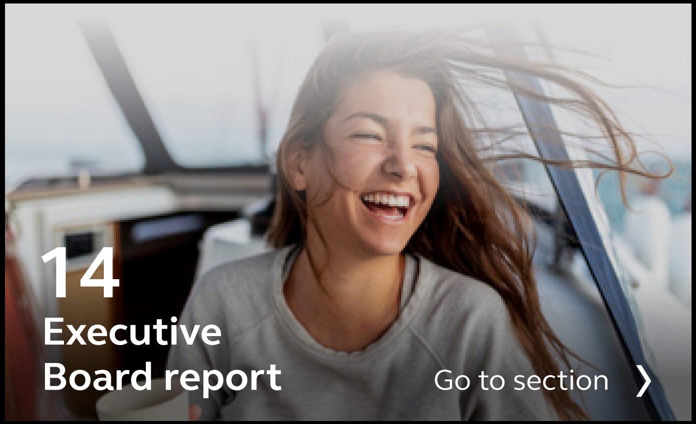
20-30 minutes
Saved on cross-country trips

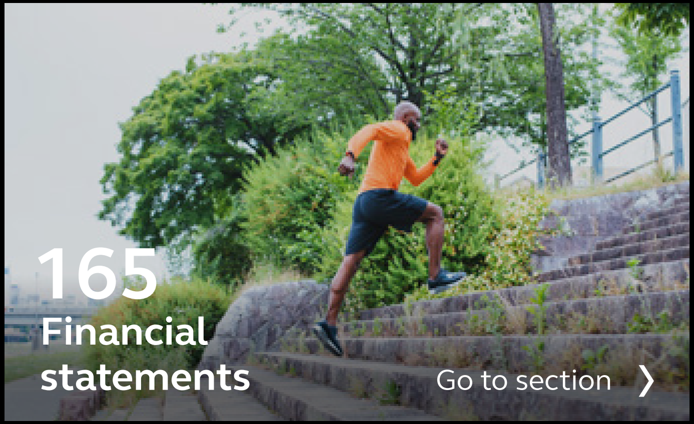
17,000
Number of additional daily transit trips enabled

11
Number of intersections improved and congestion reduced

Accelerating a planet positive future

Quick links to main sections





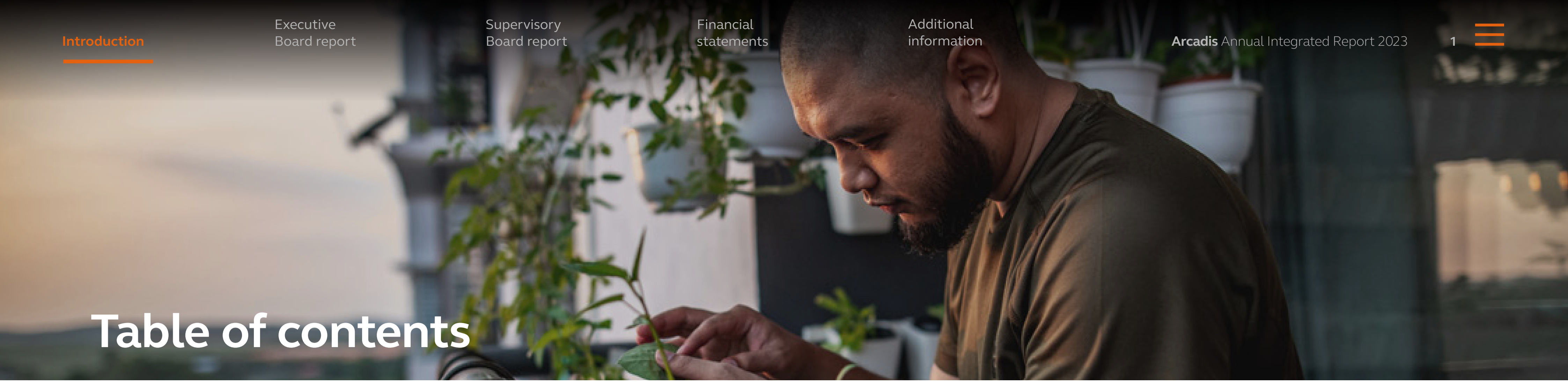


Table of contents

People and culture at a glance

35,999 2022: 35,617
Total workforce
headcount as at 31 December

12.1% 2022: 14.7%
Voluntary turnover rate
as % of permanent employees

+52 2022: +39
Employee engagement[1,2]
employee net promoter score (scale -100 to +100)

38.4% 2022: 38.0%
Women in total workforce
as % of permanent and temporary employees

0.13 2022: 0.15
Total Recordable Case Frequency (TRCF)[2]
per 200,000 work hours

0.04 2022: 0.05
Lost Time Case Frequency (LTCF)[2]
per 200,000 work hours

- Deterioration
- Unchanged
- Improvement

1 The engagement score does not include employees from our integrating companies (ie. A-IBI, A-DPS) given a separate survey was undertaken to inform specific integration activities.
2 These KPI's do not contain IBI/DPS for 2022.

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

Sustainability at a glance

7.6 **2022:** 8.6[1]

Arcadis Carbon Footprint for our material Scope 1, 2 and 3 emissions (MT CO_2 per FTE) ✓

>80% **2022:** >80%

Revenues that relate to relevant SDGs[2]
as % of net revenues

0 **2022:** 0

Number of identified environmental non-compliances[2] ✓

109 (100%) **2022:** 64 (100%)

Investigated AGBP alleged breaches[2] ✓
assessed and, as needed, investigated

97% **2022:** 98%[3]

Employees passing Code of Conduct training[2] ✓
as % of active employees

26 **2022:** 23

Number of appointed privacy officers under the privacy policy[2] ✓

Deterioration
Unchanged
Improvement

1 2022 figure is restated following improved insights, methodologies and additional information on acquisitions, see further details in the Sustainability section on page 74 and further.
2 These KPI's do not contain IBI/DPS for 2022.
3 2022 figure is restated following an update to measure against active employees, see further definition in the glossary.

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

Arcadis KPIs

IFRS

5.0 2022: 4.0
Gross revenues
in € billions

284 2022: 212
Operating income[1]
in € millions

309 2022: 284
Net cash from operating activities
in € millions

Deterioration
Unchanged
Improvement

Key Business Performance Measures

3,759 2022: 3,019
Net revenues ✓
in € millions

226/2.51 2022: 202/2.26
Net Income from Operations ✓
in € millions / per share

0.85 2022: 0.74
Dividend per share ✓
proposed, in €

10.4% 2022: 9.8%
Operating EBITA margin ✓
as % of net revenues

9.3% 2022: 10.0%
Net Working Capital[1] ✓
as % of gross revenues

56 2022: 60
Days Sales Outstanding[1] ✓
(DSO)

82% 2022: 58%
Return on Net Working Capital[1] ✓

1.7 2022: 2.2
Net Debt to Operating EBITDA ratio[1] ✓

190 2022: 173
Free cash flow ✓
in € millions

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2 to the consolidated financial statements.

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

Alternative Performance measures (APM's – full explanation and reconciliation on page 277).

Welcome to our 2023 Annual Report

In my first year as Chief Executive Officer, I am delighted to report that we closed 2023 on a very strong footing. We have repositioned our business in key growth markets, achieved our annual financial targets, built on our sustainability record, and exceeded the three-year commitments made in our 2021-2023 strategy cycle. We owe a debt of gratitude to my friend and predecessor, Peter Oosterveer for his stewardship of the business over the last six years. I wish Peter a long and happy retirement and look forward to building on his legacy as we continue to grow our business.

It is humbling to be part of an organization that is celebrating its 135-year anniversary, and it is inspiring to see that our founding principles (aimed at creating thriving communities and preserving natural habitats) are as evident in everything we do today as they were in 1888. These are principles I will continue to champion during my leadership and that clearly remain important to our people.

Over the last few months, I have had the opportunity to speak with our people around the world and continue to be impressed by their talent, depth of expertise, and passion – and the scale of the projects we support at Arcadis. Whether it's creating digital twin prototypes at our Global Excellence Centers (GECs) in Bangalore, developing new gigafactories in Germany or designing flood barriers to protect New York from rising sea levels, the opportunities for our people, clients, and the communities we serve are limitless.

A personal highlight in 2023 has been the launch of our new business strategy – *Accelerating a Planet Positive Future.* Our 2024-2026 Strategy sets our course as One Arcadis accelerating a planet positive future. This not only provides our people and business with a clear purpose but also guidance towards achieving our commitment to our investors, people and clients.

Maximizing Impact 2021 - 2023

The last three years have been transformational for Arcadis. At the end of 2020, Arcadis was a regionally organized business, employing 28,000 people with a broad geographical footprint. Each of our operating regions ran their own business across four segments - Buildings, Infrastructure, Water and Environment. Although we were successful, generating €2.5bn net revenue and operating EBITA margins of 9.1%, we weren't as efficient and effective as we could be.

When we launched our *Maximizing Impact* strategy in November 2020, we were determined to drive change and reposition Arcadis. We wanted to focus and scale our operation, become a digital leader in our sector and capitalize on our strong heritage in sustainability – all underpinned by our mission to improve quality of life.

Fast forward to now, and we are delighted that we have achieved what we set out to do - and this has been reflected in our operating performance across the last three years.

We have successfully delivered our financial targets and as well as most of our non-financial targets, including our commitment to achieve net zero greenhouse gas emissions within our operations.

We have **focused and scaled our business,** shifting to a global operating model, enabling us to streamline our services and bring the best of Arcadis to our clients globally. Our four Global Business Areas (GBAs) – Resilience, Places, Mobility and Intelligence – are now working together to provide clients with holistic services and solutions worldwide.

Crucially, we have strategically repositioned Arcadis. We have added new opportunities in North America and Europe, shifted exposure in real estate markets and invested in high growth industrial and advanced manufacturing expertise. Through the acquisition in 2022 of IBI Group, DPS Group, and Giftge Consult we have a strengthened position in North America with greater footing in Canada. We have a leading global market position in architecture – recently ranked as second largest firm in the world - and a growing global share in the advanced industrial facilities, energy transition and digital operations markets. At the same time, we also took the decision to divest and withdraw from several smaller countries and businesses in Europe and Southeast Asia that didn't meet our growth ambitions.

On **digital leadership**, our clients' appetite to digitize their solutions has shown no signs of slowing. We have been on a journey since 2020 and continued to invest in new digital tools, such as an *Object Type Library* to standardize and help automate our design and engineering services; and new client products, such as our AI-powered asset management tool *Bridge Health* which we launched in July. Our digital leadership has been further enhanced by the creation of our Intelligence GBA in December 2022. This brings together the best of IBI's Intelligence business and Arcadis Gen to provide an attractive suite of innovative, technology-enabled solutions and products across the entire asset lifecycle.

Finally, on **sustainability**, Arcadis has been pioneering solutions to protect, restore and improve our planet for as long as we have been in existence. Over the last three years, we have accelerated our efforts and been recognized by some of the leading rating agencies, including Ecovadis and Sustainalytics, for our achievements. We have created and strengthened our sustainability advisory capabilities to provide clients with comprehensive and holistic strategies. We continue to partner with the UN Global Compact and the World Business Council for Sustainable Development to share best practice and innovate.

This year, we also launched our Energy Transition Academy to support our clients in the growing energy transition market while continuing to pioneer the design of net positive facilities like the Joan Building in Amsterdam.

Arcadis is a stronger business than in November 2020. We now have in place a range of market leading positions, a growing GEC expertise in Manila, India and Romania, and 35,999 talented Arcadians spanning the globe. This positions us well for the future and is the foundation to take our business forward in the next strategic cycle.

Accelerating a Planet Positive Future

It is not just Arcadis that has changed. Our clients' needs have changed significantly. Over the last three years we have lived through a global pandemic that has reshaped society and global markets. We are experiencing extraordinary advances in technology. We are witnessing how mass migration continues to put strain on cities, and the need for climate action is accelerating - as we saw last summer with some of the hottest temperatures ever recorded in Europe. The megatrends that guided our last strategy have intensified and our clients are increasingly seeking different help and advice.

To reflect these new market dynamics and changing client needs, we were delighted to launch our new three-year business strategy, *Accelerating a Planet Positive Future* in November. The strategy builds on our strong foundations within the built and natural environment and will see us accelerating our growth in markets with the greatest client need. This includes supporting our clients advance the energy transition, decarbonize their assets, and digitize and optimize their operations.

"Our 2024-2026 Strategy sets our course as One Arcadis accelerating a planet positive future. This not only provides our people and business with a clear purpose but also guidance towards achieving our commitment to investors." Alan Brookes, CEO

The new strategy will see us partner with clients on **sustainable project choices** that benefit their business, communities, and the ambition to limit global temperature rises aligned with the 1.5°C global warming target limit by 2050. To this end, we will sharpen our pursuits and business selection criteria to deliberately focus on projects that accelerate a planet positive future and add the most value. This will be supported by an expanded key client program and new Advisory business, all aimed at meeting our targets to expand holistic solutions to our clients and improve profitability.

I am excited about our digital journey and the progress we have made with intelligent transport systems and digital asset management tools. We will accelerate this impact over the next three years, helping our clients with both capital investment and operational needs. By **combining human and digital innovation**, we will invest in new digital products to support smart cities and advance the transition to renewables, foster greater digital collaboration across our GBAs and expand our offering to provide more value to our clients. Within our own operations, I announced the continuation of our successful standardization and automation program, greater focus on AI technology, and the increased use of 'bots' to create more efficient operating processes and cost savings.

At Arcadis, our people are our greatest strength; we are **powered by our people**. Over the last 12 months, we have continued to invest in programs to attract and retain the best people and instill a collective sense of belonging. This is reflected in our employee survey results, which are now in the top quartile with a +52 Net Promoter Score[1], and numerous awards, including Forbes *2023 Top Female Friendly Companies* and the *Financial Times 2023 Diversity Leaders*. I am proud that over half of my leadership team is now female and by 2026 we will aim for over 40% of people across the organization to be female.

My commitment over the next three years is to empower our people to shape their own future and advance their careers. I want them to develop new opportunities, to help them make choices based on their capabilities. This will allow us to continuously upskill and align expertise to the needs of our clients and their projects around the world. In 2024, we will invest in becoming a *Skills Powered Organization*, move to having more than 2,500 skilled energy transition professionals in our teams, and grow capabilities in our GECs. These investments will ensure the long-term resilience of our people while enabling us to future-proof our business.

I am confident the planet positive focus of our next strategy cycle, combined with our values, will provide a real sense of purpose to Arcadians. It will inspire them through their client and project work. It will support us in attracting and retaining the best people for the future. And crucially, it will create a positive, sustainable impact for our clients and the communities in which we operate.

The last year has been rewarding for me and the business, made possible by the support of my executive leadership team. We have welcomed new members in 2023 including Hans Dekker, Mark Cowlard, Heather Polinsky, Greg Steele, Edel Christie, Juud Tempelman and Sandra Bolder. I look forward to continue to working with them all in 2024. We have also said goodbye to Peter Oosterveer, Mary Ann Hopkins, Stephan Ritter and Jacoline van Blokland and I thank them all for their contributions to the success of Arcadis and wish them well for the future.

I would like to thank our Supervisory Board and shareholders, who have been generous in their onboarding support and counsel throughout 2023 and our clients for their loyalty and encouragement to develop new solutions for their changing needs.

Finally, I want to celebrate my fellow Arcadians. Through the combined power of 35,999 global colleagues, we can create real value for our clients and accelerate a planet positive future for all.

On behalf of the Executive Board
Alan Brookes, CEO

5 March 2024

[1] eNPS score is excluding 2022 acquisitions IBI/DPS.

A healthy operating performance in 2023

Arcadis delivered a healthy operating performance in 2023, ended the year with a strong balance sheet and achieved its targets within the 2021-2023 strategy. During the year, the company released its strategic plan *Accelerating a Planet Positive Future for 2024-2026* which sets out ambitious targets both in terms of financial indicators and the impact the company intends to make to help clients achieve their climate and biodiversity targets.

The last 12 months have been busy for Arcadis. In addition to our regular supervisory duties, the Supervisory Board focused on a number of topics.

First was the smooth transition from Peter Oosterveer to Alan Brookes as CEO of the company. Alan has taken to his new role very well and built a good leadership team around him. As I mentioned in last year's report, we are very grateful to Peter Oosterveer for his leadership during his 6-year tenure and wish him well in his retirement. Secondly, we focused on supporting the creation and development of the new Architecture and Urbanism division and Intelligence business area, and the seamless integration of IBI Group, DPS Group and Giftge Consult, which were completed in late 2023. The evidence to date is that these businesses are already adding materially to Arcadis's capabilities and solutions and generating greater value for the company. Thirdly, we supported the plans and preparations for the new three-year strategic plan. The Supervisory Board was engaged in several deep dive sessions on the evolving needs of clients, the influence of technology on the company's own processes and the different types of services Arcadis may provide in the future. A considerable amount of time was taken to assess how Arcadis can have the most beneficial impact on its clients' drive to net zero emissions and for greater biodiversity gains. This strategy process culminated in the publication of the new 2024-2026 plan *Accelerating a Planet Positive Future* at a Capital Markets Day in November where new financial and non-financial targets were published.

In 2023, the Supervisory Board welcomed Barbara Duganier, Peter de Wit and Linda Morant as its newest members, strengthening our digital, sustainability and commercial expertise. These appointments have strengthened and diversified our board so that we can continue to constructively advise and challenge management. It is also pleasing to see that we remain a Supervisory Board with a majority female membership.

The Supervisory Board's focus areas in 2024 will include driving operational efficiency across Arcadis, broadening and deepening the key clients program, developing digital client propositions, and strengthening our engagement with external stakeholders. We look forward to the opportunities that lie ahead for Arcadis to accelerate a planet positive future for clients and communities around the world.

Finally, the success of Arcadis is a testament to the talent and commitment of its people, and on behalf of the entire Supervisory Board, I would like to thank all Arcadians for their hard work in 2023. I hope they look back on the past year with pride and look to the future of Arcadis with confidence.

On behalf of the Supervisory Board of Arcadis NV
Michiel Lap, Chair

Priorities for the Supervisory Board in 2023

The Supervisory Board, in coordination with the Executive Board, identified and put special emphasis on the following Supervisory Board Priorities in the past year:

1. Contain and improve attrition
2. CEO transition
3. Maintain confidence of investor base and further bridge gap with peers
4. Integration of Arcadis IBI and Arcadis DPS
5. Development of GBA Intelligence
6. Development of 2024-2026 strategy
7. Succession planning

Of course, the health and safety of our people and the continued geo-political instability and its impact on Arcadis, its people and its performance were also top priorities in 2023.

"In 2024, we will focus on driving operational efficiency, broadening and deepening the key client program and developing digital propositions."

Our business and passion

Our Business

Arcadis is the world's leading company delivering data-driven sustainable design, engineering, and consultancy solutions for natural and built assets. We are 35,999 people globally dedicated to improving quality of life.

In 2023, we completed our 2021-2023 strategy cycle, Maximizing Impact and achieved the targets we set in 2020. Arcadis has transformed over the last three years. The organization now has in place a global operating model, a range of market leading positions, growing GEC expertise, and a strong footprint in growth markets including North America.

In November 2023, we launched our new three-year business strategy – *Accelerating a Planet Positive Future*. This strategy builds on these achievements and our strong foundations within the built and natural environment. It will see us accelerating our growth in markets with the greatest client need. This includes supporting our clients advance the energy transition, decarbonize their assets, and digitize and optimize their operations.

Our Global Business Areas

We are a well-diversified business, not dependent on one type of client or geography and since 2022 operate through four GBAs – Places, Resilience, Mobility and Intelligence. Each of our GBAs work together to support clients in addressing their most pressing business needs and challenges.

Our Services and Solutions

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

The creation of GBAs and our global operating structure has further strengthened our ability to collaborate and apply our knowledge globally. This has been further enhanced in 2023 following the creation of Intelligence. The new Intelligence GBA combines our digital expertise and products to provide clients across all our business areas with innovative, technology-enabled solutions.

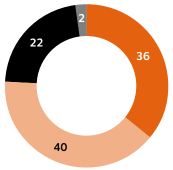
Our Clients

Our clients want trusted partners that can deliver best-in-class solutions regardless of where they are sourced. At Arcadis, we leverage our global expertise, share our knowledge, and create innovative solutions and technology to serve and delight our clients. We have strong and enduring client relationship. This is evidenced by 95% of our revenues in 2023 coming from clients that we served in 2022.

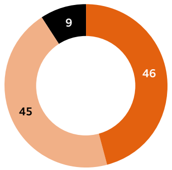
Our relationships span public, regulated and private sector clients, from multinationals like Merck and Chevron to major government agencies including Network Rail in the UK and Rijkswaterstaat in the Netherlands. During the previous strategy cycle, we established a Key Client program which present the largest opportunities for Arcadis. Expanding and nurturing our Key Client program is an important element of our 2024-2026 strategy.

In addition to our client experience survey, which we run twice a year, we also engaged our clients to help us develop a new set of client commitments in 2023. These commitments will be launched in 2024 and guide our focus on clients over the next three years.

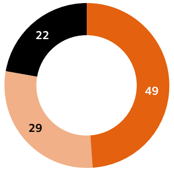
GBAs in %



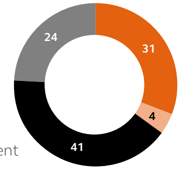
Geographical in %



Clients in %



Services in %



All percentages based on FY '23 net revenue

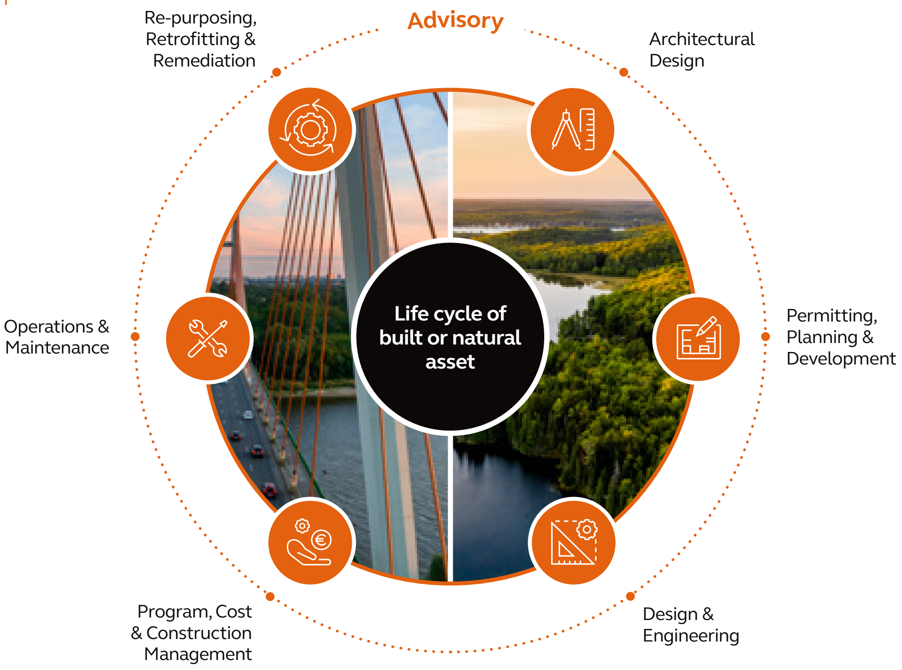
Our position in the industry value chain

Arcadis is a full-service design, engineering, and consultancy organization. Our work spans the entire asset lifecycle, with digital components and sustainability firmly embedded in our solutions to help optimise full asset performance, from conception to decommissioning and back into retrofit and redevelopment.

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

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

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



Our passion improving quality of life

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

Our Values

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

People first

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

Client success

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

Integrity

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

Sustainability

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

Collaboration

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

Our Behaviors

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

Working with UN-Habitat

"I am grateful to the inspiring team behind this transformative journey. It is amazing to see how collaborative design can empower communities one step at a time."

Marianne Jabbour | Arcadis France

Case | SUSTAINABILITY

Designing 'social steps' for a neighborhood in Jordan

The Challenge

Jordan's migration history has resulted in new communities without proper infrastructure. In Amman's Al Hashmi Al Janoubi neighborhood, residents face the challenge of navigating unsafe staircases to access essential public spaces and services.

The Solution

Through Arcadis' Shelter Program, we collaborated with UN-Habitat to provide design expertise focused on improving 16 staircases. Arcadians from France, Brazil and the Netherlands worked on-site to design a replicable solution, starting with the rehabilitation of one staircase, where design choices were carefully assessed for subsequent suitability across all 16 staircases.

The Impact

By improving connectivity and mobility, residents will enjoy safer and easier access to essential services and opportunities. The guide created for the project will serve as a model for future initiatives to create accessible and connected communities. And by involving the community, the project ensured the voices of local people were heard and their specific challenges were considered in the design.

16
Staircases identified as urgent development projects

1
Staircase rehabilitated as a project blueprint

3
Number of Arcadis countries collaborating for success

The Arcadis journey **Centuries of sustainable contributions**

From its early origins in the Netherlands 135 years ago, Arcadis grew into a global industry leader through a series of acquisitions starting in the nineties. In 2023, the organization employed 35,999 people from across 130 nationalities.

1739
Roots of Hyder Consulting

1888
Arcadis founded as association for wasteland redevelopment

1925
Ventures into rural development

1959
Export of water and infrastructure services to emerging economies

1960
Branched out into urban development

1972
Association (KNHM) and Company (Heidemij) separated

1990
Start of European expansion strategy

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

1997
Introduction Arcadis brand

2007
Acquisition RTKL - high-quality architecture

2009
Acquisition Malcolm Pirnie - leading global water position

2011
Acquisition EC Harris - stronger UK position, growth Asia

2012
Acquisition Langdon & Seah leading position in Cost Management Asia

2014
Acquisitions Hyder and Callison strengthen engineering and architecture

2015
Introduction of one global brand

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

2020
Acquisition of Over Morgen; Creation of the Global Business Areas

2022
Acquisition of IBI Group and DPS Group - expansion in North America and growth in architecture and advanced industry facilities; Acquisition of Giftge Consult - strengthening energy transition offering; Acquisition of HydroNET - digital water solution; Creation of the Intelligence GBA – new digital products

2023
Launch of three year strategy: *Accelerating a Planet Positive Future*

This Executive Board report describes how we delivered our strategy over the last 12 months and reflects on our achievements over the 2021 – 2023 strategy cycle. It shows how we took into consideration our strategic context and operating environment, how we performed in our strategic pillars with corresponding targets. It explains our successes in our Global operating businesses and details our Governance and Compliance, and Risk Management processes.

Executive Board report

Our strategic journey for improving quality of life

2018-2020 Creating a Sustainable Future

Our business profile:

Segments
Infrastructure, Water, Environment, Buildings
Regional organization model

27,939
Global workforce

2.5
€ Billion net revenue (FY 2020)

9.1%
Operating EBITA margin (FY 2020)

Prioritizing growth through the **innovative use of digital technology and sustainability** know-how to create leading positions and an environment where our **people can flourish.**

2021-2023 Maximizing Impact

Our business profile:

Segments
Mobility, Resilience, Places, Intelligence
Global organization model

35,999
Global workforce

3.8
€ Billion net revenue (FY 2023)

10.4%
Operating EBITA margin (FY 2023)

Accelerating growth by taking the best of Arcadis to clients and communities through **focus, global scale** and **strengthened sustainable and digital offerings.**

We have built a strong platform to capture future opportunities:

Leading position in key markets

- Water, Climate & Environment
- Urbanism
- Advanced Industrial Facilities

Seamless global delivery model

- Globally connected business areas
- Skill and efficiency based resourcing
- Global Excellence Centers
- Digital delivery platforms
- Cover the full asset life cycle

Diverse & talented workforce

- >120 nationalities employed
- Top Female Friendly Companies world ranking by Forbes

We have delivered on our 2023 targets

Financial targets

Organic Net Revenue Growth[1]: Mid Single digit
✓ CAGR 7.6%

Operating EBITA Margin[1]: >10% in 2023
✓ 10.4%

Net Working Capital <15%
DSO <75 days[3]
✓ 9.3% | 56 days

Return on Net Working Capital[1]: 40-50%
✓ 82%

Return to shareholders: 30-40%
✓ Average Dividend 36% of NIfO[1]

Net Debt / Operating EBITDA: Between 1.5x and 2.5x
✓ Remained inside or below target range

Non-financial targets

Voluntary turnover rate[1]: <10%
✓ 12.1% (from 14.7% in 2022)

Employee engagement[1]: Improving annually[2]
✓ +52 eNPS

Brand: Top 3 Brand Strength Index
✓ Number 3

Diversity[1]: Women in workforce >40%
✓ 38.4% (from 38% in 2022)

Carbon footprint: Net Zero in 2035
✓ On track

✓ Met ✓ Improved

1 Refer to Glossary at the end of report for definitions
2 eNPS score is excluding 2022 acquisitions IBI/DPS
3 Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2 to the consolidated financial statements

Our current strategic context: The world in which we operate now

Market Dynamics

Climate change & decarbonisation
Outweighing other global pressures to drive our market.

Urbanization & social communities
Urbanization continues to drive the need for approaches that promote shared prosperity.

Evolving supply chains
Inflation and geopolitics are placing greater pressure to reinvent / rebuild supply chains.

Infrastructure investment
Public and private infrastructure investment is being driven mitigate safety & security risks.

Client Dynamics

Increased cost of capital
Making speed to market as key delivery requirement.

Energy cost & decarbonization
Driving increasing focus on asset performance optimization.

Increasing project complexity
Driving need for a trusted advisor and partner.

Our market spans architecture & engineering, consulting & advisory and environmental & sustainability services. The annual spend across all of these segments exceeded $1.6T in 2022 and is expected to grow at a CAGR of just over 5% through 2027[1].

The megatrends affecting the market continue to relate to climate change, urbanization, digitalization, and societal expectations. However, the intensity of these trends is increasing with the rate of global change, affecting both our market and client dynamics in ways that create the opportunities shown at left.

The potential for growth is generally not constrained by the competitor dynamics as our industry remains highly fragmented[2]. Ecosystems play an increasingly important role in differentiation especially as competitors emerge from adjacent markets.

1 Arcadis analysis of data from The Business Research Company, Mordor Intelligence, Verdantix, Industry ARC, and Absolute Reports
2 ENR Top 150 Global Design Firms 2018 through 2023

Our 2024-2026 Strategy:
Accelerating a planet positive future

Market Tailwinds

- Climate change and decarbonization
- Urbanization & social communities
- Evolving supply chains
- Infrastructure investment

Client Dynamics

- Increased cost of capital
- Higher energy cost and decarbonization
- Increasing project complexity

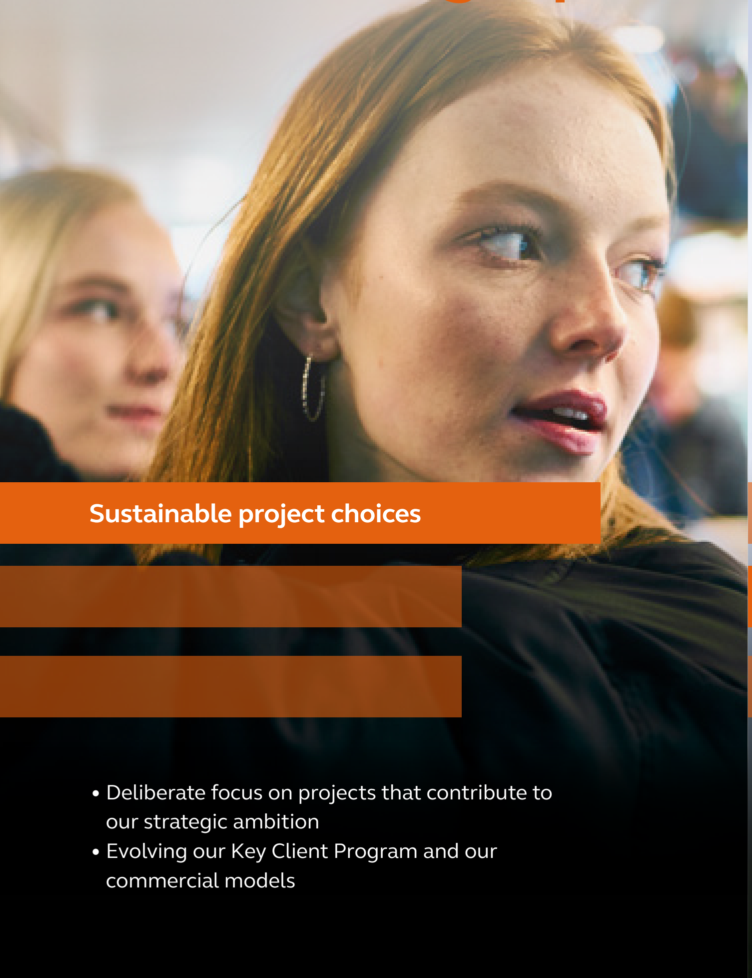
Our Strategic Mission 2024-2026

Accelerating a planet positive future

Realizing our strategy through:

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

Our Strategic Focus Areas
Accelerating a planet positive future

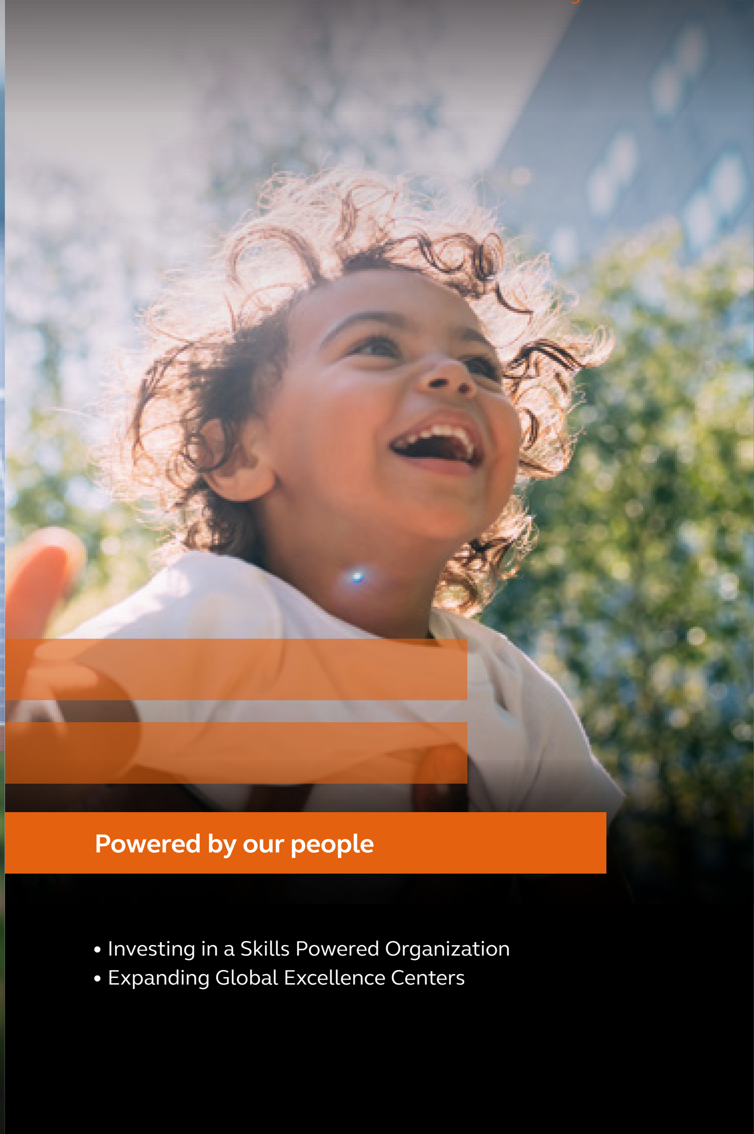


Sustainable project choices

- Deliberate focus on projects that contribute to our strategic ambition
- Evolving our Key Client Program and our commercial models

Digital and human innovation

- Leveraging our digital capabilities externally for client delivery and internally to improve efficiency



Powered by our people

- Investing in a Skills Powered Organization
- Expanding Global Excellence Centers

2026 Targets to Deliver our Ambition

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

Financial targets

Organic Net Revenue Growth
Mid – High Single Digit over the cycle

Operating EBITA Margin
12.5% in 2026

Net Debt / Operating EBITDA
1.5 – 2.5x
Investment Grade Rating

Shareholder Returns
Dividend : 30 – 40% of NIfO

Non-financial targets

Net Zero Objective
Scope 1 and 2 reduction of 70% GHG emissions by 2026 versus base year 2019

Net Zero Objective
Scope 3 reduction of 45% GHG emissions by 2029 versus base year 2019

Employee Satisfaction
eNPS to remain in top 25% of professional services sector

Gender Diversity
>40% Women in workforce

Introducing the global business areas

Arcadis is a well-diversified business that operates through four Global Business Areas (GBAs) – Resilience, Places, Mobility, and Intelligence. Each work together to support clients in addressing their most pressing business needs and challenges.

Building on Arcadis' strong foundations in natural and built assets, we are committed to partnering with our clients to make sustainable choices and deliver the solutions that will ensure they can meet their project and business objectives. Together, our four GBAs offer connected and complementary capabilities and solutions that enable us to act as one for our clients, continuing to bring innovative sustainable and digital solutions, knowledge, and skills to the market.

Whether it is advancing the energy transition, designing smart sustainable buildings, accelerating mobility solutions, or using digitally enabled tools to improve asset operations. We will be a trusted partner to our clients, helping them achieve the best results and most value from their projects.

Resilience

Protecting our environment and water resources and powering our world for future generations.

Key client offerings

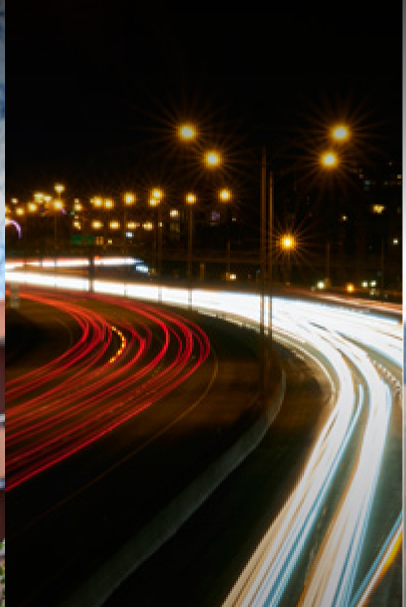
- Environmental Restoration
- Water Optimization
- Climate Adaptation
- Sustainable Operations
- Energy Transition

Places

Designing and creating the places that shape our lives, our economies, and our industries. Mitigating environmental impact by ensuring all places can be safe, smart, and sustainable.

Key client offerings

- Advanced Industrial Facilities
- Public Facilities
- Retrofitting & Repurposing
- Architecture & Urbanism
- Smart Sustainable Buildings



Mobility

Developing sustainable and innovative solutions to transform the way we move around and between our cities.

Key client offerings

- New Mobility and Transportation Hubs
- Connected Highways
- Intelligent Rail and Transit

Intelligence

Helping our clients make smart, data-driven decisions that bridge the gap between human intelligence and technology.

Key client offerings

- Smart Asset and Building Analytics
- Digital Transportation Technologies
- Intelligent Operations

Resilience

In the face of extreme weather and rapid urbanization, Resilience is committed to creating positive change. We help businesses and communities thrive – providing secure water supply, cleaner soil and air to breathe, better public health, improved biodiversity, greater resilience against climate change and solutions to accelerate the transition to low carbon sources.

Our 11,000+ engineers, scientists, consultants, and environmentalists across 13 countries are driven by our shared ambition of **protecting, adapting, and improving our natural environment and water resources while sustainably powering our world for future generations**.

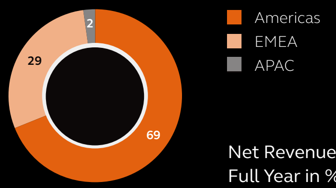
We partner with our clients to address the world's most pressing challenges in **climate, energy, water, and the environment, prioritizing sustainability and social equity**. We have a strong track record, gaining leading positions across the world. In the US, we're known for our technical and innovative expertise in environmental restoration, water optimization, and climate adaptation. In Europe and the UK, we lead in restoration, climate adaptation, and energy transition. Latin America sees our strength in energy transition and sustainable environmental, advisory and operations. We are focused on scaling these positions in markets where we see greater client need and sustained growth, remaining at the forefront of building resilience worldwide.

11,368
Total headcount

1,343
Total net revenue in millions of euros
2022: 1,239

36%
Total revenue as % of total Arcadis
2022: 41%

Geographical in %



Net Revenues 2023
Full Year in %

Heather Polinsky
Global President Resilience

Market Dynamics and Opportunities

Strong foundations and market drivers propelling us forward

- Escalating weather conditions impacting communities across the world calls for holistic 'multi hazard' solutions that support our clients and communities adapt and mitigate against the impacts of climate change.
- The energy crisis continues to impact regions like Europe and the US with energy supply and supply chain disruptions, driving urgency to accelerate the energy transition. Policies like the European Green Deal are helping propel annual clean energy investment to over €1.8tr by 2030.
- We are seeing utility clients struggle with ageing water infrastructure. Supply to communities and critical industries is a challenge, with billions of people estimated to lack clean water unless progress quadruples by 2030. We are seeing water losses driving urgency in the US, UK, and Brazil. And, with the US poised to invest over $1tr in water infrastructure in the coming decade, and new policies like the Lead and Copper Rule, we see growing demand for intelligent water management.
- Increased focus on public health, lead service lines and PFAS legislation continues to evolve, and significant regulation is expected across the world, particularly in the US from the Environmental Protection Agency, driving client demand.

Growth Focus Areas

Powering our world's progress, addressing our world's biggest challenges

Turning to the future, we will focus on five key areas that will accelerate our growth and continue delivering value for our clients and communities:

- Key to success is our continued investment in building a more diverse workforce at all levels, representing the communities we are active in, and with critical future skills that address our clients' needs.
- Gaining a leading global position in Energy Transition will help us drive the biggest future impact – reducing greenhouse gas emissions and advancing the decarbonization agenda. To bridge skills gaps in this area and build capacity and capability, we have launched the Arcadis Energy Transition Academy, with the aim of training, upskilling, and recruiting 2,500+ energy transition professionals by 2026.
- Building on our strong technical and advisory expertise in climate adaption in places like New Orleans, Galveston, New York City, and across the Netherlands, we will expand our focus to multi-hazard solutions, embedding innovation into how we analyze and respond to climate risk, further incorporating sustainability and social equity in our advisory, planning, design, and delivery.
- Digital and human innovation will drive growth in Water Optimization and Environmental Restoration. We are addressing rising demand for smart, data driven solutions and insights through collaboration with our Intelligence GBA, and by pioneering automated environmental impact assessments and enhancing our Digital Water Suite tools, including digital twins and HydroNET to optimize clients' water asset performance and (operational) decision making.

Our Performance in 2023

The Resilience GBA continued to perform very strongly across the board in 2023, with outstanding results in North America. Solid order intake was driven by Water Optimization wins in the UK, as well as increased Environmental Restoration demand, supported by further tightening of PFAS regulations in the US and Europe. Margin improvement was driven by North America, while we continued to invest in our digital product offering and standardization of processes.

Key were major project wins, including securing the Rhein-Main-Link energy route in Germany that will serve over 5 million inhabitants with clean energy and providing PFAS environmental remediation for the U.S Army Corps of Engineers in the Huntsville District. We also won commissions for flood mitigation schemes in the City of New York, biodiversity projects in Brazil, the National Grid consultancy framework in the UK and contributed expertise to the Gasunie hydrogen backbone in the Netherlands.

As evidenced through our clients' public commitments, the focus on sustainable and innovative solutions that protect our planet and make our cities more resilient remains key. Citizens are demanding all-encompassing approaches to create stronger communities. A healthier planet. And more equitable lives for everyone.

We have the right focus, vision, and experience to continue growing as catalysts of change, building a resilient, prosperous and planet positive world.

Rhein-Main-Link

"The need to drive a global energy transition is critical for meeting sustainability ambitions and securing energy supply in the future."

Heike Hackemesser | Sales Director - Resilience, Arcadis

Case | RESILIENCE

Creating a new energy transmission line in Germany

The Challenge

The Rhein-Main region – with Frankfurt as its biggest city – requires huge amounts of energy for its 5.8 million citizens and many local industries and businesses. Grid operator Amprion is committed to meeting this demand with carbon-neutral offshore wind energy via a new 500 km connection line that will transport electricity directly from wind farms in the North Sea.

The Solution

The Rhein-Main-Link is one of Germany's key grid expansion projects, bringing the country a step closer to realising its 2045 climate-neutral energy target. We're leveraging our experience in planning and technical advisory to work as part of a consortium supporting Amprion with a technical planning review and route planning services for the Federal Network Agency's preliminary preference area.

The Impact

As of 2023, Amprion will supply millions of people and thousands of businesses in the Rhein-Main region with carbon-neutral wind energy, meeting a milestone for Germany's Energy Transition. Based on highly digitalized and cutting-edge design and project management tools and methods, Amprion will be able to meet the tight schedule and cost constraints of the 15-billion-euro investment.

500km
Length of connection line

5.8 million
Size of population demand

2033
Date when the first link will go into operation

Places

Places provides expertise in design and engineering, architecture and master-planning, project and program management, and technical advisory, as well as cost and commercial management services, all underpinned by our digital capabilities and global scale.

Our Places GBA focuses on the human and environmental impact of the built environment. For us, and our clients, these places are more than just buildings, they're locations and destinations that we interact with each day, shaping and supporting our communities.

We have a global team comprising 12,000 dedicated places specialists who work together with colleagues across Arcadis – and with our clients – to create smart, sustainable and safe places for owners, users, communities and visitors. We bring innovative future-facing solutions and products that consider the whole asset lifecycle, creating and improving those places that shape how we live, work, play, learn and the places that help us move.

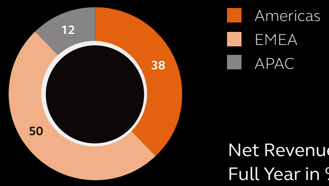
As the world continues to change and as society demands more of its places, we're helping clients and communities to adapt – whether through the creation of new places or reimagining and retrofitting existing places. Our passion is to partner with clients to deliver their commercial, societal and planet-positive ambitions.

12,505
Total headcount

1,509
Total net revenue in millions of euros
2022: 1,017

40%
Total revenue as % of total Arcadis
2022: 34%

Geographical in %



Net Revenues 2023
Full Year in %

Mark Cowlard
Global President Places

Market Dynamics and Opportunities

Focusing on growth markets and clients' most pressing challenges

- We're seeing continued growth in **industrial manufacturing** as companies try to keep pace with increasing consumer demand through continued investment in new and existing advanced manufacturing facilities. This is relatively sector agnostic, covering everything from automotive, logistics, advanced technology, and life sciences.
- In this sector, there is a notable investment towards 'supply chain resilience' – a reaction to disruptions during the Covid-19 pandemic. This is especially apparent in semiconductor manufacturing, accelerated by government stimulus incentives as countries compete for investment, e.g. US & EU Chips Acts and the US Inflation Reduction Act, providing new spending and tax breaks.
- As countries around the globe harden their commitment to net zero targets ahead of the 2050 deadline, the private and public sectors are working hard to build and deliver their strategies for **net zero buildings and facilities**. This includes new stock and retrofit for aging or non-compliant assets. There is huge opportunity for those firms that can provide an end-to-end service for clients, partnering with them to not only set targets and build strategies, but to implement the recommendations and measure their impact.

Growth Focus Areas

Bringing the best of Arcadis to our clients around the world

- To support worldwide decarbonization and meet the increasing demand for Electric Vehicles, there is continued investment from established OEMs, and start-ups, to create battery manufacturing facilities – in both new and existing sites. Arcadis is in a prime position to help deliver this growth. By leveraging our process engineering capabilities from our Advanced Process Manufacturing division, our teams have the unique capability to create both the building and plant design, supporting from construction to production, wherever in the world their project is located.
- It's estimated that 68% of the world's population will live in urban areas by 2050. This growth requires investments into existing places and the creation of new urban environments to cope with an increased population, changing societal expectations and behavior patterns. We have a proven track record of combining our architectural design, engineering and placemaking skills with our program and cost management capabilities in the UK, US, and Canada. Our focus next year is extending this to our other geographies, bringing our global capabilities to our existing and prospective clients.
- The built environment continues to be a huge carbon contributor – through embedded and operational carbon – and immediate action is needed to make all buildings net zero, through both new-build and retrofit solutions. Combining our expertise in green building design and architecture with advancements in technology, we can use data-driven insights to develop and deliver tangible carbon reduction strategies. This encompasses all asset types from high-rise condominiums to hyperscale data centers.

Our Performance in 2023

Against a backdrop of organizational integration, Places effectively doubled its headcount to over 12,000 people in 2023. We saw significant growth in North America and Europe, which was somewhat offset by the effects of deliberate project choices at Arcadis DPS. The full year backlog results were impacted by strategic selectivity of order intake, and market conditions in China, while the order intake showed a step up in the fourth quarter. Pipeline opportunities continued to be strong for our Advanced Industrial Facilities clients in North America and Europe on the back of government stimulus, and Arcadis differentiates with its agility to address fast-evolving needs of those clients. Margin was supported by strong performance at the acquired businesses, as well as Advanced Industrial Facilities' performance, and offset by the Middle East and China.

From a sector perspective, **Property** continued to see effects from the increased costs of capital, delaying some decisions on larger projects and developments. However, increasing energy costs have driven demand for carbon management and Net Zero retrofits and we continue to support clients looking to rationalize and/or repurpose existing spaces as part of lower risk programs, leveraging our expertise in workplace and retail alongside our PlaceTech and Net Zero solutions.

In **technology**, we saw demand for new and upgraded data centres as the computational demands of Artificial Intelligence put pressure on existing infrastructure. In addition to increased capacity, sustainability continues to be a focus, with clients increasingly seeking off-grid power solutions and a focus on zero emissions, which is a market differentiator for Arcadis.

Government remained a key area for Places last year, with increased investments in healthcare, defense and education being seen across the US and Europe.

From a service perspective, we benefited from the continued expertise of our colleagues working from our Global Excellence Centres (GECs) and the continued evolution of our **seamless** approach. This is a consistent and efficient blueprint that we scale and replicate across the world to follow our clients, and their projects, wherever they're located, and is underpinned by standardization and automation. Widening this approach with our newly-formed Architecture & Urbanism, and Advanced Process Manufacturing divisions, will be a focus for next year.

Case | PLACES

Helping HB Reavis build a sustainable future

"Working with Arcadis has been invaluable in developing our net zero program, helping us set ambitious targets and create an actionable roadmap to achieve them."

Thomáš Messinger | Head of ESG & Sustainability, HB Reavis

11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION

Developing ESG and net zero programs globally

The Challenge

Real estate developer HB Reavis needed to demonstrate to clients, business partners and investors how it builds and operates assets in a way that supports ESG and net zero priorities. To showcase its commitment to climate action, it needed to set a 2050 net zero target for its portfolio, supported by an actionable decarbonization plan.

The Solution

Bringing expertise from across Poland, the UK, the Netherlands, and the US, we worked closely with the client to understand their unique, integrated business model and identify opportunities to reduce emissions across all scopes, including embodied carbon. The net zero program we developed for HB Reavis included a decarbonization strategy, achievement plans, baseline emissions calculations and reporting.

The Impact

Our team helped HB Reavis set near- and long-term targets, with an actionable roadmap across the real estate portfolios of each country it operates in. Our work culminated in a robust net zero program, helping HB Reavis reduce its carbon footprint in a way that not only benefits the environment, but also sets the company apart in an increasingly competitive industry.

2050
Net zero target with actionable plans

35%
Reduction in corporate emissions by 2030

60%
Reduction in whole building energy use

Mobility

Our vision for Mobility is to create thriving and connected cities and communities. We assist our clients to accelerate their net zero transitions, harness data to plan, build and manage their infrastructure and connect people through safe, efficient, and reliable multi-modal mobility across our highways, rail, ports, new mobility, and airport hubs solutions.

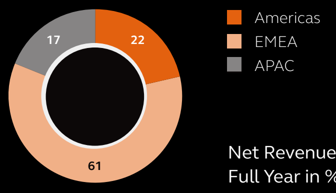
We have over 7,000 technically focused and talented Arcadians operating across 12 countries, working with clients around the world to deliver or manage their infrastructure in a safer, more efficient, and sustainable way. Our GECs in India, Romania and the Philippines are integral to our success, providing much needed capacity and capability to meet the growing needs of our clients.

7,018
Total headcount

814
Total net revenue in millions of euros
2022: 743

22%
Total revenue as % of total Arcadis
2022: 25%

Geographical in %



Net Revenues 2023
Full Year in %

Greg Steele
Global President Mobility

Market Dynamics and Opportunities

- The global asset management market is set to double in the next five years, reaching $76 billion and providing significant opportunities for our Mobility business.
- In Australia, the Netherlands, and the UK, the focus remains on improving the performance of existing assets, providing an opportunity to expand our Asset and Mobility Management services, leveraging digital products developed in the Netherlands and from within the Intelligence GBA.Market growth from new infrastructure investment remains strong in the US, Canada, and Germany, particularly in Highways and Rail. In the US and Germany this is driven by ESG commitments and ageing infrastructure. In Canada, it is driven by migration, population growth and the need for greener and cleaner forms of transportation.
- Our New Mobility Technical Advisory services are experiencing significant growth, particularly in the electric vehicle infrastructure market, which is expected to be worth $400 billion by 2030. This growth is largely due to cities and municipalities exploring solutions for a Net Zero Carbon future and potential opportunities for the private sector to play a role in the future of mobility.
- The decarbonisation of the Ports and Maritime sector coupled with a doubling of freight demand will see substantial growth in this sector, particularly across Europe.

Growth Focus Areas

To deliver profitable growth in 2024 and beyond, we will focus our efforts on:

- Becoming a leading advisor in the shift towards decarbonising the transport sector. This plays to our heritage and experience in sustainable solutions and project delivery. Notably current projects include our design and engineering work to reduce embedded carbon on major rail infrastructure such as HS2 in the UK or how we are supporting decision makers in Australia develop new strategies to support the roll out of EV infrastructure.
- Leveraging our strong design and engineering capabilities in the UK, Netherlands, and Australia to capitalize on the increased infrastructure investment in the US, Canada and Germany. Our GECs will also play an important role in meeting the high demands of these growing markets.
- Scaling our innovative approaches to digitally driven asset and mobility management and cross selling our Intelligence GBA digital products and solutions to meet the increasing challenges posed by ageing assets and the outsourcing of mobility management in cities.
- This will ensure we are well positioned to meet the changing needs of clients, implementing New Mobility solutions such as conversions to EV, travel demand management, advanced air mobility and micro mobility services.

Our Performance in 2023

Our 2023 revenue growth continued to be strong especially in the US, Australia and Europe. Collaboration between Intelligence and Mobility resulted in revenue and backlog growth. Electrification trends, alternative fuels, and the growing transportation challenges across large cities continued to drive the need for our sustainable, data-driven mobility offerings. The margin improvement was driven by operating leverage and standardization efforts, and offset by the Middle East, as we are winding down these operations.

Georgia commute options program

“We are leveraging technology-driven capabilities to enhance customer-facing digital tools to promote sustainable commuting alternatives.”

Cara Vojdani | Principal Transportation Planner, Arcadis

9 Industry, innovation and infrastructure
10 Reduced inequalities
11 Sustainable cities and communities
13 Climate action

Case | INTELLIGENCE

Digital and equitable mobility solutions in the US

The Challenge

By 2050, it's projected that the Atlanta metro area will see a population growth of 2.9 million and create an additional 1.6 million jobs. The Georgia Commute Options program is focused on reducing the number of single-occupant vehicles in the 20-county region by offering more sustainable and affordable commuting options to all area residents.

The Solution

Drawing on our global and local experience, we're combining our Mobility and Intelligence expertise to deliver digital and equitable Mobility solutions for this Transportation Demand Management Program. We're providing program management services to promote alternative commuting options, including through strategic marketing campaigns, innovation and technology, equity planning, community outreach initiatives and partnerships with local business, government and industry organizations.

The Impact

We are helping to create a more sustainable city by prioritizing and incentivizing the use of clean, convenient, affordable commuting alternatives. Providing an enhanced commuter experience and improved access to clean commute options via digital tools will help drive behavioral change, leading to reduced vehicle emissions, less traffic congestion and improved air quality.

2.9 million
Projected population growth in the region

20
Number of counties benefiting

2050
Net zero deadline

Intelligence

Arcadis' Intelligence Global Business Area was created in late 2022 and brings together the digital capabilities, products and solutions of acquisition IBI Group and Arcadis Gen under a single umbrella, empowering our clients worldwide with the data-driven insights they need to navigate today's challenges and address tomorrow's uncertainties with confidence and agility.

The Intelligence GBA complements the strengths of Arcadis' three other Global Business Areas with a breadth of leading digital capabilities and solutions to offer our clients within the key areas of Smart Asset and Building Analytics, Digital Transportation Technologies, and Intelligent Operations.

Smart Asset and Building Analytics solutions include our enterprise asset management and decision analytics expertise, applicable to any asset category. Our **Digital Transportation Technologies** include traffic, traveler information and tolling systems that enable mission-critical interactions with our clients' end-users. **Intelligent Operations** refers to our managed services and technologies for a variety of other asset classes, such as water and broadband communications.

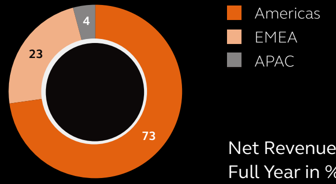
The Intelligence GBA acts as a growth driver for the Resilience, Places, and Mobility GBAs by effectively responding to emerging client needs across markets with the provision of a new digital products and services, creating real value for our clients.

1,063
Total headcount

94
Total net revenue in millions of euros
2022: 21

2%
Total revenue as % of total Arcadis
2022: 1%

Geographical in %



Net Revenues 2023
Full Year in %

Juud Tempelman
Global President Intelligence

Market Dynamics and Opportunities

At Arcadis, we use digital intelligence and deep human knowledge to create products and solutions in a holistic way. By building new products that meet market demand and by investing in existing ones when proven, we will strengthen and scale our portfolio across asset classes and evolve our offerings to best serve our clients globally.

Arcadis' strong presence in North America and Europe provides an exciting opportunity to grow and scale our Intelligence business in collaboration with the other GBAs, across our geographical footprint. Within North America in particular, we see an opportunity to scale our Intelligence portfolio of analytics products.

Clients are seeking to make better investment decisions while navigating the challenges presented by ageing infrastructure, increasing cost of capital and budget constraints. Our Smart Asset and Building Analytics technologies help clients rapidly make decisions aligned with their priorities. Additionally, we see increasing demands on utilization and performance of operating assets. And we are seeing new asset classes emerge, such as pavements or curbsides. Our **CurbIQ™** product addresses this by helping cities understand how their curbsides are being used, what the regulations are and when they apply, and how to use this information to plan, evaluate and report on sustainability targets. The Intelligence GBA offers solutions to help clients deliver on their ambitions and is positioned to make a notable impact as the market continues to grow.

Combined with our consulting services, solutions delivery, and deep vertical market expertise, our innovative solutions, strong client relationships and technology expertise enable us to work with our clients, colleagues and partners to influence long-term business decisions and actively shape resilient, sustainable communities and cities for a brighter future.

Growth Focus Areas

A particular growth opportunity is with our **Enterprise Data Analytics (EDA)** product, which uses analytics to help clients improve decision-making around asset performance and future investment needs. EDA also empowers sustainability by helping clients understand the impact an asset has on energy use, carbon emissions, water consumption or the organization's overall sustainable processes and goals. EDA works across systems and can integrate different data sources, positioning us to capitalize on future opportunities. We are already expanding our work with EDA into buildings, facilities, and water utilities as we collaborate with colleagues and clients across the Places and Resilience GBAs.

The second opportunity is in our Digital Transportation Technology space. Our mobility, traffic and tolling management solutions support our clients in interacting with their end users in this sizeable market. We manage toll lanes across the globe, and our mobility solutions have more than 500,000 paying customers. Annually, we process more than $1.5 billion USD of client revenue transactions. Our real-time **Travel-IQ™** product revolutionizes travel across three continents, with 100 million Americans – one third of the US population – having access to 511 information services powered by Travel-IQ. With the rise of severe weather events, Travel-IQ is also able to provide critical traveler information on road safety and evacuation routes.

We also see growth opportunities is the expansion of offerings in our Intelligent Operations market. One such offering is **Woven**, our reliable and trusted single-solution provider for broadband services. This helps communities enhance their broadband networks and close the digital divide, providing economic opportunities for residents and an improved quality of life.

Our Performance in 2023

Strong organic revenue growth for Intelligence was paralleled by order intake from large Key Clients, mostly in North America and the UK. Software products in traffic, travel and transit management, such, resulted in good revenues from major US cities. Continued focus on the leveraging of existing client relationships resulted in margin improvement, while we continued to invest in product strategy, development and integration.

Visualizing Ireland's curbside

"Cities are interested in gaining a better understanding of their valuable curbside inventories so they can be better managed, monetized and optimized."

Peter Richards | CurbIQ Product Lead, Arcadis

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

Case | INTELLIGENCE

Digital mapping of Dublin's SENATOR project

The Challenge

The SENATOR project aims to create a new urban logistics model for enhancing the sustainability of cities by developing a smart network operator. In Ireland, the team is challenged with addressing traffic congestion and the inefficient use of loading bays and parking areas for commercial vehicles.

The Solution

Our CurbIQ solution is being used to create a curbside inventory to support resource decision-making that can be integrated into the planning of the city's logistics operations. It will positively impact the city's progress towards a climate-neutral future through adaptations such as optimized deliveries and traffic mitigation.

The Impact

The Dublin project is part of a dual-city trial that is expected to be duplicated throughout the European Union. Once applied, the model is expected to decrease CO2 emissions by 10%. The pilot will increase public awareness (businesses and customers alike) of the environmental impact of delivery logistics in the city and the advantages of sustainable transport alternatives.

10%

Reduction in CO_2 emissions

5,700

Curbside spaces in the study area

40 km

Size of area mapped

CSRD, stakeholder engagement and double materiality analysis

During 2023 our Non-Financial Reporting team, with the involvement of many stakeholders, started the preparations towards compliance with the upcoming Corporate Sustainability Reporting Directive (CSRD).

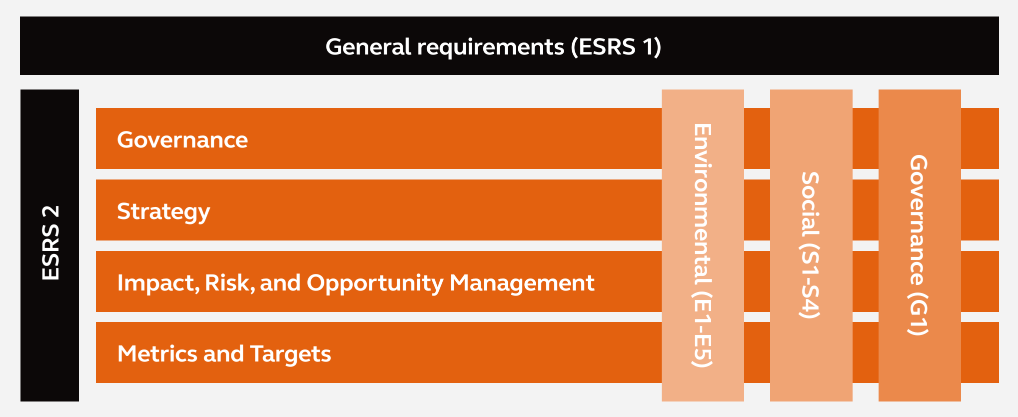
This new law issued by the European Union requires companies to report on their sustainability related information per the reporting year 2024. The aim of the law is to allow investors and stakeholders to assess investment risks related to climate change and other sustainability related matters. Also, it will establish greater transparency about a company's impacts on people and the environment and vice versa, considering how external environmental and societal issues could affect Arcadis.

CSRD introduces a wide range of topics about which companies need to create transparency, detailed out in 12 European Sustainability Reporting Standards (ESRS). Aside of two foundational standards compiling general company information, ten topical standards were released, which outline the detailed reporting requirements set out for companies on Environmental (E), Social (S), and Governance (G) themes. Each of these standards contain various subtopics on which Governance, Strategy, Impact Risk and Opportunity management and Metrics and Targets should be disclosed for all topics that are seen as material.

The stakeholder perspective on material topics at Arcadis

Stakeholder engagement is an essential part of Arcadis' CSRD implementation. The Stakeholder Engagement Policy on Sustainable Topics outlines Arcadis' commitment to structurally engaging stakeholders in line with CSRD and other relevant guidelines, regulations and standards such as the Dutch Corporate Governance Code. Aligned with the final release of the ESRS, published in August 2023, Arcadis updated its double materiality assessment (DMA). Arcadis engaged a diverse array of internal and external stakeholders through a consultation process to arrive at a selection of material themes, which will form the foundation for the company's future reporting framework. The consulted internal stakeholders were senior leaders in our Growth organization, a broad selection of employees, experts within various enabling functions and our Executive Leadership Team; the consulted external stakeholders were grouped in clients, suppliers, investors and NGO's/government representatives.

The methodology used to determine materiality is explained in the next section.



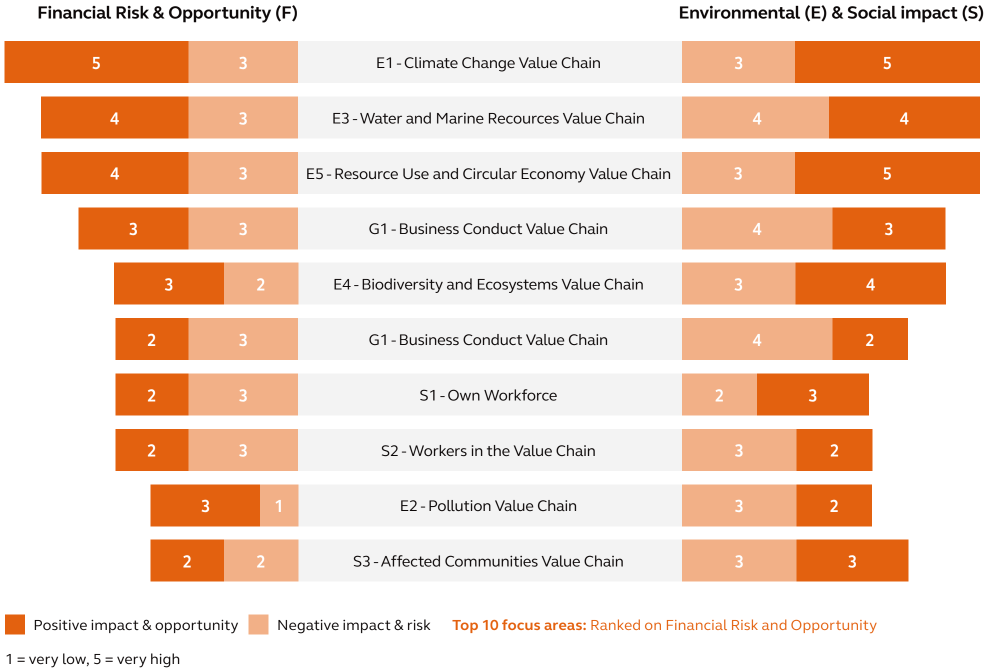
In parallel, a detailed gap analysis was performed comparing the information requirements of the law against data points already available within Arcadis. The material themes are being combined with the results of the gap analysis and together they form the basis for the further implementation of CSRD by Arcadis.

Double Materiality Methodology

The CSRD incorporates the double materiality principle, which is the combination of financial materiality and environmental and social impact materiality. Financial materiality concentrates the ways in which ESG issues can affect a company’s financial performance and business value, both from a risk and from an opportunity side. Environmental and social materiality considers the impacts a company's operations have on the environment and society. This includes the own operations as well as the value chain. Arcadis followed this CSRD approach in the sessions with all stakeholders. A team of experts set preliminary scorings per ESG topic on all required angles, introducing thresholds for financial impacts and social and environmental impacts based on the scale, scope and irremediable character of these impacts, as well as determining the likelihood of potential impacts as per the CSRD methodology. In-depth interviews were held with selected stakeholder representatives to discuss and challenge these preliminary scorings. The stakeholder input was carefully reviewed, applying the principle of fair and proportional presentation in our ratings, maintaining a balanced perspective, and ensuring that the interests of different stakeholder groups were adequately represented on an anonymous basis. Our CSRD approach was reviewed in detail by an external consultant.

Double Materiality Results

ESRS describes a wide range of subtopics and subsubtopics, for all of those both financial (risk and opportunity) and environmental & social impact (positive and negative) were determined from 1 (very low) to 5 (very high). These individual scores led to labeling a topic Material or Immaterial. The following table shows the top ten of most important attention areas, emphasizing the significant influence of Arcadis’ activities on society and the environment, and vice versa. As can be seen, most of these attention areas are focused on our value chain – so our projects and clients, in which we expect to have the biggest impacts. The impacts in the top 10 are more positive than negative. The combined stakeholder view is that the developments in many of these areas create chances not only for Arcadis, but also for our clients and value chain partners to realize positive social and environmental impact. For each of the top ten attention areas briefly the main material topics and thoughts behind the scores are explained. This DMA gave a preliminary result, and it might be that by moving insights updated results will be seen in the future.



E1 – Climate Change Value Chain: The verification sessions showed that all three subtopics in this standard - Climate Adaptation, Climate Mitigation and Energy - offer opportunities for Arcadis for positive financial and environmental impact resulting from our new strategy and the sustainable solutions we offer in this area. Actual and potential negative impacts may arise when adaptation measures create community impacts . This is true for all of the top ten items.

E2 – Pollution Value Chain: Only the subtopic Soil is seen as material given the positive financial and environmental impacts Arcadis can generate from its environmental restoration and PFAS consulting activities.

E3 – Water and Marine Value Chain: The material topics in this standard are water withdrawal, water consumption, water use and discharges in water, and stem from the opportunities seen in our water management, our water supply and wastewater treatment practices.

E5 – Resource Use and Circular Economy Value Chain: Materiality for this standard relates to the considerable financial and environmental impact opportunities for Arcadis via renewable material use in our design activities and project management contributions to reduce resource inflows; outflows and waste streams in projects.

G1 – Business Conduct Value Chain: Corporate culture, whistleblowers treatment, lobbying, supplier relationship management, and bribery & corruption are deemed material in this standard as they may have negative financial, environmental and social impacts.

E4 – Biodiversity and Ecosystems Value Chain: Climate change, land use change, pollution, biodiversity loss, land degradation and desertification are seen as material due to the positive financial and environmental impact Arcadis may bring through its biodiversity consulting, environmental impact assessment work and mitigation strategies.

S1 & 2 – Own workforce and Workers in the Value Chain: With our employees as our most important asset, all subtopics were defined material. Strategy alignment is already in place for Health & Safety, Diversity and inclusion and Training and Skills development.

S3 – Affected Communities Value Chain: Stakeholders assessed that Arcadis can generate a positive social impact in projects on areas like the political and cultural rights of communities, rights related to water and sanitation and land related impacts.

2024 Focus

In combination with the results of the gap analysis, the more detailed scorings on impact, risks and opportunities will be used for further preparations to determine the final CSRD reporting scope. It should be noted that even if certain topics are not labeled as material, Arcadis may continue reporting, steering and improving our approach on those topics based on principal beliefs. Throughout 2024 the involvement of the total organization is expected to grow in order to have all required disclosures well understood and implemented throughout the relevant layers and areas of Arcadis and available for the first submission of our CSRD Sustainability statements in our Annual Integrated Report of 2024.

	How we interacted with them	Key themes discussed	Our Stakeholder Expectations/feedback or themes discussed
Investors	We publish our trading updates (quarterly, HY and FY figures) and other press releases Direct contact with investors and shareholders (e.g. online meetings and face to face roadshows and conferences) Responding to Investor and Rating Agencies questionnaires	Growth and margin potential including 2026 financial and non-financial targets Opportunities for energy transition market Wage inflation ESG-performance and double materiality consultation	Impact public stimulus programs in Europe and the US Diversity & inclusion Arcadis carbon footprint and our reduction targets for scope 1, 2 & 3 Biodiversity opportunities Progress CSRD implementation
People	Quarterly survey Your Voice to understand what influences employee experience and engagement Virtual global and country Town Hall meetings to consult our people on organization's decisions 5 Affinity Groups on diversity themes Training and development programs	Experience as an Arcadian – talent engagement, and personal development, diversity representation, inclusion and belonging Business strategy progress and implementation Health & Safety issues Double materiality consultation on material ESG topics	Open and inspirational environment, sense of ownership and belonging Actions that demonstrate that the business cares for people's wellbeing Contributing to wellbeing to help re-build communities Specific actions prioritized to become a truly inclusive business Affinity Groups themes: Access & Neurodiversity, Age Representation, Ethnicity & Heritage, Gender, and PRIDE
NGOs	Online meetings	Human rights Double materiality consultation on material ESG topics Biodiversity	Progress on our human rights program Progress on CSRD implementation
Clients	Reached out to global key, GBA key and non-key clients globally through the annual Global Client Experience survey Clients could complete online surveys and opt in for strategic follow up telephone interview We also reached out to nominated client contacts with the strategic telephone interviews	Client loyalty and their satisfaction across their client journey with Arcadis Client challenges and priorities Innovation and digitalization themes Double materiality consultation on material ESG topics	The feedback and improvements for our clients are centered around 4 key themes. Across all of these themes clients appreciate us being more proactive and consistent: 1. Expertise & Resource: Clients value Arcadis' technical expertise and experience, instilling trust & confidence. Arcadis is seen as having a large & expert global workforce 2. Quality of project & service execution: Clients see us as a provider of high quality projects/ services 3. Leveraging sustainable, digital & innovative solutions: Clients want digital tools boosting the quality and efficiency of projects, and sustainable solutions to meet their targets and add value to projects, society & the environment. Clients expect proactivity and inspiration here and no provider is seen to be leading the market: an opportunity to differentiate 4. Account management: Our people are our strength, our clients see our teams as committed and reliable, ready to go the extra mile

Progressing the Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) drive sustainable development to make current development meet people's needs without compromising the lives of future generations. Arcadis contributes to the SDGs primarily through project work for clients.

Out of the 17 SDGs, Arcadis focuses on the five where it can leverage its skills, expertise, and global scale to contribute to their achievement through our core business.

We also selected three specialized impact SDGs, where we contribute through specific services and solutions.

In this 2023 analysis, our full net revenue is in scope, including from recent acquisitions and from remaining countries not on our ERM system, Oracle. This was done in close consultation with the Solution leads. Comparative numbers regarding the year-on-year development and contribution to each SDG are provided at the end of the chapter.

The Focused Impact SDGs are:

The Specialized Impact SDGs are:

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

Clean Water and Sanitation

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

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

Arcadis provides safe, secure, and sustainable water solutions to deal with fast-changing demands in a warming world. We cover the entire water cycle – from source to tap and back to nature. Arcadis' leading practices in water supply and treatment, re-use, distribution, resource management, and industrial water & wastewater contribute to this SDG.

For other examples of contributions to water:

click here:

Affordable and Clean Energy

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

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

Arcadis experts assist governments and utilities in updating aging energy infrastructure, optimizing distribution networks, providing new sources of renewable energy, and facilitating the ecosystems that allow society to operate more efficiently, e.g., the transition to electric vehicles, district heating and industrial decarbonization.

For more examples of our energy transition work:

click here

Industry, Innovation and Infrastructure

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

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

Arcadis connects communities, industries, and infrastructure safely, effectively and in balance with nature. With our industrial capex & operational efficiency solutions, energy transition solutions and transport & mobility-oriented development solutions we support this SDG.

For examples of our work in mobility:

click here

Sustainable Cities and Communities

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

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

Arcadis works with cities to give them a competitive edge and improve quality of life for their residents, visitors and businesses by building programs that expand resiliency, encourage regeneration, and maximize mobility.

More information in our sustainable cities report:

click here

Climate Action

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

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

Arcadis works with its clients on eradicating the causes of climate change through mitigation programs. We also assist communities with strategies to adapt to its dangerous effects. Additionally, we share our experience and leadership to co-create frameworks and guidance to combat climate change through policy advocacy.

For more information on Arcadis' climate adaptation capabilities:

click here

The Specialized Impact SDGs are:

Good Health and Wellbeing

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

Arcadis works to restore land and soil quality by mitigating risks caused by chemical compounds in the water, soil and air. Arcadis' work in product stewardship (measuring impact of new products) as part of our Sustainable Operations team, contributes to this SDG.

Responsible Consumption and Production

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

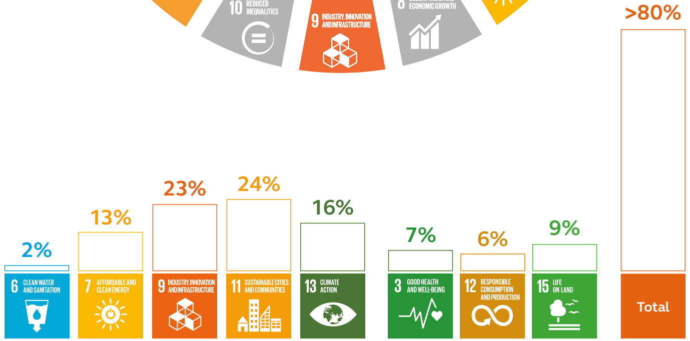
Arcadis assists clients with responsible management of assets and with identifying opportunities to increase the circularity of material and resource choices.

Life on Land

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

Arcadis assists clients in maximizing opportunities to use nature-based solutions that results in a biodiversity net gain.

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



% of net revenues that related to relevant SDGs during 2023, our SDG selection will change in the new strategic period

Northern Beaches Hospital in Australia

“

Delivering a larger, more modern world-class healthcare facility for New South Wales was key to meeting the needs of the growing local population.

Lisa Samways | Client Director, Arcadis

3 GOOD HEALTH AND WELL-BEING

10 REDUCED INEQUALITIES

A world-class facility for a growing population

The Challenge

Before 2018, residents of Frenchs Forest with serious medical conditions had to travel to Royal North Shore Hospital to receive medical care. With a growing and aging population, the government of New South Wales recognized the need to build a new healthcare facility that served patients closer to home.

The Solution

Faced with complex and dynamic requirements, we implemented a coordinated approach using building information modeling (BIM) across all disciplines. Arcadis used a single platform, Navisworks, to streamline the design process in a 3D space and improve the client review process with a visual representation of the site, addressing the client’s concerns of time and efficiency.

The Impact

The state-of-the-art facility has resulted in tangible improvements in healthcare services in the area by reducing the load on nearby hospitals. As the first hospital to achieve a Green Star Rating within New South Wales, the building is verified as sustainable. Our team helped the client shorten manufacturing and installation time, as well as reduced the costs for façade development.

490
Hospital beds

30%
Cost reduction through value engineering

1st
Hospital to achieve Green Star Rating in New South Wales

Connectivity Matrix

Strategy Goals & Pillars

Market Tailwinds
- Climate change and decarbonization
- Urbanization and social communities
- Evolving supply chains
- Infrastructure and investment

Client Dynamics
- Increased cost of capital
- Higher energy costs and decarbonization
- Increasing project complexity

Sustainable project choices

Digital and human innovation

Powered by our people

Principles

Deliberate focus on on sustainable projects that contribute to our strategic ambition
- Project selection commitment towards planet positive, sustainability and economic criteria
- Increased robustness of project selection process

Key client program 2.0
- Growing our share of wallet with key clients and increase GBA cross collaboration
- Expanding our program by 50% to targeting a broader group of clients within our growth markets
- More tailored and target driven coverage approach

Evolving our commercial models
- Commercial models to gradually adapt to our changing role with clients
- Value based pricing and incentive-based models, reflecting value we offer to clients
- Developing models to incorporate increased digital solutions

Leveraging our digital capabilities in client delivery
- Digital and human innovation
- Continued investment in Intelligence products and services
- Increased cross collaboration with Intelligence
- Accessing the significant asset performance opportunity and optimizing clients' opex spend

Leveraging our digital capabilities internally
- Continued standardization of operating procedures allowing us to focus on higher value activities
- Focus on automation of pursuit process reducing cost, improve robustness of business selection & enhance project planning and resourcing

Investing in a Skills Powered Organization
- Powered by our people
- People training for the skills of tomorrow: e.g. Energy Transition Academy
- Flexible global workforce planning deploying the best skills for the project
- Increased career opportunities and talent pipeline
- Diverse and inclusive workforce with high engagement score

Expanding Global Excellence Centers
- Building on the experience and skill in our Global Excellence Centers
- Doubling contribution of Global Excellence Centers in client projects
- Exploring options for additional Global Excellence Centers location

Main KPI's & targets

Financial targets

Organic Net Revenue Growth
Mid – High Single Digit over the cycle

Operating EBITA Margin
12.5% in 2026

Net Debt / Operating EBITDA
1.5 – 2.5x
Investment Grade Rating

Shareholder Returns
Dividend : 30 – 40% of NIfO

Non-financial targets

Net Zero Objective
Scope 1 and 2 reduction of 70% GHG emissions by 2026 versus base year 2019

Net Zero Objective
Scope 3 reduction of 45% GHG emissions by 2029 versus base year 2019

Employee Engagement
eNPS to remain in top 25% of professional services sector

Gender Diversity
>40% Women in workforce

To realize these main targets, a concise set of underlying drivers and goals is being defined in line with the Corporate Sustainability Reporting Directive, and will be reported in the Sustainability Statement of the Annual Integrated Report of 2024

Connectivity matrix

	Material Themes	Key Performance Indicators (KPIs)	Strategic Targets 2021 -2023		Results 2023	Results 2022
People and culture	**Attract, develop, and retain talent**	Voluntary turnover rate (as % of permanent employees)	Voluntary staff turnover < 10%	✓	12.1%	14.7%
		Employee engagement (Employee Net Promotor Score, scale of -100 to +100) [1]	Employee engagement score improving annually	✓	52	39*
	Diversity, equity, inclusion and belonging	Women in total workforce (as % of permanent and temporary employees)	Women in workforce > 40%	✓	38.4%	38.0%
	Health and safety	Total Recordable Case Frequency (TRCF) per 200,000 work hours	Zero (no cases)	✓	0.13	0.15*
		Lost Time Case Frequency (LTCF) per 200,000 work hours	Zero (no cases)	✓	0.04	0.05*
Sustainability	**Energy and climate**	Arcadis carbon footprint for our material Scope 1, 2 and 3 emissions [2] (MT CO_2 per FTE)	Reduce emissions aligned with our 1.5°C-aligned science-based target	✓	7.6	8.6
	Leading through sustainable solutions	% of revenues that relate to relevant SDGs	–		>80%	>80%*
	Environmental and social compliance	Number of identified environmental non-compliances	–	✓	0	0*
	Ethics and integrity	Assessed and, as needed, further investigated AGBP alleged breaches (absolute number of breaches and % of investigated)	100%	✓	109 (100%)	64 (100%)*
		Employees passing Code of Conduct training (as % of active employees) [3]	90%	✓	97%	98%*
		Number of appointed privacy officers under the privacy policy	–	✓	26	23*
Digital leadership	**Standardization then automation**	Arcadis Way implementation progress (as % of net revenues)	–		71%	85%
Focus and scale	**Risk management framework**	Number of internal audits conducted in the year	–		19	19
	Brand awareness	Brand awareness score	Top-five brand awareness in markets we serve (share of voice)		12%	8%
	Client experience (CX)	Client experience score	Top-quartile performance for client experience		28	30
	Organic revenue growth	Organic net revenue growth (in %)	Mid single digit throughout the strategy period		9.0%	8.9%
		Book-to-bill ratio (net revenues)	–		1.04	1.00
		Organic revenue growth Global Key Clients (net revenues, in %)	Organic revenue growth for Global Key Clients two times overall growth		11.6%	13.9%
	Direct economic value generated	Gross revenues (in € millions)			5,003	4,029
		Net revenues (in € millions)		✓	3,759	3,019
	Direct economic value distributed	Net Income from Operations, per share (EPS, in €)	–	✓	2.51	2.26
		Dividend per share (in €)	30 - 40% of Net Income from Operations, no dilution and additional returns when appropiate	✓	0.85	0.74
	Profit & loss performance	Operating EBITA margin (as % of net revenues)	Operating EBITA margin more than 10% of net revenues by 2023	✓	10.4%	9.8%
		Net Income from Operations (in € millions)	–	✓	226	202
	Balance sheet performance [4]	Net Working Capital (as % of gross revenues)	Net Working Capital < 15% of gross revenues	✓	9.3%	10.0%
		Days Sales Outstanding (DSO)	DSO < 75 days	✓	56	60
		Return on Net Working Capital	Operating EBITA/ Net Working Capital: 40-50%	✓	81.5%	58.0%
		Net Debt to Operating EBITDA ratio	Net debt to Operating EBITDA ratio between approximately 1.0 and 2.0	✓	1.7x	2.2x
	Cash flow performance	Free cash flow (in € millions)	–	✓	190	173

1 The engagement score does not include employees from our integrating companies (ie. A-IBI, A-DPS) given a separate survey was undertaken to inform specific integration activities.
2 2022 figure is restated, see further details in Sustainability section.
3 2022 figure is restated following an update to measure against active employees, see further definition in the glossary.
4 These KPI's have been revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2 to the consolidated financial statements.

For definitions and methods of measure for the indicators included on this spread, please refer to page 286 and further. The indicators that fall within the scope of limited assurance of our external auditor are marked with the ✓ symbol.
The KPIs with a * have 2022 scores which are reflecting Arcadis excluding acquisitions. See page 265 for the Assurance report of the independent auditor, which includes details on scoping and outcomes.

People and culture

At Arcadis our commitment to putting People First remains paramount. Our People First approach is integral to fostering an engaged workforce that effectively executes our business strategy. By prioritizing People & Culture initiatives we invest in capacity and capability building for employees and people managers, enabling us to make a significant difference and improve the quality of life of all Arcadians and the clients we support.

35,999

Total workforce headcount as at 31 December 2023

+52*

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

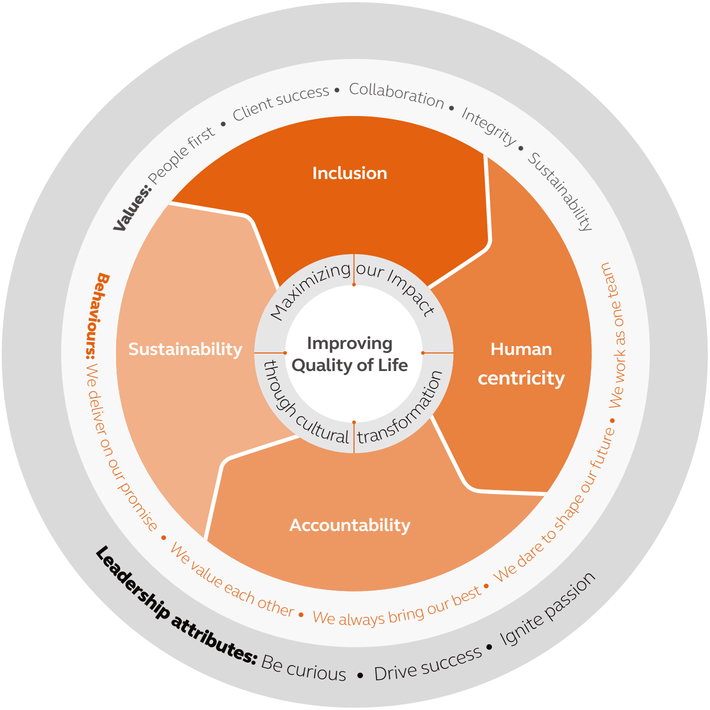
* The engagement score does not include employees from our integrating companies (ie. A-IBI, A-DPS) given a separate survey was undertaken to inform specific integration activities.

Arcadis values and behaviours reinforcing our way of working

Our company's culture is built upon our core values: People First, Client Success, Integrity, Sustainability, and Collaboration. These values serve as the foundation of our organization and guide our actions. Supporting these values are five key behaviours: valuing each other, delivering on promises, bringing our best, shaping the future, and working as one team.

Throughout 2023, we focused on nurturing our culture by prioritizing the following initiatives:

- **Inclusive Culture:** We aimed to create a more inclusive environment that supports our employees. We actively listened to our employees and took action based on their feedback by our annual Diversity and Inclusion representation survey. Our dedicated approach also included evolving our Global Affinity Groups so that we listened to those from underrepresented backgrounds.
- **Accountability:** We emphasized the importance of accountability by ensuring that our leaders and managers follow through on their commitments. This was reinforced through senior leadership accountability workshops to develop an accountability based culture and ensuring our Health and Safety stewardship activities and mandatory training were implemented.
- **Collaborative:** We remained committed to our Workstyle promise, promoting collaboration and flexibility in the workplace. We provided Arcadians with opportunities to share their expertise both locally and globally, fostering a culture of collaboration.
- **Sustainability Awareness:** We strived to increase awareness of the impact of sustainability on all Arcadians and their work. As part of our digital learning program, we provided access to a global Sustainability learning modules, enabling our employees to understand and incorporate sustainable practices into their daily work.
- **Upholding Integrity:** We prioritized maintaining integrity across our organization. We provide integrity (code of conduct) and cyber security training for all Arcadians, ensuring that ethical conduct remains at the forefront of our operations.



Arcadis is dedicated to investing in the continued development of our global company culture. By fostering an environment that enables all Arcadians to reach their full potential we are equipped to deliver innovative digital and sustainable solutions for our clients.

Working with Flexibility

In response to the evolving nature of work, we launched the Global Workstyle Promise in 2021 acknowledging the need for flexibility in how people work. As part of our commitment to prioritize our employees' choices the Workstyle Promise has been integrated throughout Arcadis. It ensures that Arcadians have the freedom to tailor their workstyles according to their unique needs and responsibilities as well as client requests in alignment with their line manager.

In 2023 we took further steps to enhance the employee experience by refreshing several offices. These updates aligned with our new Global Design Guidelines, which prioritize user experience, sustainability, workplace inclusion, and flexibility. The redesigned spaces were aimed at providing employees with environments that inspire productivity, foster collaboration, and accommodate individual preferences.

We are proud to announce that in 2023, Arcadians are now able to have access to flexible working arrangements. We recognize that each colleague has different circumstances and preferences, and we value their ability to choose work arrangements that best suit their needs whilst balancing business responsibilities. By providing this flexibility, we empower our employees to achieve a healthy work-life balance and optimize their productivity.

Enabling the Arcadian Voice

Your Voice is the employee dialogue program at Arcadis which encourages a culture of feedback and shared accountability for making Arcadis a great place to work. In 2023, Arcadians shared their unique perspective, with over 24,000 employees participating in our employee survey over the year, showing an average of 86% participation (not including recent acquisitions).

Understanding that we are powered by our people, through Your Voice we gain valuable feedback that helps drive meaningful action across different areas of the business, ensuring a holistic improvement in the Arcadian experience. Some key actions that were taken as a result of feedback in 2023 include:

- Equipping employees, colleagues, and line managers with tools, trainings, webinars, and programs to help support their own wellbeing and that of their peers and teams.
- Embedding feedback and recognition into existing programs and sharing best practices with Line Managers.
- Promoting greater collaboration and alignment between the Technology team and the business, facilitated by Service Managers as points of contact for concerns in each business area.
- Improving the way we communicate the launch of our business strategy to raise awareness and understanding among all Arcadians.

By prioritizing feedback and actively addressing the areas identified through Your Voice, we've improved the engagement of our employees.

As we welcomed new Arcadians with the recent acquisitions, it was essential to understand their experiences to better support them in this transitional phase. We launched separate integration surveys for employees from acquired entities, which showed 56% participation. The feedback gathered from these surveys helped shaped actions and enhancements to the integration implementation.

We are proud of our progress and remain committed to continuously improving the employee experience for all Arcadians.

Net promoter scores from Your Voice[1]
(on a scale of -100 to +100)

Your Voice Question	Dec 2023	Dec 2022	Dec 2021
I'm satisfied with the amount of flexibility I have in my work schedule.	+68	+59	+49
I get enough feedback to understand if I am doing my job well.	+33	+25	+16
I see a path to advance my career at Arcadis.	+21	+13	+1
I see how my work contributes to positive outcomes for our customers.	+50	+44	+38
At Arcadis we consider sustainability in the way we do business.	+40	+34	+25

1 The engagement score does not include employees from our integrating companies (ie. IBI Group, DPS Group) given a separate survey was undertaken to inform specific integration activities.

Attracting and engaging a global workforce

In 2023, the global talent market continued to intensify, with increased demand for key skills and capabilities across geographies. Our engagement levels improved and we also saw a decrease in attrition levels which was a clear result of attracting and engaging talent remaining a top priority in 2023 to drive our business objectives.

To establish ourselves as a leading employer, we aimed at improving engagement annually and this year this has been achieved. Additionally, we set a voluntary turnover rate target of less than 10% by 2023, and 12% was achieved in 2023.

To continue to improve engagement and further increase employee engagement, we continued with several core programs:

- **Employee Dialogue Program - Your Voice:** We consistently listen to our employees' feedback and take action on the aspects that matter most to them.
- **Performance Management Framework:** Through 'Grow Perform Succeed,' employees engage in regular dialogues with their managers to discuss performance and career development.
- **Learning and Talent Development Programs:** Our initiatives including mentoring, sponsoring and digital learning, provide employees with quality learning opportunities to enhance their current performance and prepare for future roles.
- **Line Management Development:** We prioritize upskilling our line managers through a global program to ensure effective management across our teams.
- **Diversity and Belonging:** Our Global Affinity Groups drive a focused direction on actions that address the needs of underrepresented groups, fostering inclusivity within our organization.

Considering the evolving employment landscape and changing expectations, we actively monitor the employee experience and adapt our approach accordingly. Our integrated People Analytics platform enables a dedicated team to analyse data and present insights to leadership, facilitating data-driven decisions regarding our people strategy. We align our people metrics with our company-wide objectives to regularly review our progress towards our overarching ambition.

Attracting Arcadians: Embracing New Horizons

During 2023, we welcomed over 7,000 new Arcadians. Amidst a competitive talent market, we prioritized the acquisition of skills essential for the ever-changing needs of our clients and society across priority areas such as urbanization, energy transition, decarbonization, sustainability and climate change. We focused on diverse and inclusive hiring practices and invested in global partnerships with LinkedIn, Indeed, and Glassdoor to enhance our global employer brand visibility. Our new career site, 'Create a Legacy', had a strong impact on hiring outcomes and received 5.4 million page views, a significant increase compared to 2022.

Our partnership with LinkedIn resulted in 1.3 million company page views, a 6% increase from 2022. We were recognized as a finalist for the Best Global Employer Brand on LinkedIn. Additionally, our Glassdoor scores strengthened, with a global average of 4.1 out of 5.

Our partnership with Indeed yielded excellent results, driving exponential employer brand awareness and attracting diverse talent. We experienced significant growth across all key metrics on the platform, including job postings, page impressions, job views, clicks per job, and global apply starts. The revised employer brand resonated strongly, leading to 179% increase in page impressions, 80% increase in job views, and 103% increase in apply starts.

Early Careers

We welcomed 1,464 Early Careers Professionals into Arcadis in 2023.

We continued to develop and optimise our hiring strategies during 2023, incorporating virtual, on-campus, and in-office activities to engage graduates, interns, and vacation students. Our unwavering commitment to attracting talent from under-represented groups in society into our early careers opportunities remains a pivotal focus, ensuring a more balanced representation of society where we live, work and play.

We are committed to supporting the growth and development of our early career professionals. To ensure their success, we provide a range of comprehensive development interventions. These initiatives encompass development programs, engaging workshops, and valuable networking opportunities, all designed to foster their professional and personal growth. Our commitment to their development extends beyond technical skills aligned with attaining professional qualifications. Through programs like Roots of Arcadis, we provide invaluable leadership, networking and mentorship opportunities. By empowering our young professionals through these initiatives, we equip them with the tools and guidance they need to unlock their full potential and emerge as future leaders in their respective fields of expertise.

Social Mobility Partnerships for Diversity Hiring

We partnered with the Conference of Minority Transport Officials (COMTO) and National Society of Black Engineers (NBSE) in North America. These new partnerships enabled us to promote diverse hiring, improve our employer brand reputation in key markets and drive increased hiring from underrepresented groups.

In the UK, the new collaboration with 10,000 Black Intern Foundation, which works to support black heritage candidates to obtain internships and insights into industry, yielded impressive results. We have ten new placements of which five (50%) were either offered a graduate role for 2023 or a returning internship position.

Skill Enhancement: Growing as an Arcadian

At Arcadis, we prioritize diverse learning opportunities for our workforce. Our interventions focus on essential skill development and empowering leaders to lead effectively and to drive substantial change. To expand our learning offering, we launched an advanced Learning Experience Platform (LXP). This has facilitated access to over 10,000 new digital learning resources, offering a captivating and user-friendly environment. Enabling equity of access to learning for all Arcadians globally supports our focus on inclusion and belonging. Equally important, the LXP empowers Arcadians to access personalised learning journeys and shape their own skill development to support ongoing growth and career progression.

Since launching the LXP we have had 10,425 users access the platform representing significant positive feedback around the platform and content availability.

In 2023, a key focus was building Energy Transition capability. In establishing our new Energy Transition Academy, we have launched three learning modules and four more are currently in development. We conducted a Summer School for Account Leaders to educate them on Transition, Distribution, and Storage (TDS) and are designing a Winter School for delivery Q1 2024, specifically focused on Hydrogen.

We piloted and obtained accreditation for our Growth Accelerator Program, specifically designed for our Account Leaders. Successful completion of this program, along with an interview, leads to a globally recognized Strategic Account Manager accreditation.

Enabling Arcadians to help impact our commitment to accelerating a planet positive future, in collaboration with Lovinklaan, we have also developed five additional modules focusing on sustainability.

Powering Performance Conversations

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

In 2023, we had 85% (2022: 75%) of Arcadians undertake a performance and career discussion with their line manager. This has been the highest uptake of GPS to date which has resulted from continuous reinforcement from leadership and implementation of initiatives to support employees and managers in having effective and meaningful performance conversations.

Furthermore, Arcadis employee engagement data over past few years show a continuous increase in results related to Goal Setting, Career Path, Mentoring and Recognition.

Mentoring Widely Accessible

At Arcadis, we deeply value the importance of mentoring. Our global mentoring platform called Mentor Connect gives equal access to mentoring opportunities for all Arcadians worldwide. Mentor Connect enables individuals to build meaningful connections with Arcadians across the organization, fostering their personal and professional growth. At Arcadis various forms of mentoring are encouraged, including traditional mentoring, reverse mentoring, and reciprocal mentoring. By embracing diverse mentoring approaches, we aim to cultivate inter-generational, inter-cultural, and cross-hierarchy relationships throughout the organization.

The engagement with Mentor Connect has shown great progress, with the number of current Arcadians signing up growing to over 3,000. As a result, we have successfully established approximately 2,600 mentoring relationships with 47% of them being cross-country connections.

Sponsorship Opportunities

Sponsorship is widely recognized as a crucial element in advancing one's corporate career, yet not everyone has equal access to this opportunity. In order to address this disparity, the global sponsorship program is aimed at creating equitable development opportunities for Arcadians from underrepresented groups. A total of 80 selected sponsees joined the program this year and benefited from support from a senior leader, networking opportunities and increased confidence in developing their careers at Arcadis.

Following a successful first cohort and being honoured the Equality, Diversity, and Inclusion Initiative of the Year award at the Inspiring Women in Construction and Engineering Awards ceremony in the UK, the application process for the second cohort has been launched in 2023 for another 80 sponsees.

Expedition DNA: Developing Arcadians Digital Skills

Throughout 2023, the Expedition DNA Program has continued to build a critical mass of business ambassadors for digital, sustainability, and overall business strategy. This program aims to ensure that Arcadians possess essential digital knowledge and skills, which are crucial for our ongoing business transformation.

Expedition DNA has evolved to now comprise of two elements: an online, gamified immersive journey to develop a common language and base level understanding of digital, sustainability, and our business strategy; and an intensive 8-week virtual learning journey known as ‘expeditions’.

There continues to be an increase in Arcadians both engaging and completing Base Camp. Currently 13,585 Arcadians have participated in the program since its inception.

In 2023, a group of Arcadians completed a fully virtual expedition, participating in specialized ‘Skill Labs’. Upon completion, participants gained new digital and sustainability skills, becoming eligible to join the network of organizational ambassadors driving change, engaging clients, and promoting sustainability into everything we do. Additionally in 2023, Expedition DNA and our City Shaper participants collaborated to integrate the City Shaper's program into Expedition DNA, allowing participants to work on real-life business simulations.

BioNTech research and development headquarters

> Our combined capabilities meant we could offer the best solutions and skillsets across advanced therapeutics engineering, architecture and project management.”

Gary Tetlow | Senior Project Manager - Places, Arcadis

Case | PLACES

Establishing a new biomedical facility in the UK

The Challenge

BioNTech is establishing its first UK research and development facility in Cambridge to provide cancer immunotherapies to patients. The building houses leading-edge technology that requires an intricate design to ensure BioNTech’s research isn’t disrupted by environmental changes.

The Solution

We provided architectural and engineering design and program and cost management services, uniting capabilities from Places, Architecture & Urbanism, and Advanced Process Manufacturing to help accelerate the development of immunotherapies and vaccines affecting millions globally.

The Impact

Our detailed design considers the facility’s need for nitrogen tanks and cryo-electron microscopes to study cells at a molecular level, which will support BioNTech’s work developing next-generation medical trials. Completed in 2023, the facility can now offer novel cancer treatment to over 10,000 patients.

1st
R&D facility in the UK for our client

2023
Year of completion

10,000+
Number of patients treated

Leading our people

Arcadis is a business recognizing the importance of effective people leadership. At the heart of this lies the ability to cultivate engaged teams and foster a psychologically safe environment, empowering every Arcadian to flourish and bring their authentic selves to the workplace.

Elevating Our Managers Worldwide

Our Line Management Experience (LMEx) is specifically designed to empower all Arcadis managers globally to lead with impact – an initiative that continues to be critical given the pivotal role of managers in transforming our business and driving performance, engagement, and retention of their teams.

In 2023, there was a continued investment in building managerial and leadership capability globally, providing our managers with many opportunities to develop their managerial and leadership skills in small-group and highly interactive training sessions. The Management Essentials program for emerging managers attracted approx. 3,000 attendees and the Advanced Management program for more experienced managers attracted approx. 1,200 attendees. The sessions are highly valued achieving an impressive Net Promotor Score of 73 overall and helping improve Arcadians line management experience.

To help foster our People First culture, three additional skills labs were created which focused on creating a culture of accountability, managing the human side of change, as well as wellbeing and mental health. The new Arcadis Learning Experience platform allows our managers to access especially curated content in the Management and Leadership modules to support them in the flow of work – just when they need it.

Furthermore, the global manager onboarding journey was initiated for our 950 newly appointed managers in 2023 (both hired and promoted) to ensure a consistent manager experience and support them in this important transition. The structured journey provides clarity about the managerial role, brings a support network of own line manager, buddy and people business partner and a compelling learning path building essential manager skills.

To allow our teams to bring their best to Arcadis, a variety team building toolkits and conversation guides were launched to help our managers and their teams to get to know themselves and each other better. The toolkits facilitate building trust and psychological safety and were accessed by close to 750 Arcadians.

The results on the manager-specific questions from our engagement survey reveal a growing sense among Arcadians that their line managers genuinely care about them as individuals, value their opinions, and foster open and honest communication. Moreover, our managers are seen as supportive of their team members' performance and development. This ongoing improvement in managerial perception reaffirms our dedication to nurturing strong relationships between managers and their teams.

Strengthening Senior Leadership

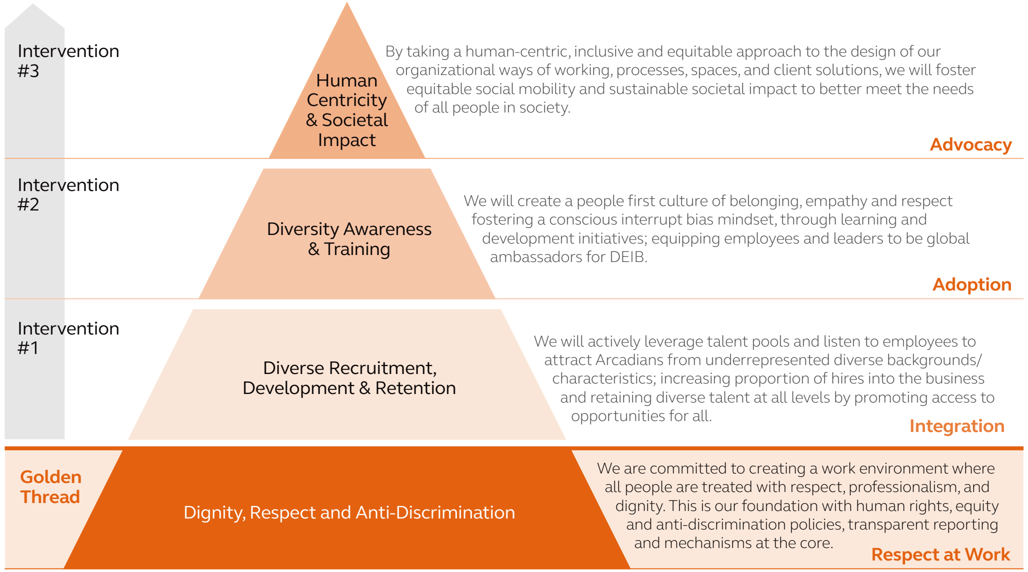
Strong leadership and a robust leadership pipeline is key to driving our strategy, sustaining our business, and engaging our people. Aligned to our Leadership Model, successful leaders at Arcadis possess strong learning agility, combined with a balanced mix of being curious, driving success and igniting passion. In 2023, main activities to strengthen our leadership included:

- As a cascade from this years leadership conference and in response to nurturing our **culture of accountability**, 750 senior leaders and leaders of managers were invited in Q4 to virtual Accountability Inspiration Sessions – an interactive and compelling experience – to set expectations to role model accountability and engage and inspire their teams around this theme – with a further cascade planned in Q1 2024.
- **Further strengthening our leadership pipeline for the future** with the Leadership Discovery program for leadership potentials. This year, 113 senior leadership potentials started this journey focused on facilitating self-awareness through a psychometric and pro-active personal development. Nearly 40% of this group have had career acceleration opportunities through appointment into an acceleration roles or assignments or being invited to attend an Arcadis event with senior leadership exposure.
- Our **individual development process** for senior leaders includes interventions such as psychometric assessments, 360 feedback based on our leadership model, or executive coaching to address specific development needs. Over 159 leaders engaged in one or more of these development paths over the course of 2023.
- To minimize risk, **emergency replacement plans** have been put in place for senior and business-critical positions. These plans are agreed upon with the emergency replacements, ensuring their willingness and ability to step in when necessary, and include regular and ongoing communication.
- Talent pools consisting of potential candidates are established for key leadership roles that directly lead our business. Additionally, 86% of the most senior leadership appointments made in 2023 were either internal Arcadians or individuals from our new business acquisitions.

Diversity, Belonging and Human Rights

Fostering a workplace where everyone belongs

Our commitment to diversity & belonging, wellbeing and human rights is an integral part of how we prioritize positive social inclusion and impact. The principles of our programs at Arcadis, are centered on "do no harm" and "do good"; ensuring social safety within our organization as well as respecting and promoting the human rights of people across our value chain and into the communities and societies that we impact through our work.



We are evolving in ways that ensure that every Arcadian is empowered to be their full self at work. We know that workplaces centered on respect, dignity and anti-discrimination are the best environments for our people to thrive. This also enhances our company's performance and culture, by allowing us to recruit and retain top talent, and by positioning us to develop innovative solutions to all our clients' needs.

Our Diversity & Belonging, Wellbeing and Human Rights work includes three key focus areas:

1. Human Rights
2. Wellbeing & Employee Experiences and
3. Diversity, Equity, Inclusion and Belonging (DEIB)

Our impact both defines and bolsters the 'S' in ESG-covering the ways Arcadis impacts and builds relationships with Arcadians, our clients, suppliers, and the communities in which we operate – contributing to solutions that meet the pressing social challenges of our time.

We do this by promoting a human centered, psychologically healthy and safe environment underpinned by equity, inclusion and a culture of belonging throughout our employee lifecycle.

Safeguarding Human Rights

We believe that treating people with dignity and respect is foundational to being a responsible business. Our approach to human rights is based on the UN Guiding Principles on Business and Human Rights (UNGPs).

Human Rights and Labor Policy

Our commitments to respect human rights, and the expectations that we place on ourselves and our business relationships, are embodied in our human rights and labor policy. Consideration of human rights is also integrated into our Risk and Control Framework, in our General Business Principles and Supplier Code of Conduct.

Human Rights Due Diligence

In 2023, we took the following steps to further embed our policy and human rights across our business:

Own Operations - Arcadis

- To support Arcadians to better understand the topic of human rights and what our responsibility is in respecting human rights across the value chain, in 2023 we launched two human rights trainings:
  1. Introduction to UNGPs
  2. Introduction to Modern Slavery.

Our Value Chain

- Monitoring potential human rights risks associated with part of our supply base via a third-party tool.
- Establishing a road map to implement our obligations under the German Supply Chain Act.

Grievance Mechanisms and Remediation

Arcadis has a misconduct reporting procedure which includes an anonymous global Integrity Line managed by a third party. The Integrity Line is available for all internal and external stakeholders 24 hours/ 7 days a week. Reports of potential or suspected misconduct can be made in native languages, see page 128.

Collaboration

We believe that respect for human rights is fundamental to living in a sustainable society and we are committed to monitoring and embedding a clear and definable approach to human rights. We recognise the power of partnerships and collaboration in driving long-term solutions, so we are:

- Collaborating with the World Business Council for Sustainable Development (WBCSD). We have taken an active and frontline approach in the Business Commission to Tackle Inequality (BCTI) – where Alan Brookes has taken position as a CEO commissioner in an initiative that seeks to tackle inequality and generate shared prosperity for all.
- Participating in the Business & Human Rights Accelerator Program of the UN Global Compact and the Social and Economic Council (SER). This program provides a great opportunity to meet experts and peers to support our efforts to discuss the challenges and solutions for implementing a decent and adequate human rights due diligence process.

Communication of Rights

Arcadis maintains its commitment to employee consultation, demonstrating respect for the rights of works councils as representatives of employees. We recognize the significant role of works councils and trade unions in collective bargaining and value their contribution to shaping our decisions.

In particular, we actively engaged with our European Works Council, initiating discussions and providing them with information on transnational matters that had a substantial impact on employees' interests across Europe. This consultation covered a wide range of topics such as strategy, people technology implementation and workforce structure changes. This played a pivotal role in shaping Arcadis' overall strategic direction.

Furthermore, we actively collaborate with various representation and consultation bodies in countries where we operate. In 2023, 23.2% of the Arcadis workforce is covered by a collective labor agreement. Our local and European consultation bodies remain actively engaged, well-informed, and regularly consulted on impending new three-year company strategy and connected to other transformation programs. We recognize the importance of involving these bodies in the decision-making process to ensure transparency and inclusivity throughout our organization.

Our Commitment to Diversity, Equity, Inclusion and Belonging

Belonging at Arcadis means feeling empowered to bring your whole, authentic self to work, with the confidence that you are supported and respected, and feel mentally and physically safe. This includes a commitment to responsible, sustainable, and equitable work practices within the communities where we operate. Our human rights and diversity, equity, inclusion and belonging progress is reflected in several ESG performance benchmarks, including Sustainalytics and EcoVadis.

Amplifying Lived Experiences

Understanding lived experiences are fundamental in our ability to curate focused and impactful programs. Our third annual Your Voice Diversity Representation Survey, in conjunction with our first annual Your Voice Wellbeing Survey, further enriched our understanding of the diverse characteristics of our people and what they need to feel included and safe. This year, our overall Diversity Representation engagement score significantly increased, with all under-represented groups (URGs) showing a +15-point increase in eNPS compared to the previous diversity representation survey.

Communities for Impact

Our global Affinity Groups span our geographical footprint as well as all business areas and represent a wide and diverse spectrum of people. They are helping curate a renewed workplace culture and continue to demonstrate their objectives; to share and support, celebrate and educate, challenge and advocate, and provide insight and advisory on strategic business decisions that affect our people.

Collectively AG's have hosted a series of global webinars with over 17,000 live employee views. Empowered to create community locally, our in-country groups have hosted 70+ events, both virtually and in-person, to continually build a sense of belonging for all Arcadians. At 4000+ members and growing, membership to the global AG's continues to rise, reflecting approximately 10% of Arcadians globally.

With a business lens and executive-sponsorship, we continue to provide thought leadership and advisory work to strategic business outputs that support our People First values.

- **Access & Neurodiversity AG** launched the Arcadis Neurodiversity in the Workplace Guide to provide awareness and best practices for managers/co-workers of neurodivergent individuals.
- **Age Representation AG** introduced our first-ever Arcadis Intergenerational Day to promote intergenerational diversity in the workplace and diverse innovation.
- **Ethnicity & Heritage AG** has been fundamental in the execution of our Global Women of Colour Programme and Global Sponsorship Programme.
- **Gender AG** continued to lead the roll out of I Am Remarkable Programme to empower, celebrate achievements and challenge social perception around self-promotion.
- **PRIDE AG** developed Arcadis' Transitioning at Work Guide intended for Arcadis' transgender and nonbinary employees and others who may be involved in a workplace gender transition.

Increasing Impact for our Women of Color

Our award-winning Women of Color (WoC) program is supported by members of the Ethnicity & Heritage, Gender, and PRIDE Global Affinity Groups making it truly intersectional. Co-created solutions launched this year include:

- **WoC Forums** - over 280 WoC are participating globally in tailored safe spaces geared to: increasing global networks, enhancing safe spaces to raise concerns and access to remediation, generating sponsorship, mentorship, and development opportunities.
- **WoC Role Models** - creating visibility of senior WoC in Arcadis on their career journey, enhancing representation and belonging, while inspiring other WoC across Arcadis.
- **Self-Branding Journey** - a series of workshops designed to support the development of an authentic personal brand.
- **I Am Remarkable Global Workshops** - coaching on better articulating personal value in career discussions.
- **Leadership Advocacy Guidelines** - supporting leaders and managers in understanding systemic barriers unique to WoC and provide appropriate support and advocacy.

Continuing our Commitment to TENT

In 2022, Arcadis pledged to offer employment to 65 refugees in Europe for three years. The company provides internships, mentorship, training, and work experience to support refugees in building a new future. Arcadis is committed to equal opportunities and has hired 35 program participants in Europe since renewing its commitment.

Driving Accountability - Facilitating Training and Awareness

Arcadis promotes accountability to drive an inclusive and equitable culture. They support employees in taking accountability for their roles by providing training and resources. We launched the Diversity, Belonging & Human Rights playlist on Arcadis' global Learning Experience Platform. The playlist shares modules accessible to all on a variety of topics, including Diversity Basics, Neurodiversity at Work and Mitigating Bias in Recruitment. This year we partnered with the technology start-up Kiin to deliver engaging virtual reality unconscious bias training. We have trained senior leaders across three Global Business Areas, placing them into the skin of an underrepresented avatar from a minority group.

Diversity Spotlight - Pay Equity

In 2023, we continued with our work towards ensuring equitable pay in UK and Australia, including our transparent reporting on our Gender Pay Gap in line with legal obligations in Australia and the UK.
We also took an active approach in our annual salary review cycle to correct any areas of inequity. We've made significant strides in improving representation, investment into gender-focused programmes and increased engagement and accountability across the business, and we're seeing those impacts demonstrated through further reductions to our pay gaps in year. In 2023 Australia reported a gender pay gap of 29.2% (2022: 24.1%), change was a result of the methodology to align with WGEA and now includes total remuneration. In the UK we have reduced our pay gap by 4.5% to 14.7% (2022: 19.2%).

Our Diversity Equity Inclusion and Belonging Direction

Our diversity and inclusion work and targets are in line with Dutch, EU and several in-country anti discriminatory legislations.

We have updated three key global and leadership diversity and inclusion policies, and created an action plan for leadership gender targets to ensure we align with regulatory requirements. In agreement with the Executive Board of Arcadis these policies adopt the values in the company that contribute to a culture focused on sustainable long-term value creation.

- Global Diversity Equity Inclusion and Belonging Policy
- Executive Board Diversity and Inclusion Policy
- Supervisory Board Diversity and Inclusion Policy
- Dutch Social Economic Council Gender Leadership Targets Action Plan

Diversity and Human Rights Partners, Membership, and Recognition

- **UN Guiding Principles:** We have chosen to align our work with the UN Guiding Principles on Business and Human Rights (UNGPs) and their Sustainable Development Goals (including Goal 5 - Gender Equality).
- **UN Global Compact:** As a member of the United Nations Global Compact (UNGC). Our strategy reflects the UNGC principles, and our ambition to be a leader in both equity and sustainability.
- **World Business Council for Sustainable Development:** Arcadis is a proud member of the WBCSD, accelerating the transition to a more sustainable and equitable world.
- **Forbes World’s Top Female-Friendly Companies 2023:** We are proud to feature in the Forbes 2023 World’s Top Female-Friendly Companies, based on equity such as competitive pay, opportunities for career advancement & flexible working arrangements.

Health and Safety

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

The Health & Safety Program is the responsibility of a Global team, led by the Global H&S Director, who directly reports to the Chief Delivery Officer (CDO) accountable for H&S. The CDO reports to the Chief Executive Officer. 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 Global H&S Management System standard, which has been designed to harmonize H&S processes across Arcadis. 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 international SOS and country based health services companies employees have constant access to information on preventive measures to eliminate or minimize risks.

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

- Prioritization and action plans with quantified targets;
- Involvement of leadership and business managers on a regular basis, as well as engagement between H&S leadership and GBA management on at least a quarterly basis;

Review of work-related incidents (see step six of the principles as described on page 61);

- Conducting internal inspections and consultations by H&S specialists;
- Independent external verification of health, safety, and wellbeing;
- H&S targets are encouraged to be embedded in performance appraisals;
- Safety culture through behavior-based observations and shared information; and
- Celebrating successes through safety competition, recognition, and rewards.

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

Performance 2023

Arcadis' 2023 Total Recordable Case Frequency (TRCF) decreased from the prior year (0.13 compared to 0.15 in 2022). Overall, Arcadis' TRCF has decreased by 19% over the past five years.

Comparing 2023 to 2022, the following observations were noted:

- Arcadis IBI and Arcadis DPS were acquired by end of 2022. We started tracking their H&S performance throughout 2023. Two recordable injuries have been reported in the Arcadis numbers for Arcadis IBI. Arcadis DPS only reported contractor incidents, no incidents happened to Arcadis DPS employees.
- Despite the addition of Arcadis IBI and Arcadis DPS, Arcadis' core business activities remained substantially the same in 2023 and, as such, the risk of health and safety incidents occurring did not significantly change. However, 2023, just as 2021 and 2022 saw an increase in field hours vs. 2020 when some countries restricted access to client sites for certain periods of time due to COVID-19. More time in the field resulted in an increased exposure to higher hazard environments and more recordable incidents. In 2023 90% of all Arcadis OSHA (Occupational Safety and Health Administration) recordable incidents happened in the field.
- Insufficient H&S planning was often the cause for incidents and near misses, but we also saw a lack in the use of our fundamental H&S principles. Mainly TRACK was not used consistently or was not considered before starting a job.
- Just as in 2022, 2023 saw more recordable injuries related to ergonomic complaints and continued strain on specific types of muscles due to repetitive movement. These have been observed by both field crews, and people working from home.

Our Lost Time Case Frequency (LTCF) for 2023 (0.04) decreased compared to 2022 (0.05). Arcadis' LTCF has decreased by more than 55% over the past five years. There were no appreciable differences in the nature or type of lost-time injuries between 2023 and 2022. There were no work-related fatalities in 2023, 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, 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 2023 included all Arcadis leaders level 10 and higher completing at least 1 H&S stewardship activity per quarter, and for 100% of all staff performing a documented proactive health and safety action. These objectives were included to drive greater health & safety engagement by leadership and staff and to encourage further development of our proactive health and safety culture. Engagement by both leadership and staff was strong; over 95% of leaders were compliant with their H&S Stewardship activities for every quarter and 75% of staff performed a documented proactive H&S action in 2023 (same amount as in 2022). An additional objective required all projects that take place outside of an office environment to have a well-defined H&S Plan (HASP) in place before site activities begin; due to the change in reporting via Oracle there was a slight backlog in registering HASP plans into the system, however, auditing shows that HASPs are in place.

We also aligned our People First commitment by focusing on the health and wellbeing of our people in 2023. ISO 45003, Psychosocial Risk management, was introduced into the revised version of the Global Health & Safety Management System Standard. The overall purpose of our program is to develop people-centric solutions that improve quality of life for Arcadians. We endeavor to nurture the physical, mental, and social wellbeing of Arcadians to create a psychologically safe and heathy workplace where all can thrive. Improving employee wellbeing & resilience is fundamental to Arcadis to create the following benefits for our employees:

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

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

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

The Six Fundamental Health & Safety Principles

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

Cultivating Wellbeing

Arcadians' global wellbeing framework supports physical and mental health, encourages proactive self-care, and aims to prevent harm. The framework introduced Arcadis' Five Ways to Wellbeing, which reinforces our inclusive approach to wellbeing in the workplace.

People First

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

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

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

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

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

We also undertook a gap analysis in countries to help enrich our health and wellbeing strategy. Some of our key global activities include:

Globalizing our Employee Assistance Program - our EAP is now available to all 35,999 Arcadians and their family members and upgraded the service to support Arcadians with legal and financial concerns.

Access to a Wellbeing Advocate Network - an internal network that raises awareness about Arcadis' wellbeing framework and, provides empathetic listening to colleagues who may be struggling and signposting to resources and support services available.

'This is Me: proud to support Mental Health' Launch - a group of initiatives which includes training for managers on their role in supporting the mental health and wellbeing of Arcadians; manager toolkits and access to Mental Health awareness training for all employees.

Enhancing our Evidence Based Approach - with 68% participation in our global wellbeing survey it enabled us to better understand the workplace wellbeing needs of Arcadians and what they need to feel healthy and safe at work.

Global Wellbeing Webinars - reaching over 15,000 Arcadians on a variety of wellbeing and resilience topics.

Hyundai Laboratory in North America

"We've created a facility layout that will help Hyundai Motor America learn about all stages of a vehicular crash, with each area of the facility focusing on a specific stage of a collision."

Martijn Karrenbeld | Global Director – Advanced Manufacturing, Arcadis

Case | PLACES

Designing an advanced facility to help make cars safer

The Challenge

With traffic fatalities reaching a record high in the US, Hyundai Motor America sought to enhance vehicular safety by creating a cutting-edge testing facility.

The Solution

Arcadis collaborated with Hyundai to design and construct the Hyundai Safety Test and Investigation Laboratory (STIL) in Michigan. This facility, featuring specialized labs and a test track, will enable real-life crash scenario analysis, leading to improved vehicle and passenger safety.

The Impact

By focusing on electric vehicle testing and crash investigation, the Hyundai STIL aims to set new standards for automotive safety, benefiting both gas and electric-powered vehicles. The facility is expected to generate 160 high-skilled jobs, contributing to the revitalization of Michigan's automotive industry.

15,000 sq ft
Size of test facility

1,640 sq ft
Asphalt test track

160
Number of high skilled jobs

Sustainability

"We have a unique power and privilege as a leading global design and engineering firm to be the accelerator in this decade of change."

Tina Armstrong
Global Sustainability Impact & Systems Director

70%

Net Zero objective Scope 1 and 2 reduction of GHG emissions by 2026
against the base year 2019

45%

Net Zero objective and Scope 3 reduction of GHG emissions by 2029
against the base year 2019

Sustainability strategy and introduction

It's time. Given our origins and the fact that improving quality of life has been at the heart of what Arcadis has done throughout our history, it is only natural that we continue to evolve into a company that deliberately accelerates a planet positive future.

Climate change is the biggest challenge we face. The built environment is a fundamental part of both the challenge – accounting for about 40% of global emissions – and the solution by mitigating climate change and fostering resilience against climate extremes. We are in a unique position to positively affect the built environment today with lasting consequences far into the planet's future.

The Decade of Change

The assets, facilities, and infrastructure we design and build today are all likely to be operational in 2050. As a leading global design, architecture, and engineering consultancy, we have a unique chance to be a positive accelerator by deliberately focusing on projects that align with our strategy. It is our mission to accelerate a planet positive future. We embed sustainable values into our client solutions, our business operations, and our people and community programs. Fortunately for Arcadis, sustainability is in our DNA with strong foundations dating back to 1888.

Over the last three years, we have played a critical role in addressing our client's needs with sustainable solutions that can be accessed and deployed across the globe. We have also partnered with Green Building Councils, the World Business Council for Sustainable Development and other organisations to develop new solutions across the built and natural environment, advancing the case for a more sustainable and equitable world. Our combined efforts have been rated as some of the most advanced by respected ratings agencies including EcoVadis and MSCI.

Advancing Planet Positive Outcomes

For Arcadis, it's crucial we continue to innovate, measure, and track our impact if we are to make a lasting difference. That's why we are developing new client methodologies and tools to measure sustainability across five themes - Carbon, Nature, Water, Circularity and Social Impact. We will begin with the scaling of Whole of Life Carbon measurements in projects – an initiative called Project Carbon, which aims to embed carbon impact measurements into our projects and to identify and implement decarbonization opportunities across all our client activities from initial raw material choices to end of life waste disposal. By analyzing and assessing the greatest areas of impact, we can create new solutions to accelerate planet positive outcomes.

Fostering Net Zero and Biodiversity in Our Own Operations

During our last strategy cycle, we also established our ambition to become net zero across our value chain in 2035. We are reaffirming this target in our next strategy through near term commitments to achieve a 70% reduction in Scope 1 and 2 Greenhouse Gas emissions by 2026 and a 45% reduction in Scope 3 emissions by 2029 compared to our 2019 baseline emissions. After completing a biodiversity impact assessment of all our office locations around the world, Arcadis established two biodiversity targets:

- No net biodiversity loss will occur at Arcadis sites
- For Arcadis sites with > 20% open green space, Arcadis will deliver a biodiversity net gain of 10% by 2030.

Continuing to Invest in Our People & Communities

Our people are our greatest strength. We will continue to live by our 'People First' principles and over the next three year invest in them through broad initiatives like the Skills Powered Organization. We will continue to develop targeted trainings supporting needed future-focused skills through initiatives like Sustain Abilities, our digital sustainability training program supported by the Lovinklaan Foundation. We are confident these measures, along with a commitment to give back to our local communities, will enable us to attract and retain the best people, increase employee engagement scores, and bring the power of all Arcadians to our clients wherever they are, whatever their needs.

Monitoring Progress against Our Ambition

As a design, engineering, and consultancy firm working with clients in numerous sectors and regions, Arcadis established its own sustainability ambition to reflect and stretch the ambitions of its clients and markets and to align to the roadmaps provided by credible experts, such as the International Energy Agency (IEA).

One of the major challenges for all businesses is to be able to track and manage progress against a long-term sustainability target or ambition. Arcadis is no exception. During 2023, Arcadis reached a major milestone by establishing and implementing a bespoke framework and methodology to be able to do this.

A clear line of sight between the Arcadis sustainability ambition and activity on the ground in client projects and in ways of working across the organisation was established. This is illustrated in the sustainability pyramid shown below. The pyramid demonstrates the connection from the Arcadis sustainability ambition to activity on the ground via the sustainability strategy, which defines choices Arcadis makes in the market, the annual sustainability outcomes which are the shorter-term stepping stones to reach the ambition in the chosen markets, and annual roadmaps which detail the activity which will be prioritized to reach the annual outcomes. This clarity has supported GBA leadership to prioritize investment in the areas of most impact.

Line of sight - sustainability ambition to activity

During 2023, a quarterly monitoring program was established to track progress against the 2023 sustainability roadmaps. At the end of 2023, a progress review was undertaken to feed into planning for 2024 to enable a proactive and forward-looking approach and deliver the necessary transformation to embed sustainability in everything we do. Progress was evaluated against activity in the roadmaps, key metrics to track and demonstrate increasing maturity and overall confidence in achieving the 2023 outcomes. The framework developed and tested during 2023 will be built upon for 2024 and the priorities for the Global Business Areas (GBAs) can be clustered under the **three strategic themes** as follows.

Sustainable Project Choices

With clients increasingly focused on projects and solutions with clear sustainability benefit, a compilation of information regarding sustainability strategy, plans and progress has been completed for all key clients. The information supports account teams to build account plans with sustainable outcomes at the front and center, guides client conversations around sustainability, and provides data to support key pursuits. For example, in the Mobility GBA, sustainability is integrated into client pursuits through the lens of carbon reduction, social value and justice, including electric vehicle transition, which supports growth in technical advisory and digitally empowered mobility management.

The GBAs have prioritised Sustainable Solution areas such as Energy Transition, Climate Adaption and Sustainable Infrastructure Design. To assess and prioritize key pursuits, we are using thought leadership developed through the lens of the prioritised solutions.

Digital and Human Innovation

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

Powered By Our People

With a global shortage of capability in key areas of sustainability and the net zero transition, Arcadis is investing in programs to build sustainability capability as follows:

All GBAs are seeking to build a common language around sustainability and are prioritizing time for all employees to complete Sustain Abilities training over the coming strategy cycle. See page 80 for more information about Sustain Abilities.

- To support a market-leading position as an implementation partner in the energy transition, a target of 2,500 professionals will be energized towards the energy transition solution through the Energy Transition Academy by the end of the strategy cycle.
- A critical enabler to reduce impact of all client projects will be the ability to measure impact across the five sustainability lenses. Training on carbon literacy began in 2023, and during the next strategy cycle training on measurement of water, nature, circularity and social value will also be prioritized.

Improving sustainability in real estate

"Sustainability and biodiversity form part of our DNA. With Arcadis, we have the perfect partner to assess the impact of our efforts and prove that our biodiversity gains are real."

Sven Lenaerts | Head of ESG at Immobel

11 SUSTAINABLE CITIES AND COMMUNITIES

15 LIFE ON LAND

Case | PLACES

Biodiversity reviews for Immobel in Europe

The Challenge

The Belgian property developer Immobel is known for its sustainable real estate projects in Belgium and Europe. With biodiversity high on its agenda, Immobel aims to create value for the property developer and end-user. It has called on Arcadis to assess its sustainability endeavors and, with the benefit of tangible figures, improve efforts where necessary.

The Solution

We launched the Crahiat project in Ciney, Belgium, where we calculated the biodiversity gain for a planned new development over 11.5 hectares and made practical recommendations using the Arcadis Biodiversity Net Gain Calculator. We can use this biodiversity tool to compare various development scenarios and determine whether certain measures have an impact on the end result.

The Impact

Through our partnership with Immobel, we can have a positive impact on real estate by embedding green spaces and nature-based solutions throughout the property and investment sector. By working with Immobel and gauging the impact of sustainability efforts, together we can demonstrate biodiversity gains. This creates value for both developers (buyers are prepared to pay more for green spaces) and end users.

11.5 ha
Size of planned development under review

1
Cutting-edge biodiversity tool

2.5%
Biodiversity Net Gain compared to baseline

Advancing planet positive outcomes in client projects

Over the past 3 years, the large growth in demand for Arcadis' sustainable solutions requires that Arcadis demonstrates focus, targeting its resources to those opportunities with the largest potential for impact.

Sustainable Project Choices

To maintain focus in the 2024-2026 strategy cycle, each GBA has specified the sustainable solutions they will deploy during this strategy cycle, as described further on page 21 and further in the GBA sections. As such, in the same way it supported the processes for the key client program, Arcadis will now embed guidance around three key areas - **Energy Transition, Critical Ecosystems, and Social Impact** - describing for these areas where we want to focus, putting this in its new pursuit guidance in 2024. These changes to our project selection, management processes and our pursuit processes demonstrate that we have moved beyond commitment to actively engage in accelerating planet positive growth through our project-related processes.

Integrating Sustainability

With the sustainability landscape rapidly evolving, it has been key to utilize Arcadis global expertise as well as adopting an integrated approach to sustainability. This means being able to tailor sustainable client solutions to the priority of the client, while ensuring this does not come at the cost of other resources.

The Future Impact Program, aiming to deliver sustainability impact measurement across projects, is designed to illuminate the carbon, nature, water, circularity and social impacts allowing Arcadis to design solutions balanced across the themes.

Meanwhile the development of the Project Nature and Project Water methodologies has already driven the growth of Arcadis sustainability networks internally, with a nature impact Community of Practice to be launched in 2024.

The Arcadis network of sustainability enables connections between local projects to global experts. Global Sustainability works closely with local teams, bringing in global subject matter experts to promote innovative approaches and leverage best practices across our businesses, while aligning to support the climate action plan of the client. This allows us to put forward our top expertise and sustainable solutions on bids across sectors.

Tailoring Sustainability Support

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

Delivering Globally

With many of our clients facing increasing disclosure and public pressure to make their sustainable work visible, Arcadis is in the position to help clients on their sustainability journeys. Beyond our Sustainability Advisory service, the adaptation of key client criteria enables a data-driven approach to identifying clients' sustainability risks, needs and opportunities.

Our partnership with the World Business Council for Sustainable Development (WBCSD) solidifies the global standard we hold ourselves to, ensuring cutting edge robust sustainability services. As participants in WBCSD's piloting groups focused on the Taskforce for Nature-related Financial Disclosure (TNFD), Arcadis had the privilege of driving feedback and specialization of the framework to the built environment prior to its publication. Subsequently, Arcadis has provided TNFD implementation services to clients, leveraging our in-depth understanding of the TNFD framework.

“Our clients want us to show them what good looks like and bring them opportunities on which they can take bold action.”
Tina Armstrong, Global Sustainability Impact & Systems Director

How We Do It: Project Impact

As a global business with an estimated €300 Bn in total project value, Arcadis has a profound influence on what our world looks like in the future. While addressing our direct impact on the world, Arcadis acknowledges that our value chain impacts are high, specifically regarding the projects we deliver for our clients. Our clients invest in and care about the sustainability performance of their projects, and Arcadis is committed to understanding and measuring these impacts to help us provide tangible, tailored solutions that address the complex challenges of our world today.

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

Project Carbon is the most mature of the Future Impact Program streams and has engaged stakeholders from across the organisation to validate the market need and rationale for measuring carbon on projects. It is already delivering a common approach for whole of life carbon impact measurement on projects for clients across the GBAs and relevant services. This serves as an enabler for developing Arcadis' capabilities and for the systematic decarbonization of buildings and infrastructure to accelerate the transition to a net-zero world. Project Nature and Water are following closely in its footsteps with Project Circularity and Social to be developed in the coming years. See next page on Advancing Net Zero Outcomes.

Elevating Project Impact

Global Sustainability has collaborated with many teams throughout the business to elevate the sustainability impact of client project work. The approach focused on integrating sustainability within our Standard Operating Procedures (SOPs) and Design Guides for our services, as well as developing a common scalable framework to measure sustainability impacts on our projects under the Future Impact Program. Global Sustainability has supported the GBAs in ensuring SOPs being developed and rolled out have sustainability built into them throughout the procedure lifecycle and support the delivery of sustainable outcomes when applied. Global Sustainability has worked with the technical teams from the business to enrich the sustainability angle of Design Guides, while aligning the content with Arcadis and industry longer term strategic direction.

Project Water and Project Nature have completed the stakeholder engagement from across the organization and are finalizing the methodologies, approaches, and tools that will be used in Arcadis projects. Project Social Impact and Project Circularity are expected to begin within the next few years.

Arcadis Sustainability Industry Collaboration and Thought Leadership

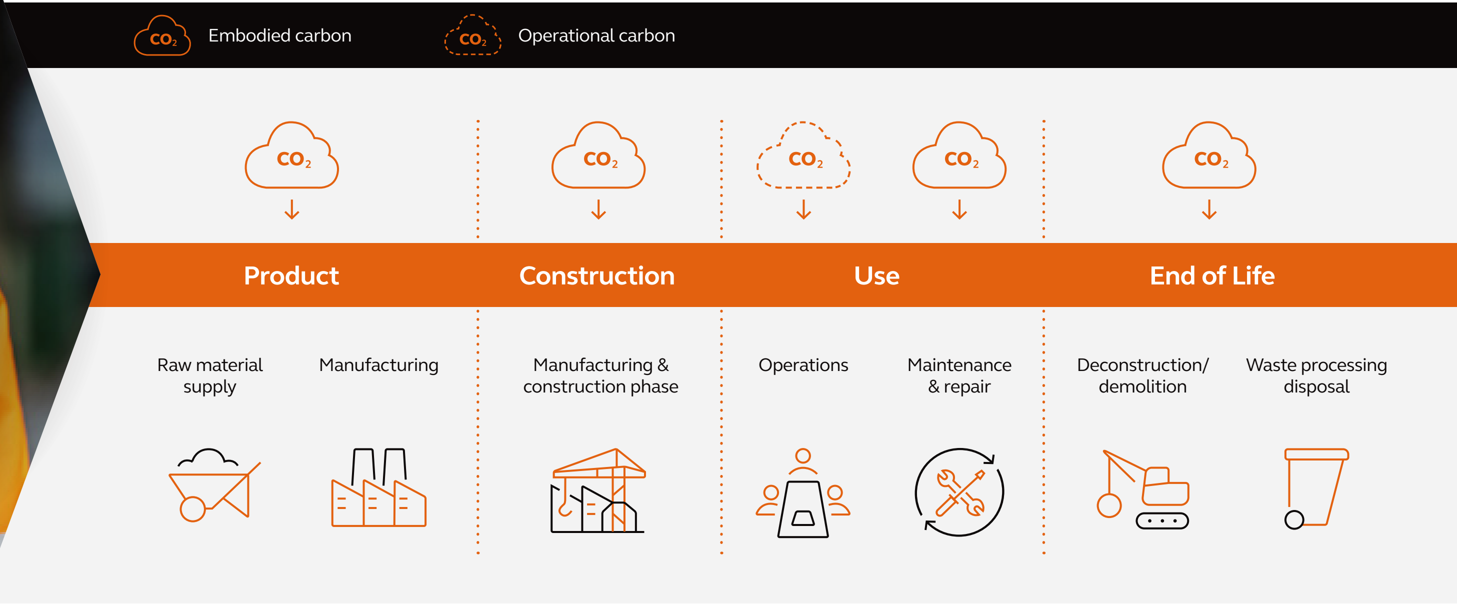
The World Business Council for Sustainable Development (WBCSD) is the premier global, CEO-led community of over 220 of the world’s leading sustainable businesses working collectively to accelerate the transformations needed for a net-zero, nature positive, and equitable future. Collectively WBCSD members represent more than $5 trillion in combined revenue and account for 20% of the world’s Greenhouse Gas (GHG) emissions (scope 1, 2, and 3), further highlighting the power and opportunity of the membership in shaping sustainable development. Through our longstanding partnership with WBCSD, Arcadis has worked closely with our clients and industry peers to develop leading sustainable solutions and guidance for business globally. In November 2023, our CEO, Alan Brookes, was appointed to the WBCSD Executive Committee, carrying on from Peter Oosterveer’s previous term.

Advancing net zero outcomes

95% of companies have physical assets, all of which must decarbonize to support company net zero targets. This requires understanding and measurement of their whole life carbon impacts.

This allows us to work with our clients to develop their asset investment, programming, implementation and sequencing of activities to reach net zero.

Our 2023-2026 strategy places significant emphasis on Whole of Life Carbon (WoLC), a key element to achieve net zero outcomes for our clients and make meaningful progress toward a net zero future through project choices.



WoLC represents the total Greenhouse Gas emissions emitted over the life cycle of natural or human-made assets. This includes existing or new infrastructure such as buildings, highways, bridges, flood protection, and more. It serves as as a comprehensive approach and **key strategy to evaluate carbon impact at asset level and enable targeted decarbonization.**

In 2023 Arcadis' focus with WBCSD has been:

- Collaborating to decarbonize the built environment. Arcadis, led by our CEO, Alan Brookes, has hosted and participated in the cross-sector Global Action Agenda for Built Environment Market Transformation sessions during New York Climate Week. These sessions serve as a platform to bring together stakeholders from the private sector across the entire value chain, as well as policymakers and shapers.
- Supporting the green industrialization and energy transition. We are partnering with heavy industry sector clients to develop more efficient, alternative technologies that contribute to the clean energy transition toward achieving net zero. Our work is underpinned by our industry leadership in this area, most recently highlighted through our collaboration with WBCSD to publish a guide titled 'How to align hydrogen investments with a 1.5°C pathway'.
- Leading the path to decarbonizing the infrastructure sector. Under the guidance of our Global President for Mobility Greg Steele, and in collaboration with FIDIC and our peers at Ramboll, Arcadis has led the decarbonization of global infrastructure projects. This effort is highlighted in the newly released 'Decarbonisation of the infrastructure sector' report. It provides best practices for consulting engineers and contractors throughout the whole life cycle stages of global infrastructure projects.
- Leading our sector in the valuation and integration of nature-positive outcomes into our projects. Arcadis advanced nature-positive approaches leading WBCSD members to develop a comprehensive roadmap titled 'Roadmap to Nature Positive: Foundations for the built environment system'. Additionally, Arcadis participated in WBCSD's piloting groups focused on the Taskforce for Nature-related Financial Disclosure (TNFD), driving feedback and specialization of the framework to the built environment prior to its publication.
- Tackling inequality as a fundamental consideration in the transition to net zero. In collaboration with other WBCSD members, Arcadis has been part of an expert committee tasked with outlining key actions to tackle inequality in business. This effort is championed by our CEO, Alan Brookes, who serves as one of the committee commissioners. The launch of the world's first Business Case for Tackling Inequality (BCTI) report set in motion a movement within our membership to take tangible action to reduce inequality through business ventures.

Arcadis joined the Science Based Targets Network Corporate Engagement Program to emphasize its commitment and support for science-based targets. As a member, Arcadis offered feedback on SBTN's tools, methods, and frameworks supporting target setting in line with Earth's limits. As described on page 77, Arcadis has used SBTN's guidance on setting science-based targets for nature to establish its first biodiversity commitment.

Fostering net zero and biodiversity in our own operations

Arcadis is focused on continuous improvement in its sustainability performance within its own operations. Our carbon footprint reduction program, targeted biodiversity approach, and programs to further improve the measurement and management of our impacts form the foundation of our efforts.

Net Zero Commitment and Near-Term Targets

Arcadis supports the Paris Agreement and Glasgow accords. Since February 2022 Arcadis has had a science-based target approved by the Science Based Target initiative (SBTi) for its global scope 1, 2, and 3 emissions aligned with a 1.5°C pathway and a net zero commitment. Since then, Arcadis grew through acquisitions and updated its scope 3 inventory. Since this triggered updating our baseline emissions and targets, Arcadis took this as an opportunity to make our science-based targets more ambitious. As part of our 2024-2026 strategy, we publicly announced our new near-term targets that are aligned with the new SBTi Net-Zero standard and were submitted for approval by SBTi in January 2024.

In November 2023, Arcadis committed to achieving net zero across its value chain by 2035. Arcadis' near-term net zero objectives are a reduction of absolute scope 1 and market-based scope 2 GHG emissions of 70% by 2026 from a 2019 base year and a reduction of absolute scope 3 GHG emissions of 45% by 2029 from a 2019 base year.

To reach these targets, Arcadis also committed to transition its entire company fleet to electric vehicles by 2030. Furthermore, Arcadis committed to reducing emissions associated with air travel by 50% and business travel by 35% by 2025 compared to our 2019 baseline emissions.

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

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

Arcadis achieved a 19% absolute reduction across scope 1, 2, and 3 from 2019 to 2023

Over that same timeframe, we achieved a 59% absolute reduction in scope 1 and 2 (market-based) emissions due to our program to concentrate and consolidate our offices, and by buying green energy, which also had a ~30% effect. Whenever office relocations are planned, Arcadis will continue to consider energy source and use as a factor in selecting new office space.

Our overall scope 3 emissions decreased 16%, caused by a reduction in scope 3 category 1 (Purchased goods and services), offset by an increase in scope 3 category 7 (Employee commuting, including working from home). While our scope 3 Category 6 (Business travel) emissions declined versus the (pre-covid) base year, there was a significant increase in travel emissions in 2023 compared to 2022 resulting from increased travel to align the organization to our new business model, as well as increased client interaction.

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

As required by the GHG Protocol, the comparative emissions and our 2019 baseline have been updated from previously reported greenhouse gas (GHG) emissions due to acquisitions, data improvements, estimation updates and for scope 3 category 1, mainly methodology changes. The biggest change is to our scope 3 category 1 (Purchased goods and services). Last year's emissions were based on an extrapolation of a high-level assessment of spend categorization with knowledge available at that point in time, whereas this year we used a more robust approach: we have improved data granularity in our spend which has enabled better allocation to EEIO (Environmentally Extended Input Output) emission factors from the US Environmental Protection Agency; we have switched to the most recently available EEIO v1.2 emission factors; and, for a smaller part, we are using primary supplier data through the CDP Supply Chain program where available. Our acquisitions in 2022, have been included for the full year of 2022 as well as in our 2019 baseline. Further, scope 1 and 2 updates are processed because of estimation updates and smaller errors. These changes have been applied to all years disclosed to ensure the consistency. Overall, these changes have led to a significant decrease when compared to previously reported numbers for the same reporting period. Despite the methodology and data being improved, we acknowledge that our current methodology and data are based on significant estimations as explained in the glossary.

GHG Protocol has a suite of corporate standards and guidance documents that are recognized as the global standard for GHG measurement. These documents outline requirements to restate emissions due to structural and methodological changes. Therefore, it is common and even expected for changes to occur over the course of a goal period. Restatement allows for more accurate tracking of emissions over time. For more information see GHG Protocol Corporate Standard Chapter 5: Tracking Emissions Over Time.

Net Zero Progress

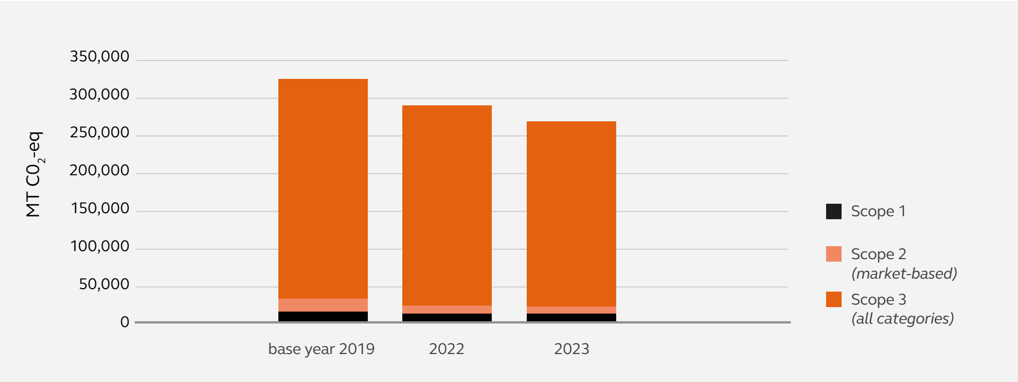
As of 2023, Arcadis has transitioned about 23% of its fleet to electric vehicles. To reduce electricity-related emissions, Arcadis has been purchasing green electricity certificates ((i) RECs & GOs) for all offices which do not yet have direct green electricity contracts to cover 100% of our office electricity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

Since 2010, Arcadis reported on global emissions and energy consumption, based on the Greenhouse Gas (GHG) Protocol. The tracking and reduction of global emissions and energy consumption is implemented and monitored via Arcadis' Global Environmental Management System Standard (EMSS), which requires Arcadis to report metrics on topics material to the organization's environmental impact. Available metrics on these topics are compiled globally and summarized herein; additional details are publicly available via CDP. Arcadis' carbon footprint is centrally reported based on local information where available, and reviewed by sustainability professionals including a comparison to other entities and historical performance for quality purposes. Arcadis' carbon footprint (in MT CO_2 per FTE) received limited assurance from our external auditor as described on page 265.

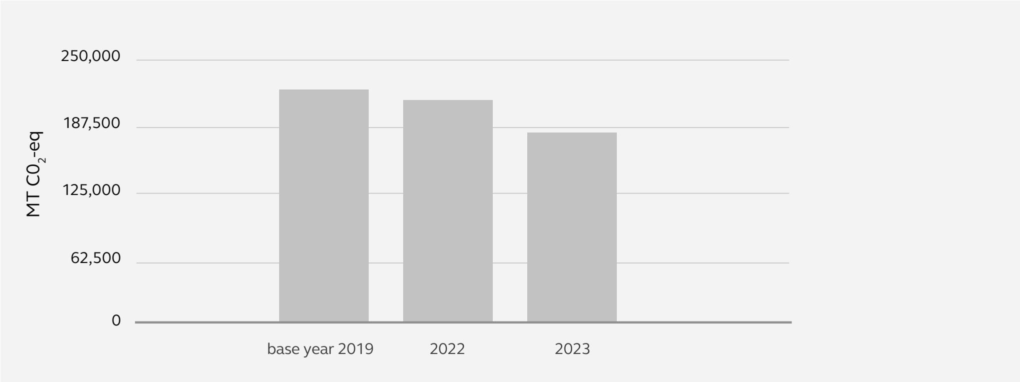
The 2023 carbon footprint and energy consumption presented in the following tables is a projection based on the months for which measured data is available through November 2023 for electricity and mid-December for other data related to scope 1, 2 and scope 3 categories 3, 6 and 7. The availability of actual measured data differs per country and office, and in our non-financial reporting platform we capture whether an actual value was available or an estimation was made for each data point. For the estimation methodology, see the Glossary. We will publish updated 2023 GHG emissions later in 2024 on our website:

The following figure depicts our reported emissions for our baseline year (2019) compared to the last two years, including 2023.

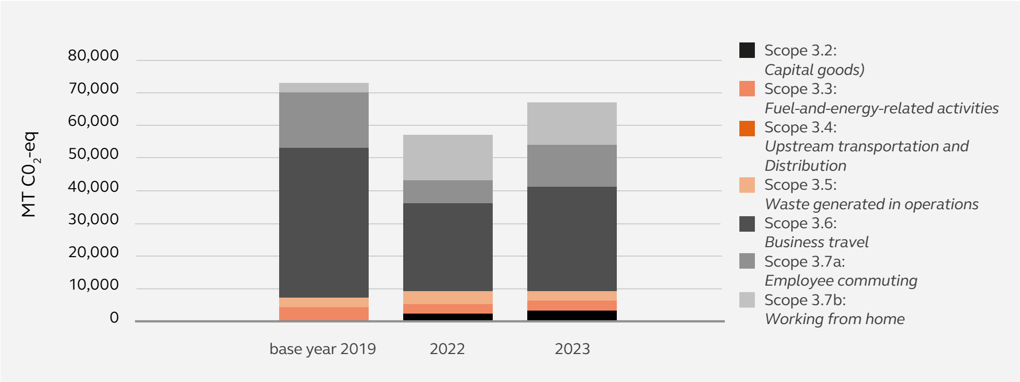
Arcadis Global GHG emissions (absolute)



Arcadis Global Scope 3 Category 1 emissions - Purchased Goods and Services only



Arcadis Global Scope 3 emissions without category 1 - Purchased Goods and Services



Carbon Offsets

As a contribution to climate change mitigation, every year since 2020 we have been purchasing carbon credits (offsets) approximately equal to emissions from our own operations (scope 1 + 2) and part of our indirect emissions (since 2022 for scope 3 categories 2 through 7). These are high quality Gold Standard and VCS certified carbon offsets that protect and restore ecosystems in Cambodia and abate emissions by providing cookstoves in India that help mitigate climate change.

In 2023, we have purchased carbon credits from the Keo Seima project described below to mitigate our 2022 footprint, like we've done for previous years. For our 2023 footprint, we'll be purchasing credits in 2024 from other projects as well.

The Keo Seima Wildlife Sanctuary (KSWS) helps restore and protect over 950 wild species, including 75 globally threatened species. The project preserves the region's vulnerable wildlife and promotes sustainable development of local communities through securing the legal title to traditional lands. Through Fair Climate Fund, Arcadis invested in 136,700 of the forest's carbon credits in 2020-2022, saving ~110.5 hectares of protected forest land to work towards mitigating climate change. The contribution positively impacts Keo Seima's Indigenous people through land titling support and sustainable forest management, protecting it and its wildlife against deforestation and forest degradation.

Annually our Dutch operations invests in cookstoves in India. The project saves energy and supports local employment. Since this project is closely related to the carbon footprint of Arcadis, the 2023 investment in cookstoves will be determined once the final footprint is published. Please visit our website for updates.

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

Detailed Carbon Footprint Calculation Methodology

For scope 1 and 2, as well as for scope 3 category 3 (Fuel-and-energy-related activities not included in scope 1 or 2), consumptions are captured in Arcadis' non-financial reporting (NFR) platform by country and calculated according to the mapped emission factors from Defra v11 (09/2023) and IEA v5 (12/2022), see separate section in Glossary.

For scope 3 category 1 (Purchased goods and services), category 2 (Capital goods) and category 4 (Waste generated in operations), a spend-based methodology and US EPA EEIO factors V1.2 are used. We have taken a significant step towards improving our data quality for category 1, 2 and 4 by improving our data insights and methodology (main improvement) and by collecting data directly from our suppliers through the CDP Supply Chain program. This data includes our suppliers' scope 1, 2, and scope 3 emissions. As a result of this effort, 13% of total spend emissions is based on CDP data (category 1,2,4) or 10% of total scope 3 emissions.

Scope 3 category 5 is calculated applying an industry assumption for weight of waste created by a person to the Arcadis full time employee (FTE) amount. The in-office days per year for all Arcadis employees is determined by using the employee commuting survey results from the category 7 data collection process.

For scope 3 category 6 (Business travel), data is retrieved by our travel agency, and then handed over to a third party that calculates our business travel related emissions. Where travel is not booked via agencies data is compiled using local reporting tools or estimates. Business travel includes emissions from private vehicles, air travel, public transportation, rental/ hired vehicles, and taxis. For category 6 and 7 there is a change in methodology: now also Well To Wheel emissions are added.

For scope 3 category 7 (Employee commuting including working from home), data is collected via employee surveys. Then, emissions are calculated outside the non-financial reporting platform using the same Defra emission factors for employee commuting by transportation type and fuel type. For working from home emissions, we calculated the average working from home days per country from survey data and applied the country-specific emission factors from Ecometrica (published in the year 2021). Ecometrica provides these factors for emissions per homeworker-day from their global homeworker model. Check the website:

Arcadis divested a few countries' operations during 2022 and their emissions were subtracted from Arcadis' historic emissions. In addition, historic emissions of newly acquired companies were added to Arcadis' historic emissions (from the base year 2019 onward), to be compliant with the requirements of the GHG Protocol. For global KPIs, absolute emissions are divided by FTEs to calculate intensity figures (GHG emissions/FTE). The addition of the acquisitions includes estimated data.

Biodiversity Commitment and Progress

Arcadis recognizes the importance of biodiversity and thriving ecosystems in maintaining a healthy planet and continuing to provide the variety of services these ecosystems deliver to society; therefore, Arcadis actively supports the Global Goal for Nature. As Arcadis begins shifting its focus from mitigating risk and minimizing harm toward restoration of nature and regenerative solutions, the land use-based biodiversity impact for its own internal operations was assessed for the first time in 2022. This assessment was based on a materiality assessment in line with the Science Based Targets for Nature (SBTN) framework and supports the objectives of the Global Biodiversity Framework established at COP15 last year. The assessment was based on Mean Species Abundance (MSA), a common metric used for assessing the state of nature in biodiversity footprinting. Arcadis' 2022 direct land use-based biodiversity footprint is equal to 65 MSA.ha, meaning a total of 65 ha is deprived of healthy biodiversity due to land intake by offices and other buildings leased by Arcadis for its own operations. After completing our biodiversity impact assessment of all our office locations around the world, Arcadis established the following biodiversity targets:

- No net biodiversity loss will occur at Arcadis sites
- For Arcadis sites with > 20% open green space, Arcadis will deliver a biodiversity net gain of 10% by 2030

Where biodiversity gains are not possible on-site, Arcadis will engage with restoration projects off-site to reach these biodiversity targets.

In 2023, Arcadis again calculated its biodiversity footprint using the same methods, first using the same portfolio of office locations evaluated in 2022 to generate a dynamic biodiversity footprint, and then taking into account acquisitions made in 2022 to generate a new static biodiversity footprint. The 2023 land use-based footprint based on land intake by the Arcadis office locations evaluated in 2022 was 35.8 MSA.ha., representing an approximate 45% reduction (dynamic land use-based footprint of approximately -29.2 MSA.ha). This reduction reflects office space consolidation over the course of 2023. Evaluation of the land intake by the full Arcadis office portfolio including acquisitions made in 2022 results in a new static land-use based biodiversity footprint of 44.4 MSA.ha. This new static footprint will be used as the baseline for the 2024 biodiversity footprint evaluations; Arcadis anticipates calculating its biodiversity footprint annually.

Integrating Sustainability in Procurement

Responsible and sustainable procurement is important to Arcadis. We are continuously growing our Sustainable Procurement Program and progressing our impact-based approach. In 2023, these developments included, but were not limited to:

Supply Chain Due Diligence: Enhancing our human rights and environmental care and risk assessments related to our supply base, in alignment with the United Nations Guiding Principles on Business and Human Rights.

- We started monitoring around 70% of our supply base on a continuous basis in 2023 via a digital tool for sustainability and human rights risk alerts.

Green House Gas Reduction and Transparency in Our Supply Chains: Reviewing and reducing our greenhouse gas impact through ongoing refinement of our scope 3 analysis, reporting, and reduction in relation to purchased goods and services.

- In 2023, we invited a first cohort of approximately 125 selected suppliers to subscribe to the CDP Supply Chain Initiative, supported by training with a first year's response rate of 57%.

Further measures to bolster our Sustainable Procurement Program include:

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

Core principles that guide Arcadis' Sustainable Procurement practices are represented in our publicly available Arcadis Global Procurement Policy Statement and the Arcadis Global Supplier Code of Conduct, which outlines the collaborative approach we aim for with our supply base. It also details Arcadis' expectations that suppliers need to meet regarding ESG topics.

To strengthen our approach, we follow ISO20400 guidelines for the planning and implementation of sustainable procurement and the Arcadis Risk & Control framework regarding third party management includes internal guidelines to engage with suppliers.

Sustainability in Our Incentive Structure

Sustainability is further integrated into our business operations through remuneration programs and in financing structures. For the past several years, one third of the variable long-term incentives (LTI) of the Executive Board and Executive Leadership Team members has been dependent on a sustainability target measured by our score on the Sustainalytics ESG (Risk) Rating. Sustainalytics is a leading independent global ratings and research firm which provides a robust analytical framework that addresses a broad range of ESG issues and trends that have a significant and material impact on industries and companies.

In July 2023, Arcadis issued €225m ESG-linked Schuldschein, a privately placed hybrid debt instrument sold under German law. Next to this, the ESG-linked €133m Schuldschein (originally €150m issued in October 2020) and the ESG-linked €500m Revolving Credit Facility (October 2021) were outstanding. Both are linked to (improving) the Management risk score of Sustainalytics.

Sustainability Governance

At Arcadis, sustainability is central to the way we conduct business and is embedded in our organizational structure. To align our sustainability efforts with the overall Arcadis strategy, we have several governance bodies.

The Supervisory Board Sustainability Committee (SusCo) assists and advises the Supervisory Board on sustainability, defined as the ESG topics that demonstrate or measure Arcadis' commitment to improving quality of life. The SusCo prepares plenary discussion and decision-making for the Supervisory Board on items within the SusCo's scope of work. The committee charter is available on our website. The SusCo composition is in the Supervisory Board report on page 149.

The Arcadis Executive Board and Executive Leadership Team (ELT) are committed to sustainable long-term value creation, which has been integrated into our strategy. The Arcadis Global Sustainability team, led by the Global Sustainability Officer (GSO), is responsible for the global Sustainability Program.

The GSO reports directly to the ELT member accountable for Sustainability, while ELT and the SusCo provide guidance and direction.

Non-financial reporting is led by the Non-Financial Reporting Director who reports to the Group Reporting Director. A Non-Financial Steering Committee consisting of the Chief Financial Officer, Chief Growth Officer, Global Accounting Director, GSO, Global Director ESG and the Global Managing Director - Sustainability Advisory guide non-financial reporting.

EMS Network Progress

To support Arcadis' net zero ambition and other sustainability objectives, the global Environmental Management System (EMS) network with local representation from all operating countries was established in 2022 and has since implemented programs that amplify our internal sustainability efforts.

Each Arcadis entity must comply with Arcadis' Environmental Management System Standard (EMSS). However, the ISO 14001 certification, which prescribes how to set up an environmental management system, is not mandatory. Currently, 78% of Arcadis entities are ISO 14001 certified. The EMS network has been leveraging best practices and sharing lessons learned among countries to improve implementation of our EMSS and reduce our carbon footprint. Environmental data from our locations are housed in our non-financial reporting platform and are used to monitor progress against our sustainability objectives.

In 2023, a new Global Task Force program was launched covering three key areas: emissions reduction, reporting, and engagement. The emissions reduction task force defined a selection methodology for successful local carbon reduction measures to be scaled and implemented in other countries. Training videos were created by the reporting task force to upskill employees involved with emissions reporting using the non-financial reporting platform. For the first time, environmental awareness events were organized globally, supported by the engagement task force members. For Zero Emissions Day, I'm Zero, which aimed to reaffirm Arcadis' net zero commitment through our stories, empowered Arcadians from around the world to share their pursuits whether in personal and professional life that help accelerate the transition to net zero. Collectively showcasing these stories sparked inspiration among colleagues and confirmed that we are accelerating the transition to net zero together.

Continuing to invest in our people and communities

Through training programs, Arcadis seeks to further equip its people with tools to address the sustainability needs of its clients. At the same time, the company challenges its people to participate in community programs and apply their skills in improving quality of life at the local level.

Integrating sustainability in our way of working and culture

During our 2021-2023 strategy cycle, Arcadis committed to providing appropriate, practical training to empower and equip Arcadians to deliver sustainable outcomes for clients and help make our own operations more sustainable. This commitment directly supports our sustainability ambition: *Improving quality of life for all while accelerating the transition to net zero*. To bring this commitment to life, we developed a new online training program, Sustain Abilities, supported by Lovinklaan Foundation. Sustain Abilities consists of a series of e-learning modules developed by Arcadis experts for all Arcadians.

Since the way we understand and talk about sustainability is different across the globe, our first objective was to create a common language and understanding of sustainability and basic sustainability concepts. After the completion of the first four modules of Sustain Abilities, Arcadians have a solid base knowledge about what sustainability means and how it can be defined, Arcadis' own sustainability ambition, how to include the right stakeholders to measure impacts, and how to prevent greenwashing for us and our clients.

After completing these four foundational modules in Sustain Abilities, Arcadians across the globe have an array of modules to pick and choose from. These modules teach the basics of expert topics like net zero, sustainable design, and how to implement sustainability into Arcadis' projects. As of the end of 2023, a total of seven modules have been released, with additional modules planned for release in 2024.

	Launched **Module 1** **What is sustainability?**	Launched **Module 2** **Arcadis' sustainability strategy**	Launched **Module 3** **Understanding (y) our impact**	Launched **Module 4** **Greenwashing risks & lessons**	Launched **Module 5** **Applying sustainability in projects**	Launched **Module 6a** **Understanding the Carbon Challenge**	Launched **Module 6b** **Addressing the Carbon Challenge**	Jan '24 **Module 7** **Sustainable Design**	Feb '24 **Module 8** **Nature & Biodiversity**
SUSTAIN ABILITIES **Basic** **Sustainability Knowledge**	- What is sustainability? - The challenge of sustainability - The levers of climate action	- Our sustainability strategy and ambition - Net zero, 5 sustainability lenses, and our projects - Sustainability for our clients	- Understanding stakeholders - Engaging stakeholders - Stakeholder impact	- What is greenwashing - Best & worst practices - Getting it right at Arcadis	- What sustainability means to our clients - Six opportunities for sustainable outcomes - Sustainability ambition levels and KPI's	- Carbon basics explained - Carbon in our projects - Organizational carbon (footprint)	- Standards and tools - Carbon removal and offset - Decarbonization strategies	- Principles and Benefits of Sustainable Design - 5 Sustainability Lenses and Sustainable Design - Design Guides per GBA	- Nature basics explained - Biodiversity focus - Nature based solutions

Community Engagement

Arcadis' commitment to corporate social responsibility and making a positive impact on society is reflected in its social impact strategy. Social impact is the impact – positive and negative – that we as a business have on people within the business, in communities, in the value chain and in the wider world. Our community engagement work contributes to the betterment of the human condition. At Arcadis, this includes globally coordinated community programs, STEAM programs, partnerships with NGOs, and investments in projects that have a positive impact on the communities where Arcadis operates.

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

Last year, seven Local Sparks Accelerator projects (€40,000 award each) were awarded in three different countries (Brazil, Philippines, and USA), involving 39 Arcadians. Five Local Sparks Challenge projects (€1,000 award each) were awarded in five countries (Belgium, Brazil, Philippines, UK, and USA). Approximately 260 Arcadians participated in Shelter activities in 2023 (missions, mission brainstorm workshops, internal workshops, etc). In 2023, Arcadians engaged in eight different UN Habitat Shelter missions, involving 31 Arcadians and taking place in eight different countries – Cambodia, Colombia, Jordan, Kenya, Mozambique, Senegal, Nepal and Sri Lanka. These missions addressed the following urban sustainability solutions: non-motorized mobility, solid waste management, urban green space planning, road safety design, flood resilience, and nature-based solutions.

Our People's Perspective on Sustainability

Arcadians generally feel that their work contributes to positive outcomes for customers, as more than half of employees who answered the most recent quarterly Your Voice survey scored as promoters in this question. Feedback, both from clients and internal teams, helps employees see the value of their work according to the survey's results. Arcadians feel there is more we can do around sustainability, with employees under 30 years old and employees with a tenure of less than 1 year reporting the highest scores for considering sustainability in the way we do work, while employees older than 30 or with a tenure of more than 1 year tended to score this question lower. Nonetheless, more than half of total respondents scored as promoters in this question with scores increasing over time. Of those respondents who indicated that they do not feel that Arcadis considers sustainability in the way we do work, results indicated that their main concern was that sustainability is sometimes viewed as secondary to client requests or financial impact.

Sustainability Ratings, Recognitions and Awards

Aligned with our Global Sustainability Policy, Arcadis measures, monitors, and communicates its sustainability performance in a manner that is transparent and responsive to the needs of stakeholders. Progress is reflected in several ESG performance benchmarks and assessments, including Sustainalytics, CDP, MSCI, ISS and EcoVadis. We take a pro-active approach in disclosing our policies, programs, actions, and results. We welcome feedback from these ESG rating agencies on our journey to continuously improve and maximize our positive impact to society, through the projects we undertake for our clients, in our own business operations and through the way we engage with people and communities. The table below shows our scores for several key ESG-related rating agencies over the last 2 years. Our Non-Financial Reporting webpage includes more information and details regarding these assessments.

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

Arcadis 2023 EU Taxonomy Disclosure

Since 1 January 2021, Arcadis is subject to the EU Environmental Taxonomy Regulation 2020/852 (the “Taxonomy”) according to which, Arcadis is subject yearly to disclosing the share of its economic activities, for the period ending on 31 December, in terms of gross revenue, capital expenditures and operational expenditures that are taxonomy eligible and taxonomy aligned under at least one of the six environmental objectives defined by the European Commission. The Taxonomy Regulation introduces a unified classification system to determine the sustainability level of investments, to drive capital towards financing the EU environmental transition. Compared to last year, the disclosures have been extended this year to cover four additional environmental objectives recently published, in additional to the two climate ones applicable since 2021. Arcadis conducted consequently a detailed analysis of its activities to identify those corresponding to activities described in any of the six objectives as required by the regulation.

To be considered environmentally sustainable, an economic activity must substantially contribute to at least one out of the six following “environmental objectives”, while not causing significant harm to the others and complying with “minimal safeguards” related social and ethical standards:
- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Application to Arcadis Activities

Arcadis, a global leader in providing sustainable design, engineering, and consultancy solutions for natural and built assets, occupies a significant position in the value chain and has sustainability at the core of its strategy. While Arcadis plays a crucial role in shaping designs and plans that influence the likelihood of achieving sustainability objectives for its clients, not all activities of Arcadis are included in the Delegated Acts and in that case these are not eligible.

Arcadis primarily focuses on advisory services, such as Project and Program management, Design and Engineering, Contract Solutions, Commercial and Procurement strategies. It is noteworthy that these activities not comply with the technical screening criteria, as they provide services and are not involved in the manufacturing process. Consequently, the scope of relevant taxonomy activities for Arcadis remains relatively narrow, emphasizing its distinctive role in promoting sustainability through consultancy rather than physical implementation and works.

Eligibility Assessment Methodology

Arcadis categorizes its service offering to clients into so called Solutions, which are focus on e.g. Integrated Airports, Energy Transition, Connected Highways, Water Optimization or New Mobility. At the initiation of each project, the ERP system tags them, facilitating the classification by Global Business Area, Solution, and/or type of Service. Arcadis systematically screens each Solution, collaborating with Solution leaders to identify potential eligible activities. In cases where additional scrutiny is required, detailed analyses are conducted with the involvement of project managers, finance personnel, and other pertinent stakeholders.

Analysis on Group Level

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

Recent Acquisitions

The Taxonomy screening extends across the complete consolidated financial scope, encompassing gross revenue, CAPEX, and OPEX. This includes all recent acquisitions, specifically IBI and DPS, as mandated by the regulation.

Eligibility Assessment Results

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

Taxonomy activity	Objective	Corresponding Arcadis activity	KPI
2.1 Environmental protection and restoration activities	Climate Mitigation	A comprehensive assessment of projects under "Environmental Restoration" Solution have been performed against descriptions of several taxonomy activities. The assessment led to identifying two eligible projects relating to the improvement of wetland functions located on land matching the international definition of wetland under activity "2.1 Wetland Restoration". No CAPEX nor OPEX (according to the taxonomy definitions) dedicated to Environmental Restoration Solution projects have been identified. The projects corresponding to the taxonomy description relate to design and restoration of water quality and biodiversity systems along major European rivers. This activity could be placed under multiple objectives. To avoid double counting the extra table "Multi-objective" has been added, as well as that in the revenue table the revenue is labeled with both objectives.	Gross revenue
4.27 Construction and safe operation of new nuclear power plants, for the generation of electricity and/or heat, including for hydrogen production, using best-available technologies	Climate Mitigation	A comprehensive assessment of projects under "Energy Transition" has been performed against descriptions of taxonomy activities mentioning nuclear power. The assessment led to identifying one project matching the description of activity "4.27". No CAPEX nor OPEX (according to the taxonomy definitions) dedicated to the eligible project have been identified.	Gross revenue
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Climate Mitigation	Company cars leased under IFRS 16.	CAPEX
6.14 Infrastructure for rail transport	Climate Mitigation	All projects under the Intelligent Rail Solutions are mostly Design & Engineering (D&E) projects for railways, subways, bridges, tunnels, stations, terminals, or rail service facilities. The total gross revenue associated with the list of projects inside this Solution is found eligible under activity "6.14 Infrastructure for rail transport" in the Climate Mitigation objective. Similarly, several eligible projects have been identified under Stations Solutions (Places GBA), under IBI, and under Arcadis Brazil. No CAPEX nor OPEX (according to the taxonomy definitions) dedicated to Intelligent Rail projects have been identified.	Gross revenue
7.7 Acquisition and ownership of buildings	Climate Mitigation	Buildings, owned or leased under IFRS 16.	CAPEX

Taxonomy activity	Objective	Corresponding Arcadis activity	KPI
9.3 Professional services related to energy performance of buildings	Climate Mitigation	Assessment has led to confirming the eligibility of mechanical, electrical, and plumbing (MEP) projects partially under Net Zero Facilities & Sustainable Communities Solution, under Design & Engineering service (Places), under Sustainable Advisory, and under Arcadis China. All MEP projects fall under technical consultations (energy consultations, energy simulations, project management, production of energy performance contracts, dedicated trainings) linked to the improvement of energy performance of buildings and thus are eligible under activity “9.3 Professional services related to energy performance of buildings” in the Climate mitigation objective. No CAPEX nor OPEX (according to the taxonomy definitions) associated with MEP projects have been identified.	Gross revenue
9.1 Engineering activities and related technical consultancy dedicated to adaptation to climate change	Climate Adaptation	The Climate Adaptation Solution ensures communities continue to thrive in the face of climate uncertainty by providing full climate adaptation measures across the life cycle of any asset – from risk mapping, vulnerability assessments, and community-based resilience plans to the design and engineering of flood defense systems and stormwater infrastructure. The Solution works with framework contracts, that often have a time horizon over several years and cover a wide variety of technical consultancy services, which are all dedicated to adaptation to climate change, making the Solution eligible under activity “9.1 - Engineering activities and related technical consultancy dedicated to adaptation to climate change” in the Climate Adaptation objective. No CAPEX nor OPEX (according to the taxonomy definitions) dedicated to Climate Adaptation projects have been identified.	Gross revenue
4.1 Provision of IT/OT data-driven solutions for leakage reduction	Water and marine resources	Arcadis has a cluster of ‘Water Customers’ for which Arcadis provides professional services related to water leakage as described in the Taxonomy text making these projects eligible under activity “4.1 Provision of IT/OT data-driven solutions for leakage reduction” in the “Sustainable use and protection of water and marine resources” objective. Eligible CAPEX (as defined by the taxonomy) associated with the eligible projects has been identified. No OPEX has been identified on the other hand.	Gross revenue & CAPEX
4.1 Provision of IT/OT data-driven solutions for leakage reduction	Circular Economy	Eligible projects have been identified following a comprehensive screening under activity “4.1 Provision of IT/OT data-driven solutions”. They consist of manufacturing, developing, installing, deploying, maintaining, repairing, or providing professional services, including technical consulting for design or monitoring of one of the following: • Remote monitoring and predictive maintenance • Tracking and tracing software and IT or OT systems • Lifecycle assessment software • Supplier management software Eligible CAPEX (as defined by the taxonomy) associated with the Arcadis Gen eligible projects has been identified. No OPEX has been identified on the other hand.	Gross revenue & CAPEX
1.1 Conservation, including restoration, of habitats, ecosystems, and species	Biodiversity	A handful biodiversity projects within Climate Adaptation, and Enviro Socio Permitting have been identified and concluded to be eligible under activity “1.1 Conservation, including restoration, of habitats, ecosystems, and species”. No CAPEX nor OPEX (according to the taxonomy definitions) dedicated to Climate Adaptation projects have been identified.	Gross revenue

The assessment covered all the GBAs, Solutions, Services, and Subsidiaries with likely eligible activities generating revenue or engaging a CAPEX or an OPEX. No further taxonomy eligible activities have been identified.

Analysis of the Alignment of the Activities

A thorough analysis of the technical screening criteria has been performed for all eligible activities under the two first climate objectives based on a comprehensive data analysis covering all concerned projects. The assessment involved Solution leaders, country controllers, and project managers overseeing eligible projects. All substantial contribution criteria, alongside DNSH criteria listed in Annex 1 of the EU Regulation 2021/2139 were examined for all eligible activities. It is important to note that eligible projects under the new four environmental objectives are not subject to alignment analysis this year. For activities under 2.1, 4.27 and 1.1 DNSH criteria were analyzed but alignment could not be met.

(6.14) Infrastructure for rail transport (Climate change mitigation)
Arcadis provides engineering services for construction, modernization, and operation and maintenance projects involving railways, subways as well as bridges and tunnels, stations, terminals, and rail service facilities as stated in the description of the activity. All substantial contribution criteria have been examined, while DNSH criteria related to circular economy and pollution have been judged non-applicable for activity (6.14) given that the criteria ask respectively for proof of construction waste management, and of construction noise , dust, and vibration reduction. Arcadis, being a Design & Engineering firm, is never involved in actual construction works, and thus does no significant harm to the transition to circular economy not to pollution prevention and control as define by the EU Taxonomy regulation.

(9.1) Engineering activities and related technical consultancy dedicated to adaptation to climate change (Climate change adaptation)
The whole Climate Adaptation Solution was reviewed for Engineering activities and related technical consultancy dedicated to adaptation to climate change and checked against the technical screening criteria. They were found to be in line with all alignment requirements, since the main purpose of this solution is to offer nature-based solutions, such as flood prevention, restoration of biodiversity loss and integration of green areas in cities, to adapt to climate change in densely populated and affected areas. In addition to being key parts of the design process, all projects respect stringent local regulations on environmental impact assessments and water quality assessments, as required by DNSH 3 (Sustainable use and protection of water and marine resources).

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

(7.7) Acquisition and ownership of buildings (Climate change mitigation)
For eligible buildings to demonstrate compliance with the technical criteria, adequate evidence has been examined to prove their alignment as required by the technical screening criteria, in addition to the Do No Significant Harm referring to Climate Change Adaptation study. All eligible buildings were built before 31 December 2020. Consequently, the buildings that can contribute substantially are the ones that have at least an Energy Performance Certificate (EPC) class A or that are within the top 15% of the national or regional building stock. For projects based outside the EU, and for EU countries with no solid national classification, the analysis was based on the European top 15% threshold. We have based our alignment analysis for buildings in the USA on the threshold for the top 15th percentile of office buildings as defined by the Commercial Buildings Energy Consumption Survey "CBECS". On the other hand, all DNSH criteria are non-applicable except for the Climate Change Adaptation according to Appendix A of the Climate delegated act.

(6.5) Transport by motorbikes, passenger cars and light commercial vehicles (Climate change mitigation)
All leased fleet vehicles with CO_2 emissions lower than $50kgCO_2/km$ (electric and hybrid (PHEV) vehicles) were considered meeting the substantial contribution criteria. Screening of the circular economy DNSH was conducted regarding end-of-life use and waste management, while all European vehicles are compliant with EU directives regarding eco-design and pollution prevention. The circular economy DNSH criteria on waste management has been decisive and led to exclusion of an important

number of vehicles within the EU. Also for a proportion of vehicles financed or used for mobility services outside the EU we are unable to guarantee that they meet these criteria, and so we disclose the respective turnover for these non-EU vehicles as non-aligned.

Adaptation to Climate Change

A climate risk and vulnerability assessment was performed to assess the materiality of the physical climate risks on Arcadis' activities using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios consistent with the expected lifetime of the activity (2020-2100). It has been carried out for the top 100 of project sites, as well as the top 100 largest offices of Arcadis. The Adaptation study has been updated this year by including the office locations of DPS, Giftge Consult and HydroNET; office locations of IBI were already included last year.

The study was carried out by a specialized firm called Jupiter, and results were shared to Arcadis in Tableau format. Arcadis is not considered as vulnerable to the climate change hazards as the activity is spread in a wide variety of geographies, allowing a risk diversification. Furthermore, Arcadis has defined physical and non-physicals solutions applicable in the short-term, mid-term, and long term. These solutions have been integrated to Business Continuity Plans. Consequently, it has been concluded that DNSH 2 is respected over all Arcadis' activities.

Minimum Safeguards

Arcadis is aligned to all minimum safeguards requirements pursuant to Article 3 (c) and Article 18 of the Taxonomy Regulation and has disclosed all procedures put in place to comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, and has also integrated all principles and rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Evaluation of these elements was carried out in collaboration with the Global Compliance Officer, the Global People Director as well as the Human Rights lead. A wide range of policies, under which our Arcadis General Business Principles (AGBP), the Procurement policy, the Global supplier code of conduct, the Human rights & labor policy and several more have been addressed as they are supporting the alignment to all minimum safeguards requirements of our own operations as well as our value chain partners.

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

Human Rights Due Diligence

In 2023, Arcadis took steps to further embed our human rights and labor policy including aspects of due diligence, please refer to page 54.

Anti-corruption and Anti-bribery

Arcadis has embedded its commitment to preventing corruption and bribery by developing specific anticorruption and Anti bribery guidelines that are an integral part of the Arcadis General Business Principles (code of conduct). Whistleblower procedures have been defined including the Integrity Line. Integrity Line is a telephone and a web-based line through which Arcadians can anonymously report integrity issues.

Taxation

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

Fair Competition

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

Legal Monitoring

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

Key Performance Indicators as of 31 December 2023

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

Revenue

As of 31 December 2023, the total turnover used as a denominator for the calculation of the Taxonomy Turnover KPI amounts to €5,003 million and corresponds to the group Gross revenue as set up in the Group's consolidated financial statements.

The eligible turnover amounts to €885 million and represents 18% of the group's gross revenue. The increase in eligibility compared to last year (14%) is due to the recent acquisition of IBI that brought to the total turnover significant amount of eligible IT/OT data-driven projects under the environmental objective 'Circular Economy', in addition to certain D&E rail projects.

The aligned turnover amounts to €649 million and represents 13% of the group's gross revenue. The alignment rate is sustained at the same level compared to last year (13%) despite the group's recent acquisitions that brought to the consolidated turnover eligible yet unaligned projects.

Capital Expenditures

The EU taxonomy capex eligibility and alignment figures have been restated to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022.

As of December 31, 2023, the total capital expenditures used as a denominator for the calculation of the Taxonomy CapEx KPI amounts to €83 million and corresponds to additions to tangible and intangible assets over the period, including increases in IFRS 16 right-of-use and additions related to business combinations, expenditures on software, and PP&E.

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

As of December 31, 2023, eligible capital expenditures amount to €32 million and relate to increases in buildings IFRS 16 right-of-use (€15 million), company cars (€16 million) IFRS 16 right-of-use, and software (€788 thousand). The aligned CapEx amounts to €16 million and represents 19,3% of the total CapEx of the group. The CapEx alignment rate has dropped compared to last year (36%) mainly due to a drop in the total eligible CapEx for building this year. Only 18% of the total CapEx corresponds to eligible buildings compared to (28%) last year where IBI & DPS buildings were included for the first time upon acquisition.

Operating Expenditures

As of 31 December 2023, the total operating expenditures used as a denominator for the calculation of the Taxonomy OpEx KPI amounts to €13 million and corresponds to Research and Development, and Operation and Maintenance expenses only.

This amount being not significant compared to the total OpEx of Arcadis Group, the Group opted for the materiality exemption for the OpEx. The amount of eligible OpEx is considered as null.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Economic Activities (1)	Code (a) (2)	Turnover (3)	Portion of Turnover, Year N (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Bio-diversity (10)	DNSH criteria ('Does Not Significantly Harm')(h): Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Bio-diversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		Currency	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Infrastructure for rail transport	CCM 6.14	437,529,379.69	8.74%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	10%	E	
Professional services related to energy performance of buildings	CCM 9.3	115,090,842.68	2.30%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%	E	
Engineering activities and related technical consultancy dedicated to adaptation to climate change	CCA 9.1	96,583,989.00	1.93%	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**649,204,211.37**	**12.98%**	**11.05%**	**1.93%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**13%**		
Of which Enabling		**649,204,211.37**	**12.98%**	**11.05%**	**1.93%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**13%**	**0%**	
Of which Transitional		**0.00**	**0.00%**														**0%**		**38%**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Wetland Restoration	CCA 2.1 CCM 2.1	11,952,385.00	0.24%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Construction and safe operation of new nuclear power plants, for the generation of electricity and/or heat, including for hydrogen production, using best-available technologies	CCM 4.27	1,164,207.00	0.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Infrastructure for rail transport	CCM 6.14	26,334,860.40	0.53%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	1,715,112.46	0.03%	N/EL	N/EL	EL	N/EL	N/EL	N/EL										
Provision of IT/OT data-driven solutions	CE 4.1	191,282,795.81	3.82%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	3,788,898.00	0.08%	N/EL	N/EL	N/EL	N/EL	N/EL	EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**236,238,258.67**	**4.72%**	**0.79%**	**0.00%**	**0.03%**	**0.00%**	**3.82%**	**0.08%**								**1%**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**885,442,470.04**	**17.70%**	**11.83%**	**1.93%**	**0.03%**	**0.00%**	**3.82%**	**0.08%**								**14%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		4,117,879,192.88	82.30%																
TOTAL		**5,003,321,662.92**																	

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities (1)	Code (a) (2)	CapEx (3)	Portion of CapEx, Year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Bio-diversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Bio-diversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		Currency	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	5,230,071.34	6.29%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.74%		T
Acquisition and ownership of buildings	CCM 7.7	10,858,344.35	13.07%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	12.85%		
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	0.00	0.00%	N/EL	N/EL	Y	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Provision of IT/OT data-driven solutions	CE 4.1	0.00	0.00%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**16,088,415.69**	**19.36%**	**19.36%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**13.59%**		
	Of which Enabling	**0.00**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0%**	**0%**	
	Of which Transitional	**5,230,071.34**															**0%**		**38%**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	10,994,692.97	13.23%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.51%		
Acquisition and ownership of buildings	CCM 7.7	4,415,886.89	5.31%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								15.36%		
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	515,100.32	0.62%	N/EL	N/EL	EL	N/EL	N/EL	N/EL										
Provision of IT/OT data-driven solutions	CE 4.1	272,434.12	0.33%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**16,198,114.30**	**19.49%**	**18.55%**	**0.00%**	**0.62%**	**0.00%**	**0.33%**	**0.00%**								**16.87%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**32,286,529.99**	**38.86%**	**37.91%**	**0.00%**	**0.62%**	**0.00%**	**0.33%**	**0.00%**								**30.46%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		50,802,810.41	61.14%																
TOTAL		**83,089,340.40**																	

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities (1)	Code (a) (2)	OpEx (3)	Portion of OpEx, Year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Bio-diversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Bio-diversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		%	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.00**	**0.00%**																
Of which Enabling		**0.00**																	
Of which Transitional		**0.00**																	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.00**	**0.00%**																
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**0.00**	**0.00%**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		13,209,356.36	100.00%																
TOTAL		**13,209,356.36**																	

	Taxonomy-aligned Turnover per objective	Turnover of Taxonomy-eligible but not environmentally sustainable activities per objective
CCM	4.23%	0.58%
CCA	12.98%	0.02%
WTR	0.00%	3.82%
PPC	0.00%	0.00%
CE	0.00%	0.08%
BIO	0.00%	4.72%

Turnover

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**649,204,211.37**	**13%**	**552,620,222.37**	**11%**	**96,583,989.00**	**1.93%**
8.	**Total applicable KPI**	**5,003,321,662.92**	**100%**	**5,003,321,662.92**	**100%**	**5,003,321,662.92**	**100%**
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**649,204,211.37**	**100%**	**552,620,222.37**	**85%**	**96,583,989.00**	**15%**
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**649,204,211.37**	**100%**	**552,620,222.37**	**85%**	**96,583,989.00**	**15%**

Row	Economic activities	CCM + CCA Amount	CCM + CCA %	Climate change mitigation (CCM) Amount	Climate change mitigation (CCM) %	Climate change adaptation (CCA) Amount	Climate change adaptation (CCA) %
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1,164,207.00	0%	1,164,207.00	0%	0	0%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**38,287,245.40**	**97%**	**38,287,245.40**	**97%**	**0**	**0%**
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**39,451,452.40**	**100%**	**39,451,452.40**	**100%**	**0**	**0%**

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**4,117,879,192.88**	**100%**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**4,117,879,192.88**	**100%**

CAPEX

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**16,088,415.69**	**19%**	**16,088,415.69**	**19%**	**0**	**0%**
8.	**Total applicable KPI**	**83,089,340.40**	**100%**	**83,089,340.40**	**100%**	**0**	**0%**
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**16,088,415.69**	**100%**	**16,088,415.69**	**100%**	**0**	**0%**
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**16,088,415.69**	**100%**	**16,088,415.69**	**100%**	**0**	**0%**

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**15,410,579.86**	**100%**	**15,410,579.86**	**100%**	**0**	**0%**
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**15,410,579.86**	**100%**	**15,410,579.86**	**100%**	**0**	**0%**

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**50,802,810.41**	**100%**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**50,802,810.41**	**100%**

OPEX

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**0**	**0%**	**0**	**0%**	**0**	**0%**
8.	Total applicable KPI	13,209,356.36	100%				
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**0**	**0%**	**0**	**0%**	**0**	**0%**
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	0	0%	0	0%	0	0%

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**0**	**0%**	**0**	**0%**	**0**	**0%**
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**0**	**0%**	**0**	**0%**	**0**	**0%**

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
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6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**13,209,356.36**	**0%**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**13,209,356.36**	**0%**

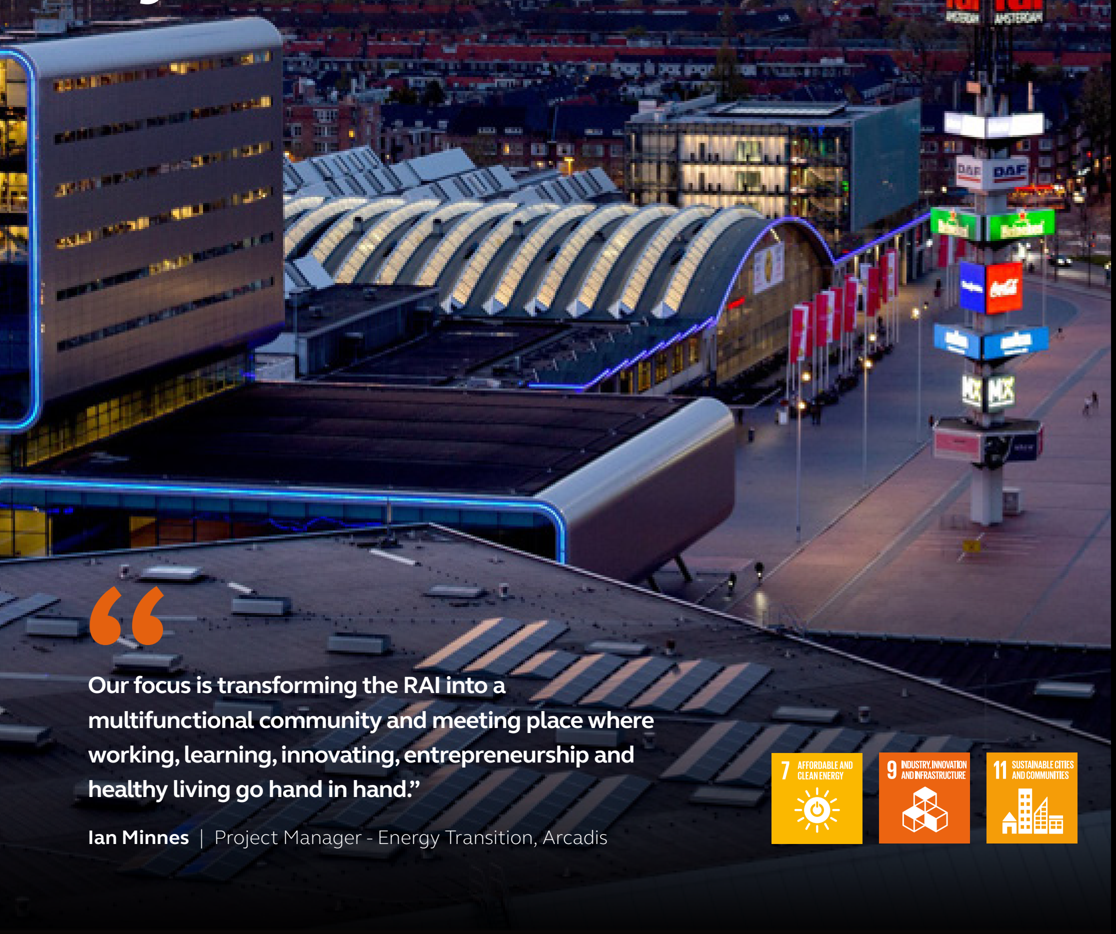
Environmental non-compliance

In 2023 there have been no environmental violations 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.

About this report (GRI, UNGC, OECD, CSRD, TCFD, EU Taxonomy)

This Annual Integrated Report 2023 was prepared with reference to the GRI Standards. Arcadis' GRI Content Index and UN Global Compact Communication of Progress (CoP) is on our website. Unless noted otherwise, non-financial metrics in this report are global in scope. Arcadis follows the Guidelines for Multinational Enterprises of the Organization for Economic Cooperation and Development (OECD). Arcadis EU Taxonomy Disclosure is in the previous section. Arcadis' climate-reporting can be found in Arcadis' Task Force on Climate-related Financial Disclosures (TCFD) section on page 268 and CDP disclosures on our website. Our CSRD progress update can be found on page 35.

RAI Urban Energy System



"Our focus is transforming the RAI into a multifunctional community and meeting place where working, learning, innovating, entrepreneurship and healthy living go hand in hand."

Ian Minnes | Project Manager - Energy Transition, Arcadis

Case | RESILIENCE

Futureproofing Amsterdam's global convention hub

The Challenge

As a key cultural and economic fixture in Amsterdam, the RAI convention center needed a strategy to transform its energy use and reduce carbon emissions in line with the city's 2050 climate neutral goals, as well as radically improve integration with the immediate surroundings and futureproof the center for decades to come.

The Solution

We developed an integrated sustainability vision and preliminary design that is part of The Masterplan RAI 2030. Addressing challenges like heat transition, electrification and mobility, the Masterplan will transform how the RAI operates. Examples include setting up a smart grid with battery system to maximize use of renewable energy, heating and cooling systems, and green space for livability and biodiversity.

The Impact

The RAI will be transformed from an isolated conference center to a new, thriving neighborhood where people will want to live and work. Sustainability will be improved, and the RAI will become an integral part of Amsterdam with multifunctional facilities that could serve as examples for other cities looking to meet climate goals and create a sustainable future.

33,000
Trucks taken off the roads

25
Acres futureproofed to create value for Amsterdam

1
Integrated urban energy system

Digital leadership

Digital Leadership at Arcadis is about creating new revenue streams and improving profitability with digital services, solutions, and products for clients and Arcadians. This includes digitalizing high volume core services, developing and scaling digital solutions for clients, developing ecosystem partnerships, investing in standardized technology and automation of internal processes, and developing a culture of innovation that is embedded across the organization.

71%

Arcadis Way implementation progress
(as % of net revenues)

Digital leadership

Our objective is to create value by optimizing and developing new technology, partnering with best-in-class technology companies, and being curious about technology advancements. We deliver value to our clients through collaboration and the strong relationships between our technology experts, subject matter experts, innovation practitioners and partners. We invest to enhance the skills of Arcadians, empowering them to create enduring solutions that combine their deep subject matter expertise with the best technology to meet our client's greatest challenges.

3	global propositions incubated in the Innovation Studio
3	new ecosystem partnership agreements
40	Arcadians trained in Citizen Development
150+	Certified Citizen Developers
100+	Arcadians in formal Product Development roles

Innovation and ecosystems as growth accelerators

In 2023, our focus remained strong around the incubation of sustainable new value propositions and acceleration of profitable growth opportunities to deliver value to Arcadis' clients. Throughout the year, in collaboration with the Global Business Areas, we accelerated the optimization of value propositions that demonstrated our digital capabilities. The Global Innovation and Ecosystems team also focused on exploring innovative new propositions to address complex challenges that will impact clients in the future, de-risking early-stage opportunities and creating new business models.

The evolution of the Innoverse and our global innovation framework

In 2023 we saw a rapid increase in the number of employees embracing our global innovation platform, known as the Innoverse. Throughout the year we welcomed more than 4,000 new users, with more than 150 new innovative opportunities submitted across multiple sectors and geographies.

Through our evolved innovation framework, we clearly differentiated between the optimization of existing value propositions and the exploration of new ones. Each side of the innovation spectrum requires different capabilities, but both leverage our strong digital capabilities and focus on creating value for Arcadis' clients.

From an innovation perspective, we have taken an early adopter mentality in the use of generative AI to enrich our innovation process. In 2023 we launched our first AI-powered innovation challenge focused on exploring adjacent markets where we can leverage our core capabilities.

Optimize: creating value through our digital capabilities

In 2023 we continued to focus on optimizing our existing value propositions, leveraging our strong digital capabilities to create more value for clients. Here are some examples that demonstrate our commitment to digital leadership and the progress made in 2023.

Explore: creating new value for clients through business model innovation

In 2023, beyond leveraging digitalization to optimize and scale new solutions, we continued to dedicate innovation efforts towards exploring new value propositions and new business models that will address complex client problems, today and in the future. Proteus, focused on the repurposing of aging oil and gas assets for the energy transition, is a project that exemplifies the progress being made throughout 2023.

Honeywell Partnership

In 2023, we formalized our collaboration with Honeywell, which is focused on enhancing energy efficiency and reducing carbon emissions in commercial buildings globally. This partnership combines Honeywell's smart building technologies, enabled by artificial intelligence and machine learning, with Arcadis' deep background in evaluating business impacts across programs and portfolios, assessing ESG risks for companies, and including other ESG goals in the design of real estate assets.

With an initial focus on five projects in various locations worldwide, we will jointly offer a range of end-to-end solutions to help clients and customers address the challenge of improving energy efficiency in existing buildings. The collaboration aims to deliver comprehensive solutions that help clients achieve their carbon reduction targets, while documenting their progress.

Learn more visiting

Net Zero Catalyst

The model underlying our Net Zero Catalyst tool was created following significant client consultation and informed by our legacy of working with sustainably minded organizations, such as HB Reavis. By bringing together multiple viewpoints, we were able to adjust our model to adapt to our clients' climate goals, creating roadmaps with tangible outcomes to help organizations deliver on their net zero promises.

Through Net Zero Catalyst, our clients can access a complete software offering that facilitates net zero planning needs and accelerates their journey to net zero. We have worked with clients to identify, evaluate, and prioritize actionable decarbonization measures, and our results show that greenhouse gas emissions can be reduced by 60-90% with thorough planning. The tool has also supported the development of strategies for our clients to source 100% renewable electricity. As a result, the net zero roadmaps developed in collaboration with our clients using our Net Zero Catalyst satisfy voluntary and regulatory climate disclosure expectations and requirements, paving the way for a more sustainable future.

Net Zero Catalyst won the Imagine Award in 2023; an internal competition that awards highly innovative ideas and provides a platform to scale them across the globe.

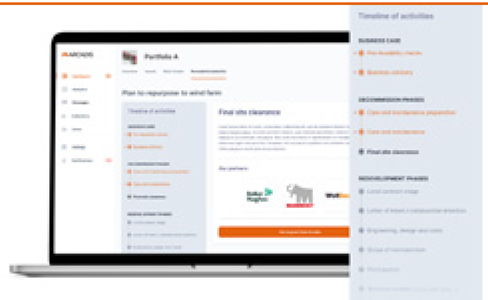
Learn more visiting

Intelligent Asset Insights

This is a scalable, cloud-based platform that revolutionizes asset management using advanced AI and deep learning technologies. Automated data collection seamlessly integrates data science and engineering to create automated workflows for real-time insights. Built on years of expertise, and in collaboration with key data partners, this platform features state-of-the-art, custom-made computer vision models. Machine learning algorithms locate and classify the condition of various assets, delivering faster and more accurate results that can be easily scaled. The impact is profound: reduced maintenance costs, improved data accuracy, and increased efficiency. Safety is enhanced due to minimized need for on-site inspections.

In 2023, Intelligent Asset Insights experienced substantial growth. Total service revenues doubled with 40+ applications across Western Europe and the US. The 'Road Surface Analysis' (RSA) product has been expanded significantly. This product stands out for its high-quality assessments, automatically and precisely classifying road distresses and incorporating national methodologies. Our platform combines various techniques for parallel processing, allowing for efficient management of large projects simultaneously. This is bolstered by robust data and algorithm governance, ensuring consistent quality and performance. We are expanding to larger key clients, new domains, and countries. With increasing demand for our rail, civil structure, and spatial mapping applications, we will continue to grow and scale.

Learn more visiting



Proteus Innovation Project

The Proteus innovation project is a centralized decommissioning and repurposing scenario forecasting and operationalizing service for end-of-life oil and gas asset portfolios. It seeks to help clients working within asset future strategy and sustainability to remove asset liabilities at the lowest price while accelerating energy transition to achieve company KPIs.

Proteus offers valuable data and customized forecasts to enhance decision-making and mitigate risk on the future of aging asset groups. It prioritizes scenarios that involve repurposing assets to expedite the energy transition, for example converting depleted gas fields into energy hubs. By doing so, it aims to reduce decommissioning costs and generate additional value from existing assets. Proteus also provides actionable expertise on when, where, and how to initiate operations for selected scenarios to unlock asset value and support the shift towards renewable energy.

Delivering on our Technology mission

In 2023, we continued to deliver on our Technology mission: to provide effective technology that empowers Arcadians to deliver high value services and solutions to our clients. However, this year also saw us break new ground: not only in terms of adopting and deploying cutting edge technologies, but also in growing our technical expertise and making strategic improvements to our technical delivery. In facing into the future of technology, we ensure that Arcadis maintains its position as a digital leader in the AEC industry.

Technology Acquisitions

Our acquisitions of IBI, DPS and Giftge saw us digitally onboard 7,000+ new colleagues to Arcadis. Delivering an employee onboarding program of this scale is a huge accomplishment for the IT function, which has now built a stalwart, digitally-driven technical process for seamlessly onboarding large numbers of new employees.

The acquisitions also swell the ranks of our IT and Technology teams themselves. In welcoming the deep knowledge and insight brought by new technical experts across the globe, we have expanded and enhanced our in-house technical firepower.

Having successfully refined our mass onboarding process and bolstered our technical staff, we are now in a strong position to replicate these acquisition activities in the future.

Data and Artificial Intelligence

In the first half of 2023 we launched ArcadisGPT, a generative AI tool for professional use by all employees. ArcadisGPT offers us a protected and customized environment for generative AI to assist us in our day-to-day work. Underpinning our AI – and indeed all our technology – is data. In 2023, we developed the Common Data Platform: a centralized set of tools and technologies which store, analyze, and manage data from various sources. This platform allows all of our technologies to draw from a wealth of clean, accurate data, and empowers Arcadians to make the most astute, data-driven decisions for our clients.

Strategic Partnerships
This year we sought to derive more value from our 'Top Tier' vendor organizations and transition our relationships with them into strategic partnerships. As our relationships with these organizations grew stronger, their support allowed us to further enhance our technological capabilities, earning us major public recognition for our innovative use of engineering technologies.

As well as winning Bentley's 2023 'Going Digital' award, we took center stage at Autodesk University to showcase our digital expertise and demonstrate our innovations. We also elevated our relationship with Microsoft, allowing us to co-create specialist product features and securing our access to the 'Early Adopters' program for Microsoft Copilot. These accolades not only solidify our position as a digital leader in the market, but also serve as a testament to our commitment to innovation and excellence in engineering technologies.

Furthermore, nurturing our relationships with 'Top Tier' partners also allowed us to generate more value from our contracts with them, and to achieve true strategic alignment. By setting targets with our partners in a mutual commitment to sustainability, we will move forwards together to meet our 2030 zero emissions goals.

Citizen Development
We saw enormous success with our Citizen Development programs in 2023, which transformed our approach to business-wide technology training. Thousands of employees across Arcadis participated in Citizen Development initiatives and were empowered to develop custom low-code and no-code applications for deployment across their projects.

By prioritizing Citizen Development, we found that a commitment to business-wide upskilling improved our overall speed to market, facilitated a more bespoke and attentive approach to client service, and freed up our advanced professional developers to work on more complex and sophisticated software solutions.

With a common toolset, secure cloud space for development and experimentation, and a curriculum to formal certification, our program has now formally qualified 150 Citizen Developers within Arcadis. Many more are on their way to qualification, and we are committed to qualifying 2,000 Citizen Developers by 2026. As we work towards this target, our clients can be confident in both our ambition and our ability to leverage smart digital solutions in our projects.

Cloud and Network Transformation
In 2023, we succeeded in transitioning most of our IT infrastructure to the cloud. This move increases the scalability of our global IT infrastructure for both core Arcadis IT services and for our SaaS products, allowing us to build and store digital services in a responsive and agile way.

Following review and assessment, we also completed the transformation of our network to a more sophisticated and reliable version of cloud technology. Not only has this improved the performance of our IT infrastructure, it also bolsters our security, giving us true confidence in our technological resilience.

These efforts resulted in significant improvements to our technologies' uptime. The General Availability of our cloud infrastructure averaged at an impressive 99.8% in 2023, and we anticipate an increase to 99.9% in 2024.

IT Management and Performance
Our overall IT performance improved significantly from January 2023 to date. Our user satisfaction score increased steadily over the course of the year, and by December we had surpassed our user satisfaction target for several consecutive months. These promising results were compounded by consistent high performance against SLA (Service Level Agreement) targets, evidencing business-wide recognition of operational improvements in IT.

As well as service improvements, IT also met its attrition and diversity targets, achieving a high of 28% female population across the department in 2023. Our promotion of Women in Tech activities will certainly continue into 2024 as we strive to achieve true gender balance.

Additionally, technological risk remediation was a high priority for us in 2023. By taking an assiduous approach to addressing our risks, we succeeded in fully eliminating our backlog of aged high and critical vulnerabilities. Our IT team is now focused on remediating any medium risk vulnerabilities and decommissioning any outdated applications in the first quarter of 2024.

By continuing to prioritize our people, our operations, and the security of our systems within IT, we futureproof our technological infrastructure and equip Arcadis to thrive in a digital future.

Case | MOBILITY

Managing Infrastructure Assets

“This is a fantastic project in the Netherlands, but also exemplifies an approach that resonates across borders, where we are seeing growing demand for digital asset management strategies globally.”

Greg Steele | Global President of Mobility, Arcadis

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Leading operational management and maintenance in the Netherlands

The Challenge

Arcadis is leading the operational management and maintenance of three major infrastructure assets in the Netherlands over the next ten years – ‘Waterwolftunnel’, ‘Abdijtunnel’ and ‘Amstel Aquaduct’. The contract is awarded by the province of North Holland, a key Arcadis client, and is a continuation of the current maintenance and management contract won by Arcadis ten years ago.

The Solution

Arcadis is overseeing operational management, controls, operations, surveillance, and civil maintenance of the technical installations. As primary delivery partner, Arcadis will engage and co-ordinate with three partner organizations: Trigion for operations and surveillance, Equans for the execution of maintenance on tunnel technical installations, and Van Doorn Geldermalsen for civil engineering maintenance.

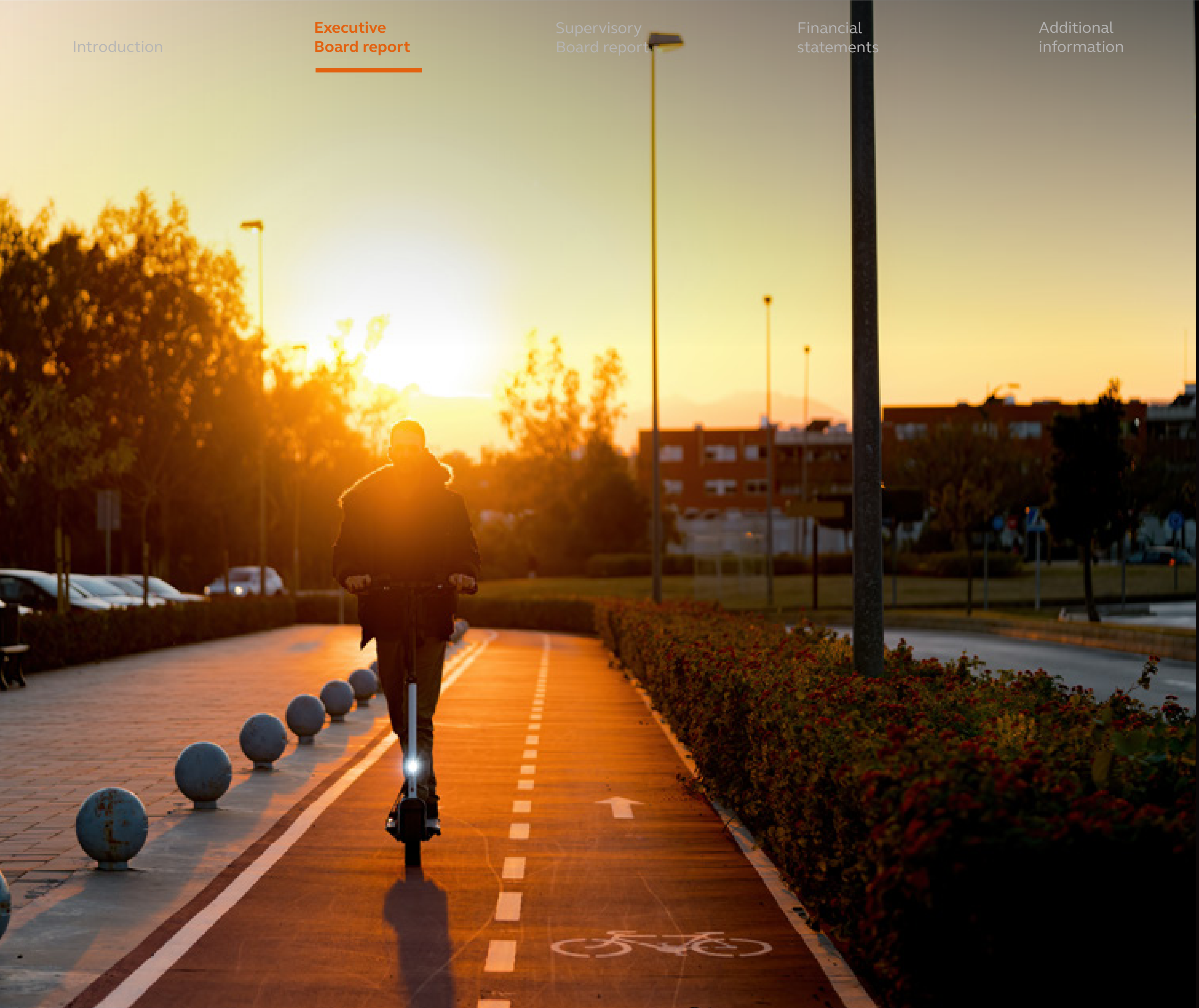
The Impact

A significant part of Arcadis’ work involves digitization to help synchronize and manage operational efficiencies across the various technical components of each structure. All data will be incorporated into a computer model that enables “smart” predictive maintenance planning. This will ensure the structures can be monitored and maintained more quickly, cost-effectively, and accurately over time.

€125m
Contract value

3
Major infrastructure assets

10 years
Length of contract



Focus and scale

Arcadis delivered a record breaking full year 2023 performance, achieving all its key 2021-2023 strategic, while successfully integrating Arcadis IBI and Arcadis DPS. The acquisitions resulted in significant project wins, pipeline opportunities and cost synergies. Furthermore, we expanded our Global Excellence Center capabilities, and were more deliberate in our project choices; focusing closely on growth markets and Key Clients.

3,759

Net revenues in € millions

10.4%

Operating EBITA margin
(as % of net revenues)

Focus and scale

During 2023 we further focused and scaled our business: our four GBAs increasingly collaborated to provide clients with holistic services and solutions across the world. We grew our Global Excellence Centers in the Philippines, India and Romania by 50% over the period 2021-2023, providing capability, capacity and a competitive advantage across a wide array of projects and services for our clients. We added growth opportunities in North America and Europe, integrated new businesses and strategically repositioned Arcadis by shifting our exposure in commercial and real estate markets, to investing in high growth markets such as energy transition, new mobility and advanced industrial facilities.

Through the acquisitions in 2022 of IBI Group, DPS Group and Giftge Consult, we command a leading market position in architecture and urbanism, where we are the second biggest firm in the world today, as well as in advanced industrial facilities sector, for Life Sciences and Semiconductor clients specifically. The Integration of Arcadis IBI and Arcadis DPS was finalized before 2023 year end with cost- and revenue synergies materializing.

Financial Highlights for the year:

- Delivered on all key strategic targets set for 2021-2023 strategy cycle ‘Maximizing Impact’
- Operating EBITA margin of 10.4% (FY ‘22: 9.8%)
- Record net revenues of €3.8B (+25% YoY), organic growth of 9.0%, order intake of €3.9B (+26% YoY)
- Net debt / Operating EBITDA of 1.7x
- Proposed dividend increased by 15% to €0.85 per share (2022: €0.74)

Profit & Loss Items and Backlog

Net revenues totaled €3,759 million, increasing 25% YoY, with currency effects of -2.6%. Organic growth was 9.0%, driven by all GBAs. The operating EBITA margin increased to 10.4% (FY'22:9.8%) driven by operating leverage, improvement at the acquired businesses and materialized cost synergies. Non-operating costs were €48 million, driven by integration costs relating to the 2022 acquisitions, and from portfolio optimizations: ongoing wind-down of the Middle East operations, merging of the offices and other restructuring activities.

Net financing expenses were €65 million (FY’22: €24 million) and increased due to higher interest rates and higher average debt levels throughout the year. Amortization increased to €59 million (FY’22: €20 million), mainly driven by acquired intangible assets amortization such as backlog and customer relationships. Net Income from Operations increased by 12% to €226 million (FY’22: €202 million), or €2.51 per share (FY’22: €2.26), as a result of higher revenues, partially offset by higher integration, restructuring, and net financing expenses. The net revenue organic backlog growth was 4.0% year on year, reflecting strong order intake across all key markets, resulting in a Book to Bill of 1.04 (FY’22: 1.02).

Balance Sheet and Cash Flow Items

We achieved a record low level of Net Working Capital as percentage of annualized quarterly gross revenues of 9.3% (Q4’22: 10.0%), which was the result of bringing the acquired businesses to the level of the group while optimizing levels in other areas. As a result, Days Sales Outstanding (DSO) was reduced to 56 days (Q4’22: 60 days). Free cash flow was a record at €208 million for the quarter resulting in €190 million for the full year (FY'22: €173 million), driven by improved performance and disciplined net working capital management. The strong cash performance resulted in a deleveraging from 2.2x Net debt/ operating EBITDA (2022) to 1.7x for 2023, well inside the strategic target range of 1.5-2.5x. Net debt decreased to €873 million (Q4’22: €1,012 million).

Financing
In February 2023 Arcadis issued an inaugural €500 million Eurobond to replace the bridge loan, initially placed at €750 million for the acquisitions of IBI Group and DPS Group in 2022. The senior unsecured fixed rate notes of the Eurobond had an annual coupon of 4.875%, a preliminary rating of BBB- (Investment Grade) from Standard & Poor's and are due in 2028. In July 2023 Arcadis replaced the remainder outstanding bridge facility with a €225 million sustainability linked Schuldschein loan. This facility has a maturity of 3 years with fixed and variables interest rates. The issuance builds on Arcadis' track record in the Schuldschein market with previous placements in 2015 and 2020 and is in line with Arcadis' strategy to continue to diversify its funding sources. Settlement took place on July 18, 2023.

Investor Relations Policy
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 call, which is broadcasted live.

In 2023, Arcadis held investor roadshows and participated in (virtual) investor conferences in the world's major financial centers including Boston, Brussels, Frankfurt, London, New York, Montreal, Paris and Toronto. Approximately 200 investor meetings were held in the year.

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 2023 was 192,852 shares, an increase of 30% versus 2022. Of the total volume traded, 72% of the shares were traded via Euronext, 27% via BATS, and 1% via Equiduct.

The largest shareholders in Arcadis

Foundation Lovinklaan	18%
APG Asset management	10%
Association Katalys	4%
Impax Asset Management	3%
Amundi Asset Management	3%

Share Price Development and Equity Research
Over 2023 Arcadis' share price increased by 31% to €48.84, outperforming its peer group, that increased by 26% over the year and the AMX index with a -2% result for the year. Arcadis equity research coverage increased from 5 to 11 active analysts over the year, banks or brokerages that were onboarded were: Bank of America, Jefferies, Keybanc, KBC Securities, Oddo ABN AMRO and RBC Capital Markets (shadow coverage). For a list of our current analysts' coverage please refer to :

Arcadis' Peer Group
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)	SNC-Lavalin (Toronto Stock Exchange)
Alten (Euronext Paris)	Stantec (New York Stock Exchange)
Fugro (Euronext Amsterdam	Sweco (The Nordic Exchange, Stockholm)
Jacobs (New York Stock Exchange)	Tetra Tech (NASDAQ)
AFRY (The Nordic Exchange, Stockholm)	Worley (Australian Securities Exchange)
Spie (Euronext Paris)	WSP (Toronto Stock Exchange)

Investor Relations Calendar

30 April 2024	2024 Q1 Trading update
8 May 2024	Annual General Meeting of Shareholders
25 July 2024	2023 Q2 & Half Year Results
31 October 2024	2024 Q3 Trading Update

Case | INTELLIGENCE

Refreshing Ontario's Asset Management

"Our platform empowers asset-intensive organizations to enhance the understanding of their portfolio, enabling optimal, data-driven decision-making."

Rob Corazzola | Global Sales Director - Enterprise Decision Analytics, Arcadis

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Using technology and data to grow capital assets

The Challenge

In preparation to expand its current asset portfolio, Infrastructure Ontario (IO), a government-owned agency, sought to refresh its technologies to manage its growth.

The Solution

Over a 5-year period, we're providing our Enterprise Decision Analytics (EDA) software and expertise to support IO in collecting condition assessment data across its entire portfolio of facilities and property assets.

The Impact

As a starting point, the contract will include the digital management of over 2,000 of IO's facilities, with the potential to support IO in making future investment decisions to grow its portfolio. Where previously applied, EDA has improved system efficiency by 30%, reduced planning and reporting times by 80%, and increased project execution accuracy by 20%.

2,000

Number of facilities being digitally managed

5 years

Length of time collecting condition assessment data

80%

Average reduction in planning and reporting time

One Arcadis Brand

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

Over 2023 we continued to grow the Arcadis brand. As part of our business strategy, we have enhanced our brand through the integration of new brands, businesses and people, further building the reputation of the Arcadis brand. From our strong foundation we have grown with new and additional capabilities, enabling us to further enhance our brand value both in the markets we serve as well as new and emerging markets.

We gauge the success of our brand efforts through brand strength and brand awareness measurements, compared to our competitors and we also measure the effectiveness of our thought leadership program, which is closely connected to business growth opportunities. All of which is specifically focused on developing content that demonstrates how Arcadis delivers on its brand purpose: improving quality of life.

In 2023, the Arcadis brand was valued at €449 million, an increase of 8.7% on the year before. This results in our company achieving the fifth highest brand value within our competitor set and fourth in terms of brand strength, gaining ground on our competitors.

Expanding London's transport network

"We are proud to have played a role in delivering this iconic project. It has been a pleasure working with TfL as one team, founded on strong relationships and collaboration."

Umar Khan | TfL Key Account Director, Arcadis

Case | MOBILITY

Driving accessibility and economic revitalization

The Challenge

As the heart of the city's transport network, the London Underground supports up to 4 million passenger journeys each day. During peak hours more than 540 trains are moving around the British capital. Driven by the need for reliable, easy access and to spur on economic revitalization in the city, Transport for London (TfL) decided to extend the Northern Line.

The Solution

Over a period of six years, a 3 km long twin-bore tunnel and two new stations at Battersea Power Station and Nine Elms were built. Our team of experts helped TfL successfully deliver this ambitious and critical project by providing commercial management services for the civil engineering and railway systems.

The Impact

The project has cut travel times for Londoners by 50% and stimulated the development of 25,000 new jobs and 20,000 new homes. The 850,000 tonnes of material excavated was used to create farmland, eliminating spoil removal, reducing road traffic, and reducing the carbon footprint of the project.

50%
Decreased travel time

25,000
New jobs

£160m
Under budget

Governance & Compliance Operating responsibility

Composition of the Executive Board

Alan G. Brookes
British nationality, 1961

Alan was appointed Chief Executive Officer of Arcadis in May 2023.

He started his career as a surveyor, where he grew to lead a chartered surveying practice and then chair Povall, Flood and Wilson, which was acquired by EC Harris in 2000. Alan helped transform the business into a global force, moving to lead the Asian business in 2011 and becoming an EC Harris Board member. When EC Harris was acquired by Arcadis, Alan continued to lead Asia supporting the acquisition of Langdon and Seah before returning to the UK in 2014 to integrate the businesses into one Arcadis team.

In 2019, Alan was appointed as Group Executive to lead the UK, Europe, and Middle East businesses across €1.2bn revenue, 12,500 people and 14 countries. In 2020, Alan became Global Chief Operating Officer and has led the development of the global operating structure of Arcadis - a structure which sets Arcadis up to be successful by enhancing collaboration and sharing of knowledge and expertise, to improve margin and streamline efficiency.

Alan is committed to exploring new approaches using people and tech to deliver innovative digital solutions that keep clients ahead of the curve. He's personally committed to Arcadis's 2035 net zero targets, as well as providing Arcadian knowledge and advice as a force for good for the planet. Since 2014, Alan has chaired and been actively involved in CRASH, the UK construction industry homelessness charity.

Chief Executive Officer and Chair of the Executive Board
Term 2023 – 2027

Non-Executive Board position:
Trustee, CRASH Charity (Construction industry Relief, Assistance and Support for the Homeless and Hospices Limited), UK.

Chief Financial Officer and Member of the Executive Board
Term 2020 – 2024

Non-Executive Board position:
Independent Board Member,
Chair Audit Committee of Elior Group (until 28 February 2024).

Virginie J.H. Duperat-Vergne
French nationality, 1975

Virginie joined Arcadis in 2020 and was inspired by the many innovative projects the company supports to create a tangible, positive impact on the world. In her role as Chief Financial Officer, Virginie is tasked with ensuring the company's financial stability and growth and leads on investor relations and M&A Strategy.

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

Virginie has a master's degree in finance and management from Toulouse Business School, France.

Composition of the Executive Leadership Team

1 **Juud Tempelman**
Dutch nationality, 1977 | MA

Global President for Intelligence
Intelligence, Innovation and Ecosystems
In ELT since 1 October 2023

2 **Heather Polinsky**
US nationality, 1973 | PMP, F.SAME

Global President for Resilience
Resilience
In ELT since 1 June 2023

3 **Mark Cowlard**
British nationality, 1969 | BSc (Hons) FRIC

Global President for Places
Places, Architecture and Urbanism
In ELT since 1 June 2023

4 **Alan Brookes**
British nationality, 1961

Chief Executive Officer and Chair of the Executive Board
Term 2023 – 2027

5 **Greg Steele**
Australian nationality, 1961 | BEng, Grad Dip Bus.

Global President for Mobility
Mobility
In ELT since 1 June 2023

6 **Virginie Duperat-Vergne**
French nationality, 1975

Chief Financial Officer and Member of the Executive Board
Financial Planning, Reporting & Business Appraisal, Tax,
Treasury, Risk & Control, Investor Relations and M&A

7 **Sandra Bolder**
Dutch nationality, 1974

Chief People Officer
Global People and Culture Strategy, Global Talent and Leadership Development, Global Diversity, Inclusion, Belonging and Human Rights, Global Performance and Reward, Global Capability and Workforce Readiness, People Operations.
In ELT since 1 January 2024

8 **Edel Christie**
British nationality, 1970 | BEng

Chief Growth Officer
Global Account Management, Global Commercial Excellence, Global Sustainability, Global Strategy and Business Development, Global Marketing and Communications, Global Sales
In ELT since 1 December 2022, Chief Growth Officer since 30 June 2023

9 **Hans Dekker**
Dutch nationality, 1967 | MSc

Chief Delivery Officer
Technology, Information Security and Global Business Services including Global Shared Services, Workplace, Travel and Procurement
In ELT since 1 February 2023

Composition of the Supervisory Board

Michiel P. Lap
Male, Dutch nationality, 1962

Chair Supervisory Board, Chair Selection Committee, Member Audit and Risk Committee and Member Remuneration Committee
Term 2015 – 2025

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

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

Michael C. Putnam
Male, British nationality, 1960

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

Current other non-executive board positions:
- Non-Executive Director Network Rail Ltd, including independent Non-Executive Director of Transpennine Route Upgrade (TRU) Programme Board – a £10bn rail infrastructure programme in the north of the UK
- Non-Executive Director Southern Water Services Ltd
- Non-Executive Director 'Tideway' Bazalgette Tunnel Ltd

Previous positions include: Acceleration Unit Expert Panelist of the UK Department for Transport (2020 – 2023); Member of the Advisory Board of the Association of Consulting Engineers (2012 – 2018); Specialist Advisor to the House of Lords Science & Technology Committee, assisting their Report on 'Offsite manufacture for Construction' (2018); Member of the UK Government's Construction Leadership Council (2012 – Jan 2018); Chair of the UK Government's Green Construction Board (2012 – 2017); CEO Skanska UK PLC (2009 – 2017); Several leadership positions within Skanska UK PLC (1995 – 2009); Area Manager and Contracts Manager Balfour Beatty Plc (1988 – 1995); Trafalgar House (1982 – 1987).

Deanna L.M. Goodwin
Female, Canadian and US nationality, 1965

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

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

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

Carla M.C. Mahieu
Female, Dutch nationality, 1959

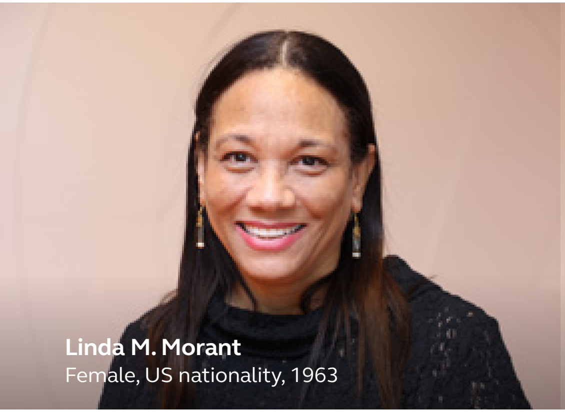
Chair Remuneration Committee and Member Selection Committee
Term 2021-2025

Current other non-executive board positions:
- Member Board of Directors DSM-Firmenich
- Member Supervisory Board VodafoneZiggo

Current other position:
- Board Member Stichting Continuïteit PostNL

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

Composition of the Supervisory Board



Linda M. Morant
Female, US nationality, 1963

Member Sustainability Committee and Member Remuneration Committee
Term 2023 -2027

Current position:
- Chief Digital Officer, The Crown Estate, London, UK

Previous positions include: Non-executive Director, Biffa Waste Management, UK (2021 – 2023), Non-executive Director, Autino Ltd. & Autino Holdings, London, UK (2017 – 2020), Vice President, Downstream Digital, British, Petroleum, UK (2007- 2020), various roles within Microsoft Corporation (2011 – 2017), various roles within Nokia & Nokia Siemens Networks (2001 – 2011).

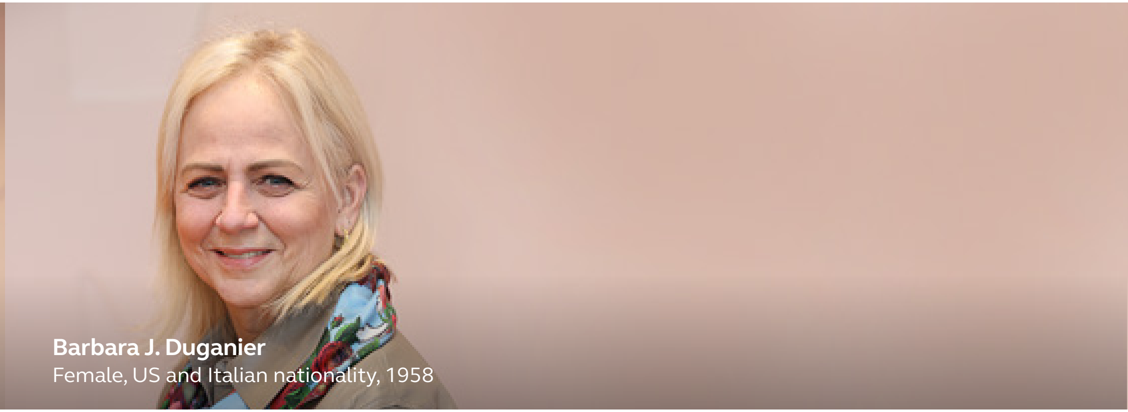
Peter A.W. de Wit
Male, Dutch nationality, 1963

Member Audit and Risk Committee and Member Selection Committee
Term 2023 – 2027

Current position:
- Senior Board Counselor, McKinsey & Company, Amsterdam, the Netherlands

Supervisory/non-executive directorships:
- Founder and Chair of the Board, MiekFoundation, Amsterdam, the Netherlands
- Board Member, Aliaxis, Brussels, Belgium
- Member of the Supervisory Board, Royal De Heus, Ede, the Netherlands
- Member of the Supervisory Board, 100WEEKS foundation, Amsterdam, the Netherlands
- Chair of the Supervisory Board, Koninklijk Theater Carré, Amsterdam, the Netherlands

Previous positions include: Various leadership roles, most recently Senior Partner and Member Shareholders Council, McKinsey & Company, Amsterdam, the Netherlands (1995 – 2022), Commercial Manager, Cargill, Amsterdam, the Netherlands (1987 – 1995).



Barbara J. Duganier
Female, US and Italian nationality, 1958

Member Audit and Risk Committee and Member Sustainability Committee
Term 2023 – 2027

Supervisory/non-executive directorships
- Non-Executive Director, Chair of the Compensation Committee and member of the Audit Committee, Texas Pacific Land Corporation,
- Non-Executive Director, Chair of the Audit Committee and member of the Risk Committee, McDermott International,
- Non-Executive Director and Chair of the Audit Committee, Pattern Energy,
- Non-Executive Director, member of the Audit Committee, Chair of the ESG and Enterprise Risk Committee, MRC Global

Previous positions include: Lead Independent Director (from 2020) and Chair of the Nominating and Governance Committee, West Monroe (2018-2021), Non-Executive Director, member of the Audit Committee and Nominating and Governance Committee, Noble Energy (2018-2020), Non-Executive Director, Chair of Audit Committee and member of the Compensation Committee, Buckeye Partners (2013-2019), Managing Director & Lead, Global Business Process Outsourcing and Finance Business Services, Resources Operating Group, Accenture LLC (2012-2013), Managing Director & Chief Strategy Officer, Outsourcing, Lead, Global Business Process Outsourcing, Growth and Offerings & Vice President, Energy Services, Accenture LLC (2004-2012), Independent Consultant, North America, Duke Energy (2003), various leadership roles at Arthur Andersen LLP (1979-2002), including Global Chief Financial Officer, Andersen Worldwide.

Rozelle Interchange, Australia

Case | MOBILITY

Designing Sydney's largest underground motorway interchange

The Challenge

This underground motorway interchange links the M4/M8 tunnels, finalising Australia's largest road project, WestConnex. With interchanges built mostly underground, the project will deliver 10 hectares of open space and active transport options, revamping the old Rozelle Rail Yards. Challenges included optimization of traffic flow on busy corridors, providing pedestrian access to the new parklands and implementing flood mitigation measures.

The Solution

In a joint venture with WSP, JHCPB, and 12 other consultants, Arcadis provided design services for the civil and structural works, including traffic staging and surface works building structures. Arcadis pioneered innovative designs such as smart traffic solutions and sustainable infrastructure to redefine urban connectivity and mobility.

The Impact

The Rozelle Interchange will bring social and economic benefits through reduced travel times, enhanced access to health, education and job opportunities and new and improved connectivity for pedestrians and cyclists. The project connects tunnels, bridges and roads; boosting the economy, reducing traffic emissions, promoting active transport, and creating new green space.

“Throughout the project and while working with Arcadis, there have been no broken promises and we can rely on open conversations and trust.”

Mike Hassey | Engineering Manager, JHCPB

29km
Length of new mainline, ventilation and access tunnels

12
New bridges over land and water

10ha
Open space

Corporate Governance report

Arcadis is committed to the principles of good governance: integrity, transparency, accountability, and proper supervision. It has complied with the Dutch Corporate Governance Code since it was first introduced in 2003, with few deviations. On 20 December 2022, the Dutch Corporate Governance Committee (the 'Committee') presented a revised Corporate Governance Code (the "Code") with an increased focus on sustainability, diversity and inclusion. During 2023, Arcadis implemented the changes resulting from the new Code. The first paragraph of this Corporate Governance Report summarizes the implementation efforts during the year.

Implementation New Dutch Corporate Governance Code

After publication of the new Code on 20 December 2022, representatives from, *inter alia*, the legal, people, investor relations, sustainability, internal audit, and risk management functions reviewed and assessed the updated principles and best practice provisions of the Code and their implications for Arcadis. During 2023, changes required based on the new Code were implemented: company policies, governance documents and processes were developed and/or updated to align with the new Code. For example, a company-wide Diversity, Equity, Inclusion and Belonging (DEIB) policy was introduced and existing EB and SB Diversity and Inclusion policies were aligned with the new Code; and a new Stakeholder Engagement Policy on Sustainable Topics was developed. In line with the Committee's recommendation, Arcadis will include corporate governance and compliance with the new Code as a separate item on the agenda of the annual General Meeting of shareholders in 2024.

The core topics of the Code are all explicitly addressed in various chapters of this Annual Integrated Report. For example, diversity & inclusion in the Executive Board, Executive Leadership Team and Supervisory Board is addressed in this Corporate Governance report on pages 121 to 124. Sustainable long-term value creation within Arcadis is addressed on pages 11 to 20. Our company culture is discussed in the section People and culture starting on page 45. The section on Enterprise Risk Management can be found on page 130. An overview of the corporate governance structure of Arcadis in 2023 is provided below. Arcadis applies all principles and best practice provisions of the Corporate Governance Code, with one historical exception. This is described on page 126.

For additional information about corporate governance at Arcadis, please visit our website.

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

Organizational Structure

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

Executive Board

The Executive Board consists of the CEO and the CFO. The Executive Board is responsible for the management of the Company as well as the continuity of the Company and the Company's goals, objectives, sustainable long-term value creation strategy, policy, and results. The General Meeting appoints the Executive Board members. For every appointment, the Supervisory Board is entitled to make a nomination. The General Meeting can overrule a binding nomination by the Supervisory Board by a resolution adopted by a majority of at least two thirds of the votes, representing more than half of the issued share capital. On a non-binding nomination, the General Meeting decides by simple majority. The General Meeting can dismiss an Executive Board member. Such a decision, other than proposed by the Supervisory Board, requires at least two thirds of the votes, representing at least half of the issued share capital. The Supervisory Board appoints one of the members of the Executive Board as Chair and determines, in consultation with the Executive Board, the division of tasks. The composition of the Executive Board and information about its members is provided on page 114 of this Annual Integrated Report.

Executive Leadership Team

Per year-end 2023, the Executive Leadership Team consists of the Executive Board members (CEO and CFO) and seven executives including the Chief People Officer, the Chief Delivery Officer (since 1 February 2023), the Chief Growth Officer, the Global President for Places (since 1 June 2023), the Global President for Resilience (since 1 June 2023), the Global President for Mobility (since 1 June 2023) and the Global President for Intelligence (since 1 October 2023). The composition of the Executive Leadership Team and information about its members is provided on page 115 of this Annual Integrated Report. The CEO determines the number of members of the Executive Leadership Team with approval of the Supervisory Board. The members of the Executive Leadership Team who are not Executive Board members are appointed and dismissed by the CEO, subject to approval of the Supervisory Board. At least once a year, the Executive Leadership Team evaluates its own functioning as a whole and that of individual members. At least once a year, outside the presence of the Executive Board and the Executive Leadership Team, the Supervisory Board evaluates the functioning of the Executive Leadership Team, the Executive Board and that of the individual Executive Board members and discusses the conclusions that must be attached to the evaluation, also in light of succession planning. Periodically, an external expert facilitates the annual evaluation.

Supervisory Board

The Supervisory Board supervises and advises the Executive Board and the Executive Leadership Team on the performance of its tasks and supervises the overall development of the Company and its affiliates. In doing so, the Supervisory Board is guided by the interests of the Company and its stakeholders. Pursuant to the Articles of Association of the Company, the Supervisory Board consists of at least three members. Members are appointed by the General Meeting. For every appointment, the Supervisory Board is entitled to make a nomination. The General Meeting can overrule a binding nomination of the Supervisory Board by a resolution adopted by a majority of at least two thirds of the votes, representing more than one third of the issued share capital. In the case of a non-binding nomination, the General Meeting decides by simple majority. The General Meeting can dismiss a member of the Supervisory Board. Such a decision, other than proposed by the Supervisory Board, requires at least two thirds of the votes, representing at least one third of the issued share capital. The Supervisory Board appoints one of its members as Chair[1] and one as Vice-Chair. In the case of an appointment or reappointment of Supervisory Board members, the Supervisory Board profile is taken into account.

Members are appointed for a maximum period of four years. Pursuant to best practice provision 2.2.2 of the Corporate Governance Code, a Supervisory Board member may be reappointed once for a second maximum period of four years, and subsequently for a maximum period of two years, which reappointment may be extended by a maximum of another two years. In the event of a reappointment after eight years, reasons will be given in the report of the Supervisory Board.

The Supervisory Board has established the following committees from among its members: an Audit and Risk Committee, a Selection Committee, a Remuneration Committee and a Sustainability Committee. The task of these four committees is to assist and advise the Supervisory Board in fulfilling its responsibilities. The tasks and procedures of the committees are outlined in their charters, which can be found on our website. The composition of the Supervisory Board in 2023, its committees, and information about the Supervisory Board members are provided on pages 116 and 117 of this Annual Integrated Report.

[1] During 2023, Michiel Lap was the Chair and Michael Putnam the Vice-Chair of the Supervisory Board.

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

Diversity, Equity, Inclusion and Belonging within Arcadis

In line with the 2022 Dutch Corporate Governance Code, in 2023 Arcadis has developed a Diversity, Equity, Inclusion and Belonging policy statement ("DEIB policy") for the entire company, building on existing diversity policies for leadership and existing D&I programs.

The aim of the DEIB policy is to define Arcadis' company-wide commitment to Diversity, Equity, Inclusion and Belonging. Arcadis aims to set a culture of psychological safety, diversity, equity and inclusion, in which every Arcadian feels valued and respected. We believe that a diverse range of perspectives, competencies, personal qualities, nationalities, and cultural backgrounds reduce group thinking and enhance long-term value creation for the company.

Leadership plays a key role in creating an inclusive and diverse workplace, leading by example in setting a culture that embraces human differences, visible and non-visible. Based on the nature and complexity of the Arcadis business, the markets in which Arcadis operates, and the diversity of the client base of Arcadis, we have identified the diversity aspects of gender, nationality, background (education, expertise and/or work experience) and ethnicity as being most relevant to our organization. The DEIB policy includes D&I targets for the Executive Leadership Team, (other) senior leaders and all Arcadis employees. In addition to the company-wide DEIB policy, D&I targets for the Executive Board and the Supervisory Board have been included in separate D&I policies for the Executive Board and the Supervisory Board.

For each relevant D&I aspect, the targets and results for 2023 are set out below.

[1] In line with the Dutch gender diversity legislation, Arcadis NV has agreed to also report on behalf of Arcadis Nederland Holding B.V. and Arcadis Nederland B.V. both to the Dutch Socio-Economic Council and in this annual integrated report.

Gender diversity – targets & outcome

In line with Dutch gender diversity legislation and the Dutch Corporate Governance Code, we have set gender diversity and inclusion targets at leadership level. The table below summarizes the targets and outcomes for 2023.

Scope	Level	Target	Actual per 31 December 2023
Arcadis NV	Supervisory Board	At least 1/3rd women and at least 1/3rd men	4 women (57%) 3 men (43%)
	Executive Board	At least 1/3rd women and at least 1/3rd men	1 woman (50%) 1 man (50%)
	Executive Leadership Team	At least 1/3rd women and at least 1/3rd men	5 women (56%) 4 men (44%)
	Sub-top (job level 12 and above)	At least 22% women leaders by the end of 2023	35% women
Arcadis globally	Sub-top (job level 12 and above): Senior Leadership Group	At least 30% women leaders by the end of 2023	36% women
	Other employees	At least 40% women	38.4% women
Arcadis Nederland Holding B.V. [1]	Supervisory Board	At least 1/3 women and at least 1/3 men	2 women (50%) 2 men (50%)
	Management Board	At least 1/3 women and at least 1/3 men	2 women (66%) 1 man (33%)
Arcadis Nederland B.V. [1]	Management Board	At least 1/3 women and at least 1/3 men	2 women (66%) 1 man (33%)
	Sub-top (senior management)	At least 20% women leaders by the end of 2023	17% women

Measures to (further) increase gender diversity

The majority of our gender diversity targets were met in 2023. We remain committed to also achieve the two targets that were not met, including our target to have at least 40% women across our employee base globally. We have taken action by driving accountability through the inclusion of gender diversity targets across the Senior Leadership Group. In order to increase the percentage of women leaders at Arcadis Nederland to at least 20%, local management has developed an action plan to mitigate the gap which includes more detailed diversity pipeline planning within each business unit and a focus on diverse shortlists during the recruitment and selection phase.

Furthermore, across our global business we will continue to drive inclusion-conscious and accountable leadership behaviour to embed an environment which calls out bias, maximizes access to opportunities and amplifies open and transparent working processes. This is strengthened with specific leadership commitments for meeting our gender targets within our Senior Leadership Group. We are also ensuring that our global recruitment policy is consistently applied. Requirements in this policy include that all job advertisements are reviewed to ensure they are non-discriminatory and gender-neutral language is used. During the selection phase, all advertised senior management roles should have a gender diverse shortlist and interviews are held by a gender diverse interview panel. Country recruitment and selection processes are periodically reviewed to eliminate bias as much as possible. To continually develop the understanding and awareness of our people, we are facilitating access to resources, conversations, communities and training on diversity, inclusion and the impact of bias.

Nationality – targets & outcome

Arcadis is active in many countries worldwide. We therefore intentionally ensure our leadership reflects the experiences (by geography) of our colleagues, clients and partners. Our focus is to build on the diversity of thought and experience across all our leadership teams, recognizing that we can also be more diverse in the societies we represent. For 2023, Arcadis set the following targets in terms of nationality. In the Executive Board, nationalities from at least two geographical regions[1] where Arcadis is active shall be represented. In the Executive Leadership Team, nationalities from at least three geographical regions where Arcadis is active shall be represented. In the Supervisory Board, at least three geographical regions where Arcadis is active shall be represented. Based on the composition of the Executive Board, Executive Leadership Team and the Supervisory Board in 2023, Arcadis met the targets that were set for nationality.

Background: education and/or (work) experience – targets & outcome

We believe that Arcadis benefits from the diverse backgrounds within our Executive Leadership Team and Supervisory Board. The background target for the Executive Board requires that at least one member shall have experience in the global design, the engineering and/or the consulting industry or adjacent thereto. In the Executive Leadership Team, at least 30% of members shall have experience in the global design, the engineering and/or the consulting industry or an industry adjacent thereto. Arcadis met these targets in 2023.

The background target for the Supervisory Board consists of two requirements. The first requirement, which also follows from the Dutch Decree Establishing Audit Committees, is that at least one member of the Supervisory Board shall have a financial background. As four of the seven Supervisory Board members have a financial background, Arcadis met this requirement in 2023. The second requirement set by Arcadis is that at least two members of the Supervisory Board shall have experience in the global design, the engineering and/or the consulting industry or an industry adjacent thereto. This target was also met in 2023.

Ethnicity: members of underrepresented ethnic groups – targets & outcome

We strive to increase the representation of people who self-identify as being part of an Under-Represented Ethnic Group (UREG) across all levels of the Arcadis organization, including the Executive Board and the Executive Leadership Team combined, the Supervisory Board, the sub-top across Arcadis globally (job level 12 and above) and the remainder of employees globally.

1 For the purpose of the D&I targets, geographical regions are: North America, Latin America, United Kingdom, Europe, Middle East, Asia and Australia.

Currently in the Executive Board and Executive Leadership team we do not have any members who identify as being part of an underrepresented ethnic group or background. Within the Supervisory Board we have one member who identifies as part of an under-represented ethnic group. We are committed to our ambition to improve UREG representation and we aim to increase the diversity of our employee base by ensuring a diverse recruitment and promotion strategy. We have specific programs in place in support of development of employees with a UREG background such as our Women of Colour program. Furthermore, our Global Affinity Group for Ethnicity & Heritage is an important sparring partner for us.

Diversity in the Executive Board and the Executive Leadership Team

Members of the ELT on 31 December 2023

	Year of birth	Gender	Nationality
Mr. Brookes	1961	Man	British
Ms. Duperat-Vergne	1975	Woman	French
Ms. Van Blokland[1]	1964	Woman	Dutch
Ms. Christie	1970	Woman	British
Mr. Dekker	1967	Man	Dutch
Mr. Steele (as of June 2023)	1961	Man	Australian
Mr. Cowlard (as of June 2023)	1969	Man	British
Ms. Polinsky (as of June 2023)	1973	Woman	US
Ms. Tempelman (as of Oct 2023)	1977	Woman	Dutch

Former members of the ELT

	Year of birth	Gender	Nationality
Mr. Ritter (until January 2023)	1968	Man	German
Mr. Oosterveer (until May 2023)	1957	Man	Dutch
Ms. Hopkins (until June 2023)	1965	Woman	US

[1] In ELT since 1 October 2019 until January 2024. Per 1 January 2024, Ms. Sandra Bolder was appointed as Chief People Officer and joined the Executive Leadership Team.

Members of the ELT on 31 December 2023

	International experience	Professional service/engineering and consulting experience	Legal/ Tax/Risk Management	Finance	People and culture	Sustainability	Digital
Mr. Brookes	●	●	●				
Ms. Duperat-Vergne	●	●	●	●			
Ms. Van Blokland[1]	●	●			●		
Ms. Christie	●	●	●			●	
Mr. Dekker	●	●	●			●	●
Mr. Steele (as of June 2023)	●	●				●	
Mr. Cowlard (as of June 2023)	●	●				●	
Ms Polinsky (as of June 2023)	●	●	●			●	
Ms. Tempelman (as of October 2023)	●	●			●	●	●

Former members of the ELT

	International experience	Professional service/engineering and consulting experience	Legal/ Tax/Risk Management	Finance	People and culture	Sustainability	Digital
Mr. Ritter (until January 2023)	●	●					●
Mr. Oosterveer (until May 2023)	●	●	●			●	
Ms. Hopkins (until June 2023)	●	●	●				

Diversity in the Supervisory Board

Current members of the Supervisory Board

	Year of birth	Gender	Nationality
Mr. Lap	1962	Man	Dutch
Mr. Putnam	1960	Man	British
Ms. Mahieu	1959	Woman	Dutch
Ms. Goodwin	1965	Woman	Canadian and US
Ms. Duganier	1958	Woman	US and Italian
Ms. Morant	1963	Woman	US
Mr. de Wit	1963	Man	Dutch

Former members of the Supervisory Board (until 12 May 2023)

	Year of birth	Gender	Nationality
Mr. Hoek	1956	Man	Dutch
Mr. Ang	1961	Man	Singaporean

Current members of the Supervisory Board

	International experience	Professional service/engineering and consulting experience	Legal/ Tax/Risk Management	Finance	People and culture	Sustainability	Digital
Mr. Lap	●	●	●	●			
Mr. Putnam	●	●		●		●	
Ms. Mahieu	●	●			●		
Ms. Goodwin	●	●	●	●			
Ms. Duganier	●	●		●		●	
Ms. Morant	●	●					●
Mr. de Wit	●	●			●	●	

Former members of the Supervisory Board (until 12 May 2023)

	International experience	Professional service/engineering and consulting experience	Legal/ Tax/Risk Management	Finance	People and culture	Sustainability	Digital
Mr. Hoek	●	●	●	●			
Mr. Ang	●	●	●				

General Meeting of Shareholders

At least once a year, Arcadis NV convenes a shareholder meeting. Meetings are convened by the Executive and/or Supervisory Board. Meetings can also be convened at the request of shareholders jointly representing at least 10% of the Company's issued share capital if authorized by the relevant Dutch court. Shareholders who hold at least 3% of the issued share capital have the right to propose an item for inclusion on the agenda. The Company will in principle include the item on the agenda if it receives the substantiated proposal clearly stating the item to be discussed, or a draft resolution, in writing at least 60 days prior to the meeting date. Each shareholder is entitled to attend shareholder meetings in person or be represented by written proxy and to exercise voting rights with due observance of the provisions in the Articles of Association. Each outstanding share entitles the holder to one vote. Resolutions are adopted by simple majority unless the Articles of Association or the law provide(s) otherwise. Arcadis advocates active shareholder participation at shareholder meetings. Since 2007, the Articles of Association allow for communication and voting by electronic means. For more information about the powers of the General Meeting as well as the Company's Articles of Association, please visit:

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

Share Capital

The authorized share capital of Arcadis NV consists of ordinary shares, cumulative financing preference shares, priority shares, and cumulative preference (protective) shares, each with a nominal value of €0.02. At year-end 2023, the total number of ordinary shares issued was 90,442,091. Currently, only ordinary shares and 600 priority shares have been issued. See note 25 to the Consolidated financial statements for further details. Priority shares and cumulative preference shares have an impact on the governance of the Company.

Priority Shares

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

Cumulative Preference (Protective) Shares

Currently, no cumulative preference shares have been issued. However, an option agreement to acquire and transfer such shares has been entered into between the Arcadis Preferred Stock Foundation (Stichting Preferente Aandelen Arcadis NV) and Arcadis NV, further to the delegation on 31 May 1995 by the General Meeting to the Supervisory Board of the authority to issue shares. The objective of the Arcadis Preferred Stock Foundation is to protect the interests of Arcadis, its enterprises, and all of those involved. In the event of any hostile situation, preference shares can be obtained by this Foundation. This would allow the Executive Board and the Supervisory Board time to duly consider the situation and the interests involved. For more information, please see note 25 to the Consolidated financial statements.

Regulations Regarding Transactions in Arcadis Securities

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

Financial Reporting and Role of Auditors

Before being presented to the General Meeting for adoption, annual financial statements as prepared by the Executive Board must be examined by an external certified public auditor. The General Meeting has the authority to appoint the auditor. Each year, the Supervisory Board nominates the auditor for (re)appointment by the General Meeting, taking into account the advice of the Audit and Risk Committee.

The auditor's assignment and remuneration are resolved on by the Supervisory Board, on the recommendation of the Audit and Risk Committee. Prior to publication, the half-year results and reports are discussed with the Audit and Risk Committee in the presence of the external auditors, and subsequently with the Supervisory Board. The results and reports of the first and the third quarter are discussed with the Audit and Risk Committee, in the presence of the external auditors, prior to publication. The external auditor attends all Audit and Risk Committee meetings and the meetings of the Supervisory Board in which the annual financial statements are to be approved and the year-end audit report of the external auditor is discussed. The Arcadis Auditor Independence Policy contains rules and procedures for the engagement of the external auditor, in order to ensure its independence. The Audit and Risk Committee annually reports to the Supervisory Board on the functioning of the external auditor and the relationship with the external auditor, whilst giving due consideration to the Executive Board's observations. The desirability of rotating the external auditor's lead partner is also evaluated. Since financial year 2015, PricewaterhouseCoopers Accountants NV has been (re)appointed by the General Meeting every year. In line with the EU Audit regulation[1], as of financial year 2025 rotation of the external auditor is required and the appointment of a new external auditor will be on the agenda of the 2024 annual General Meeting.

Arcadis has an internal audit function which operates under the responsibility of the Executive Board (with lines to the CEO, CFO, and the Audit and Risk Committee). The role of the internal audit function is to assess the design and the operation of the internal risk management and control systems. The scope of work of the internal audit function is regulated in an Internal Audit Charter. In line with the Corporate Governance Code, both the appointment and dismissal of the Head of Internal Audit shall be submitted to the full Supervisory Board for approval, with a recommendation issued by the Audit and Risk Committee. In line with the Corporate Governance Code, the Executive Board, the Audit and Risk Committee and the external auditor are involved in the preparation and approval of the annual internal audit plan. The internal audit plan is submitted to the Executive Board and Supervisory Board for approval. Internal audit reports are discussed with the Executive Board and with the Audit and Risk Committee in the presence of the external auditor. The Executive Board assesses annually the way in which the internal audit function fulfils its responsibility, after consultation with the Audit and Risk Committee. An independent third party assesses the performance of the internal audit function at least every five years.

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

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

Arcadis applies the principles and best practices of the Corporate Governance Code 2022, except for the following and for the reasons set out below:
4.3.3: In 2003, the Articles of Association of the Company were amended to abandon the structure regime. At that time, provisions were included in the Articles of Association that prescribe that binding nominations for the appointment or dismissal of members of the Executive and Supervisory Board can only be overruled by the General Meeting by a qualified majority rather than an absolute majority. This was done in view of the percentage of share ownership of the Lovinklaan Foundation. As the percentage of share ownership of Lovinklaan is still significant (18.5% on 31 December 2023, see page 235), the reasons for this deviation are still applicable and the deviation is expected to continue to apply as long as Lovinklaan has a significant ownership. It was further stipulated that nominations to the Executive Board would normally be binding, whereas nominations to the Supervisory Board would, under normal circumstances, be non-binding. The General Meeting explicitly approved this practice in 2003 by adopting the resolution to make the related amendments to the Articles of Association.

Relevant documents on our corporate website

1. Dutch Corporate Governance Code 2022 Download PDF →
2. Arcadis NV Articles of Association Download PDF →
3. Executive Board and Executive Leadership Team Rules Download PDF →
4. Regulation Supervisory Board Download PDF →
5. Global Diversity, Equity, Inclusion and Belonging (DEIB) Policy Download PDF →
6. Diversity and Inclusion Policy for the Executive Board Download PDF →
7. Diversity and Inclusion Policy for the Supervisory Board Download PDF →
8. Regulations Regarding Transactions in Arcadis Securities Download PDF →
9. Arcadis Policy on Bilateral and Other Contact with Shareholders Download PDF →
10. Stakeholder Engagement Policy on Sustainable Topics Download PDF →

Business ethics

As a global business that is passionate about improving quality of life and accelerating a planet positive future by developing sustainable long-term solutions, we have set out in the Arcadis General Business Principles our responsibilities and commitment to our people, clients, shareholders, business partners, society and governments.

The Arcadis General Business Principles (AGBP) reflect our commitment to comply with the laws, regulations and culture of the countries in which we operate. The AGBP apply to everything we do and form our code of conduct, guiding the behavior we expect of all our people when conducting business anywhere in the world. We also expect our business partners to live by these or equivalent principles. We believe that our shared core values ensure our mission is fulfilled: People First, Client Success, Integrity, Sustainability and Collaboration. These values are the foundation of our AGBP. Our behavior creates the integrity and compliance culture of our organization and a sustainable future. At Arcadis we work to the highest professional and ethical standards and establish trust by being open, honest and responsible.

Governance

The application of the AGBP is strengthened by a comprehensive compliance management system, which is designed to ensure that our people understand the principles and act in accordance with them. 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 our people and management in the operating entities (first line of defense). The Global Compliance Committee is composed of the Executive Board, the Chief People Officer, Global General Counsel and the Global Compliance Officer. The Global Compliance Officer reports on AGBP integrity, compliance and related (alleged) issues to the Global Compliance Committee, to the Executive Board, the Arcadis Audit and Risk Committee of the Supervisory Board (AARC) or directly to the Supervisory Board. Both at GBA and at country level the Compliance function is composed of a Compliance Officer and a Compliance Committee. Each Compliance Committee includes the Compliance Officer as well as a Management Team representative, 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 analysis, mitigation of compliance risks through policies, standards, procedures, and guidelines, providing training and awareness and with periodic assessment of the effectiveness of the risk mitigating controls. The Internal Audit function provides the third line of defense and the priorities for Internal Audit are defined in an annual audit plan which could include AGBP integrity or compliance related risks.

Anti-Bribery and Corruption

Specific Anti-Corruption Standards (SACS) provide 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 and having a dedicated chapter on anti-bribery and corruption in the AGBP. Targeted anti-corruption training sessions by leadership and by Compliance Officers are held in various business areas and countries throughout the year, tailored to local laws and regulations.

Dealing with Dilemmas

The AGBP and the related global and local policies and standards, cannot directly cover every situation or dilemma that may arise. We must therefore use sound judgement to take the right decision when being faced with specific situations and dilemmas. Arcadis encourages its employees to recognize and discuss integrity dilemmas with each other and with their management, enabling a safe speak-up culture. Real life AGBP related scenarios are worked into anonymized dilemmas and included in the annual training to raise awareness and encourage discussions about lessons learned. The AGBP includes an AGBP Decision Making Tool that assists employees in handling dilemmas by setting out the key questions to help determine whether a particular course of action is consistent with our core values and the AGBP.

Value for Customers

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

Responsible Employment Practices

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

Monitoring and Accountability

Arcadis requires all employees to understand, sign off on and comply with the AGBP every year when Arcadis employees complete the 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, inappropriate workplace behavior and other risks to which our people may be exposed. It was rolled out in October 2023 and is available in 11 languages. Employees that join Arcadis must successfully pass the AGBP training within 30 days of joining. In 2023, a total of 97% of all active employees passed the AGBP training. 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 & Compliance 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 hosted by a third party for the event people are uncomfortable reporting through their line manager or further in the line, to their Compliance Officer or the relevant Compliance Committee. The Integrity Line is available to our employees 24 hours/7 days a week. Reports of potential or suspected misconduct or other AGBP issues can be made in native languages. In 2023, a total number of 109 alleged breaches of the AGBP were reported through the various reporting channels, including to the Arcadis Corporate Compliance Committee (2022: 64). All alleged breaches were assessed and, where necessary, further (being) investigated or advised upon, In addition, there were 4 reports of alleged breaches from before 2023 which were still being assessed or, where necessary, investigated during the year. Inappropriate workplace behavior (employment related) was the category with the most reported issues. There were no confirmed corruption or bribery incidents in 2023 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 11 dismissals on grounds related to breaches of the AGBP. Arcadis will not hold employees accountable for any loss of business resulting from compliance with the AGBP and its reporting requirements. Arcadis takes various type of actions to address insights from breaches, these actions range for example from refreshing controls and policies, identifying root causes, to translating lessons learned into AGBP training scenarios.

Arcadis has a reporting procedure available for its external stakeholders (suppliers, clients and other third parties) to report any concerns they may have that the AGBP and/or related policies are being breached. This procedure includes an anonymous global Integrity Line hosted by a third party. This anonymous external Integrity Line is available 24 hours/7 days for the event our stakeholders are uncomfortable raising a concern or reporting suspected misconduct or irregularities related to the cooperation with Arcadis directly with their contact person within Arcadis. The availability of Arcadis' External Integrity Line also ensures our compliance with new regulatory requirements (incl. the EU Whistleblower Directive) and UN Guiding Principles for Business and Human Rights. Reporting can be made in native languages and can be accessed through local telephone numbers or the internet. In 2023, a total number of 5 alleged breaches of the AGBP were reported through the external integrity line. All alleged breaches were assessed and, where necessary, further (being) investigated or advised upon. Among these, there were no confirmed corruption or bribery incidents in 2023 based on our assessment and/or investigation.

Privacy (and personal data protection)

The Global Personal Data Transfer program introduced in 2021 with ELT sponsorship, was completed. The EU and the UK adequacy decisions for EU/UK to US personal data transfers (for commercial organisations participating in the EU-US Data Privacy Framework) facilitates and substantially reduces the risks of transfers of EU/UK personal data to the US.

This is a positive development for Arcadis which relies on various US technology vendors. A new Privacy Impact Assessment Tool was rolled out in 2003, using an external software as a service provider. A thorough evaluation of the privacy impact of various projects has been conducted through the tool by the Privacy Function, leveraging the Privacy Officer Network. A revamp of the Arcadis Privacy Standards (also called Binding Corporate Rules) was initiated in 2023 to adapt them to new recommendations provided by the EU privacy authorities. The Privacy function, with the Privacy Officer Network, has collaborated closely with the Tech and Information Security function in assisting and supporting the business (first line of defense) with identification and analysis of key privacy and personal data security risks. Such risks have been mitigated through the introduction of standards, procedures, and guidelines, providing training and awareness, and assessing the effectiveness of the risk mitigating controls.

Enterprise Risk Management

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

The Arcadis Risk and Control Framework

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

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

Management of Risk

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

ARC Framework

The Risk Management function, led by the Global Risk Management Director, provides guidance and assistance to the EB and ELT. This includes driving risk awareness across the organization and supporting assessments of the design and operating effectiveness of the ARC Framework across the global business (see below 'Arcadis Risk Assurance Program').

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

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

Risk Appetite and Key Risk Indicators

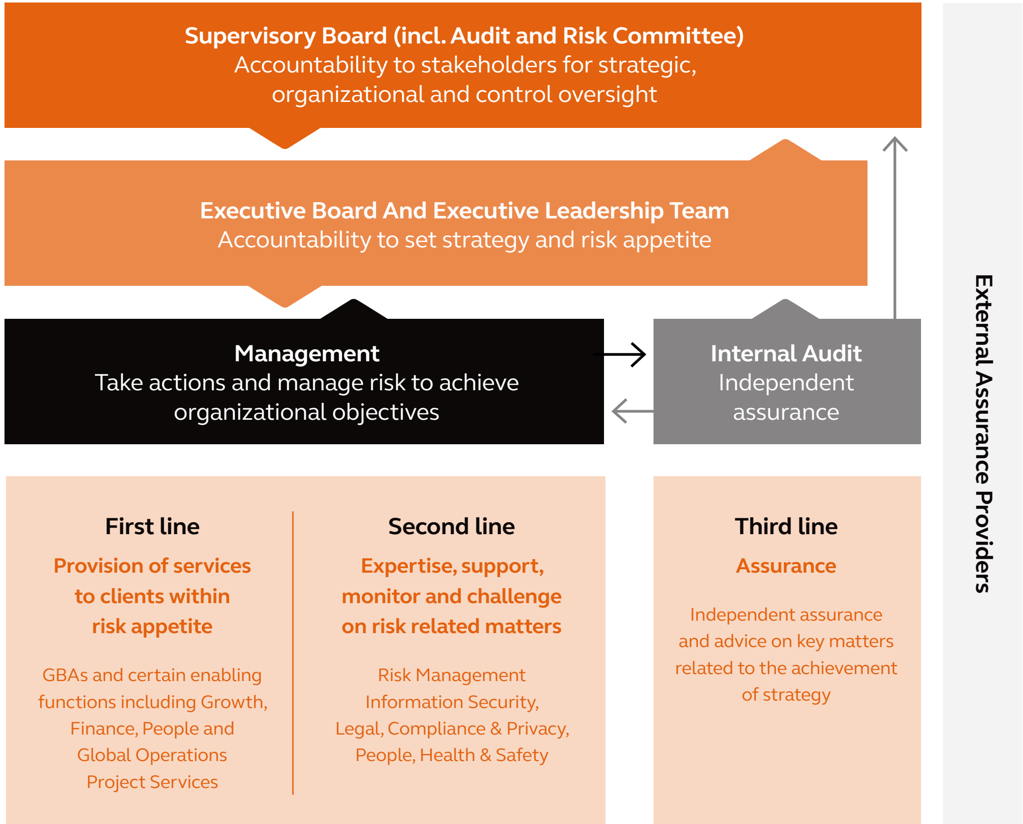
The ARC balances risks and opportunities and helps define the EB's appetite for risk. Arcadis' risk appetite changes over time, reflecting strategic objectives and developments in society, legislation, geopolitics, the client landscape, and changes within Arcadis.

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

Risk Management in Action

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

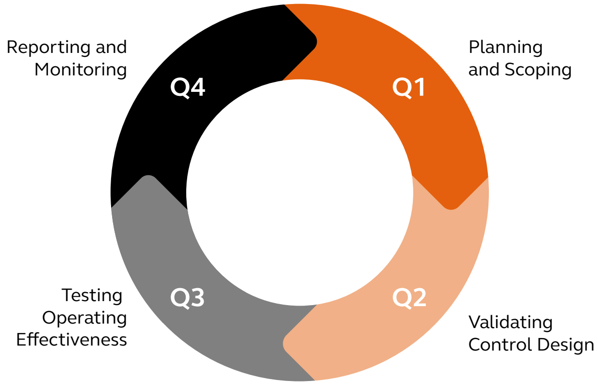
Three Lines Model



Arcadis' Risk Assurance Program

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

Phases of the Risk Assurance Program



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

Risk Management monitors the progress of remedial actions and evaluates whether they are working appropriately before closing out the action. Regular status reports are provided to the business and to the ELT in terms of remedial action progress. The Risk Assurance Program also evaluates the design of the controls on an annual basis and updates them as necessary to reflect the current business policies and processes.

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

Internal Audit

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

In 2023, Internal Audit updated its annual plan on a quarterly basis to respond to changes in the global risk and internal control environment. Changes have been approved by the EB and Audit and Risk Committee on behalf of the Supervisory Board. The main focus areas in 2023 were pursuit-related processes, IT and enabling functions. Internal Audit continually interacts with the external auditor regarding the preparation and execution of the annual audit plan, changes to the audit plan and the main reported results.

The function consists of a multidisciplinary team of business, general and IT auditors. Experts are involved where needed. Internal Audit governs itself by complying with the Standards of the Institute of Internal Auditors. Observations and recommendations, as reported by Internal Audit, are submitted to management of the GBAs or enabling functions and responsible ELT member. Management is responsible for executing and monitoring the progress of remedial measures put in place to mitigate and manage the reported risks.

Internal Audit monitors remediation actions required based on the results of their audit reports. Each quarter, the EB and Audit and Risk Committee receive the results of internal audits and an update on the progress of remedial actions. The role of the Audit and Risk Committee includes monitoring the progress of management follow-up on audit findings.

During 2023, Internal Audit observed certain deficiencies and areas for improvement; however, collectively these do not materially impact the overall effectiveness of the risk and control systems, taking into consideration the remediation efforts by the business areas and enabling functions.

Key Risks table

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

Strategic Risks

Market

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

Risk Appetite: Low

Key Mitigations
- Continuous market monitoring (flow of infrastructure investment, competitor activity, economic trajectory).
- Internal portfolio reviews.
- Client engagement to understand market realities all combine to create a strong market connection and identify opportunities to not only mitigate the risk of change but broaden the value we provide.

Capability & Innovation

Risk Description
Inability to ensure that Arcadian's knowledge and technical capability match prevailing market needs and that Arcadis does not effectively develop and apply innovative solutions for the market with a focus on financial return.

Risk Appetite: Low

Key Mitigations
- Innoverse, Arcadis' global platform for client centric innovation and an innovation framework that differentiates between the optimization of existing value propositions and the exploration of future value propositions and business models.
- Teaming with ecosystems partners.
- Internal Digital Learning Programs (inc. Expedition DNA).

Averse | Low | Medium | High

Acquisition & Divestment

Risk Description
Acquisitions do not deliver the intended return on investment or assets to be divested are not divested in a timely fashion for the right values.

Risk Appetite:

Key Mitigations
- Acquisitions and Divestments are led by a central team of experts in collaboration with the relevant GBAs and enabling functions.
- Formal acquisition and divestment processes are followed to enable the EB and SB to make informed decisions including assessment of financial and non-financial stakeholder value, transaction risk, and expected implementation and integration approach.

Corporate Finance

Risk Description
Inadequate access to capital from external sources at commercially acceptable terms resulting in an inability to invest in organic growth and/or business acquisitions.

Risk Appetite:

Key Mitigations
- The Global Treasury function provides expertise and is responsible for all corporate financing activities.
- Performance of frequent financial scenario analyses monitor our credit profile and provides continuous insights to leadership.
- Diversification of sources of capital is also an important element of Arcadis' financing strategy to maximize access to financing.
- Global Treasury policy complemented by strict financial balance sheet targets, financial covenants and an external credit rating ensure an appropriate credit profile.

Averse | Low | Medium | High

Operational Risks

Client & Opportunity

Risk Description
An insufficient number of strategic pursuits are converted to profitable wins, resulting in growth in revenue falling short of business objectives.

Risk Appetite:

Key Mitigations
- Global business operating model allows for clear view of all strategic opportunities.
- Focus on sector and solution diversification; ELT sponsored key and emerging client programs.
- Pursuit committees performed at various levels dependent on thresholds and risks, involving senior stakeholders providing pursuit governance and risk mitigation.
- Annual client experience surveys track Arcadis' performance.

Project & Contract Execution

Risk Description
Underperformance in the delivery of projects could result in suboptimal project financial results, dissatisfied clients, and claims.

Risk Appetite:

Key Mitigations
- The Global Operations Project Services (GOPS) organization has been established to institutionalize the application of a consistent project delivery model across the global business.
- The MEPC+ program continues to improve project performance.
- Ongoing implementation of a global Integrated Management System improves client outcomes.

Averse Low Medium High

People & Capacity

Risk Description
Insufficient talent to win and deliver client projects and lead the business to achieve its fullest potential.

Risk Appetite: Low

Key Mitigations
- Shifting to becoming a Skills Powered Organization.
- Acting on feedback from employee surveys ("Your Voice").
- Leadership and Line Manager Programs; Continuous performance management and career development for employees.
- Embracing flexible work arrangements and implementing our DEIB (Diversity, Equity, Inclusion and Belonging) strategy.

Transformation Programs

Risk Description
Major change programs are not delivered effectively or cost efficiently, impeding the achievement of strategic objectives, including growth, collaboration, and operational efficiency.

Risk Appetite: Low

Key Mitigations
- The Strategic Delivery Office supports initiatives across the organization and monitoring benefits realization.
- A Change Management center of excellence provides capability across the organization.
- An Integration Management Office supports integration activities in relation to acquisitions.

Averse Low Medium High

Third Party Management

Risk Description
Inadequate selection of and/or performance by third parties (e.g., suppliers, sub-contractors, joint venture partners and ecosystem partners) negatively impacts financial and non-financial performance, disrupts business operations, and results in reputational damage.

Risk Appetite: Low

Key Mitigations
- The Global Procurement Policy and Supplier Code of Conduct include a focus on sustainability and human rights considerations to achieve alignment with Arcadis' strategy.
- The Engaging with Third Parties Standard defines minimum requirements for selecting and contracting with third parties.
- The Global Procurement team strengthens our ability to monitor our key supplier base via a digital tool for sustainability and human rights risk alerts.

Health & Safety

Risk Description
Health and safety incidents or other crises adversely affect our people and our business, resulting in harm to employees, personal liability, financial loss, and reputational damage.

Risk Appetite: Averse

Key Mitigations
- H&S leaders are embedded in both GBA leadership teams and country operations.
- Global H&S management system is implemented across the organization which includes reporting on key H&S metrics.
- Continuous H&S communication campaigns successfully promote the Arcadis H&S culture to employees.

Averse Low Medium High

Liquidity & Working Capital Management

Risk Description

The business cannot fund its operations due to insufficient free cash flow.

Risk Appetite:

Key Mitigations
- Central monitoring of working capital and monthly reviews with business leadership.
- Rolling cashflow forecast at country level and monitoring of monthly free cash flow performance.
- Analytical reports provide a basis for actions (when required).
- Account leaders are responsible for the payment performance of their clients.
- Leadership incentive structures are aligned to cash flow targets.

Financial Reporting

Risk Description

Financial statements contain material misstatements, leading to a loss of confidence in the accounts by key external and internal users.

Risk Appetite:

Key Mitigations
- The Global Reporting function oversees and supports financial reporting across all entities and continually monitors upcoming and effective changes in accounting and reporting standards.
- Global business process owners lead standardization and automation of processes.
- Annual assessment of financial reporting controls.
- PwC are appointed as External Auditor for the group.

Averse Low Medium High

Information Technology

Risk Description
Critical IT systems are unavailable or have restricted availability to the business leading to loss of operational functionality and business disruption.

Risk Appetite:

Key Mitigations
- A Global Technology operating model underpins standardized core technology processes.
- Technology function-wide risk assessment and management plan in place.
- An Infrastructure Operations Center identifies and remediates any vulnerabilities or performance issues identified in the Arcadis network.
- Data governance model implemented, along with software development tools facilitating development of high quality and reliable coding.

Information Security

Risk Description
Unauthorized access, use, disclosure, modification, or destruction of information assets arising from various sources, including cyber-attacks and insider threats.

Risk Appetite:

Key Mitigations
- The Global Information Security team provides expertise to the organization.
- The CEO chairs an Information Security Committee which oversees our information security risk posture.
- Information security awareness campaigns and mandatory training provide continuous updates to employees.
- The Security Operation Center continually monitors for cyber security incidents and responds to threats.

Averse Low Medium High

Sustainability

Risk Description
Arcadis does not contribute effectively to advancing sustainable development.

Risk Appetite: Low

Key Mitigations
- The Supervisory Board Sustainability Committee drives governance.
- The Chief Sustainability Officer reports to the ELT and leads the Sustainability function which works with the GBAs to build sustainability into client solutions and services.
- Arcadis sets targets and measures performance to reduce its environmental impact and ongoing adoption of the EU taxonomy and CSRD reporting.

Compliance Risk

Regulatory & Policy Compliance Risk

Risk Description
Non compliance with external laws and regulations in applicable jurisdictions in which Arcadis operates or with internal company standards, policies, or guidelines, resulting in penalties, claims, or reputational damage.

Risk Appetite: Averse

Key Mitigations
- The Compliance function provides governance and a Compliance management system. The scope and responsibilities covered by the Compliance function are communicated via a Compliance Charter with Compliance committees on various levels in the organization.
- Arcadis does business in accordance with the Arcadis General Business Principles (AGBP), laws, regulations, accounting standards, corporate governance, and periodic filing requirements, applicable in the jurisdictions in which it operates.
- The AGBP form our Code of Conduct. Annual mandatory AGBP training is rolled out across the entire organization with the completion of training monitored.
- The Integrity and Compliance Annual Program supports leadership to remain accountable and to enhance the integrity culture and a safe speak up culture.

Averse Low Medium High

Management Statements

The GBAs and enabling functions issued signed Documents of Representation (DORs) and In-Control statements to the EB which include the results of the Risk Assurance Program testing carried out in 2023. This process is in line with the Risk Assurance Program as described on page 132.

The EB, supported by the ELT, has reviewed the DORs and In-Control statements, along with reports from Internal Audit and the external auditor. There were no significant changes in the internal risk management and control systems during 2023. The EB has assessed the effectiveness of the design and operation of the ARC Framework in 2023 and discussed with the Audit and Risk Committee and the Supervisory Board.

During 2023, no significant weaknesses in the design or implementation of the controls under the ARC framework were observed (i.e., no deficiencies that resulted in material losses or impact). Where a control did not operate as expected, areas for improvement were identified, remedial action plans formalized, and progress against the plans was monitored throughout 2023.

As substantiated in this Enterprise Risk Management chapter of the Annual Report, based on the information referred to above and its assessment, the EB believes that:

1. The Annual Report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems with regard to the risks as referred to in best practice provision 1.2.1 of the Dutch Corporate Governance Code 2022;
2. The aforementioned systems provide reasonable assurance that financial and non-financial reporting does not contain any material inaccuracies;
3. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
4. The Annual Report states those material risks and uncertainties that are relevant to the expectation of the company’s continuity for the period of twelve months after the preparation of the report. See in particular the Key Risks table on the previous pages.

In accordance with Article 5:25c of the Financial Markets Supervision Act (Wet op het Financieel Toezicht), the EB confirms, to the best of its knowledge, that:

1. The Consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of Arcadis and its consolidated companies;
2. The Annual Report gives a true and fair view of the position as of 31 December 2023 and the developments during the financial year of Arcadis and its group companies included in the consolidated financial statements; and
3. The Annual Report describes the main risks Arcadis is facing in the Key Risks table on the previous pages.

The above statements are given on the basis that the ARC framework is primarily designed to bring Arcadis’ risk exposure within its appetite and cannot therefore provide full and complete assurance that all human error, unforeseen circumstances, material misstatements, fraud, or non-compliance with laws and regulations will be prevented.

This chapter reports on the way the duties and responsibilities of the Supervisory Board were fulfilled in 2023, taking a closer look at the Supervisory Board Priorities 2023, the progress made and the challenges encountered.

Supervisory Board report

It also discusses the Supervisory Board's compliance with the Dutch Corporate Governance Code and the results of the annual assessment of the functioning of the Supervisory Board and Executive Board.

Furthermore, a detailed account is given of the activities of the respective Supervisory Board Committees and the topics discussed throughout the year.

Report by the Supervisory Board

Arcadis NV has a two-tier Board structure, consisting of the Executive Board and the Supervisory Board, both with distinct tasks and responsibilities for the Company and its stakeholders. The task of the Executive Board is to manage the Company and to realize its objectives and strategic goals. The task of the Supervisory Board is to supervise and advise the Executive Board.

At the outset of 2023 the Supervisory Board identified the themes it considers most important in light of the Company's strategy for long-term sustainable value creation and the Board's supervisory and advisory role. These Supervisory Board priorities 2023 are set out below and formed the common thread of the Supervisory Board's discussions and deliberations throughout the year2023. This Report by the Supervisory Board sets out the way the Supervisory Board fulfilled its duties and responsibilities. It describes the Supervisory Board priorities 2023 in more detail, it details progress made against them and dilemmas encountered (priorities in bold below).

The Company's strategy, the Supervisory Board Priorities 2023 and Our Role as Supervisory Board

1. Contain and improve attrition
2. CEO transition
3. Maintain confidence of investor base and further bridge gap with peers
4. Integration of Arcadis IBI and Arcadis DPS
5. Development of GBA Intelligence
6. Development of 2024-2026 strategy
7. Succession planning

Containing and improving attrition and improving employee engagement scores remained high on the Supervisory Board's agenda in 2023. Each meeting, the CPO provided an update on People Insights, including the Company's efforts regarding acquisition, resourcing, talent management and retention. Discussions centred around creating a culture of accountability and inclusion, around consequence management and how to engrain a performance and accountability culture across Arcadis as a whole. The meeting also regularly discussed the chief importance of focus on the well-being of Arcadians.

Regular updates were provided on the progress made to turn Arcadis into a Skills Powered Organization; a multi-year program aimed at embedding skills-based talent practices. The Supervisory Board was pleased to see a steady decline in attrition as well as a further improvement in employee engagement scores throughout the year.

The Supervisory Board worked closely with Peter Oosterveer and Alan Brookes to ensure a smooth **CEO transition.** Alan has taken to his new role very quickly and has built a good leadership team around him. The SB/ELT mentorship program is being further developed with a view to deepening the relationships between SB members and (new) ELT members.

The strong and predictable financial performance in 2023 led to Arcadis **maintaining the confidence of the Company's investor base and further bridging the gap with peers**. Each meeting, the Supervisory Board discussed the financial performance of the Company. Focus items included further improving margins (including understanding the quality of margins), increasing billability, continued discipline on cash collection, standardization and automation, resourcing projects effectively, increasing GEC usage, project selection discipline and further cutting the tail of loss-making projects. The meeting discussed the importance of embedding thresholds on margin and GEC usage into the pursuit process. The meeting also received regular updates on refinancing and deleveraging the balance sheet, healthy organic and profitable growth and solid backlogs were the result of a persistent focus of Arcadians around the globe on delivering exceptional outcomes for clients.

Each meeting, special attention was given to the **integration of Arcadis IBI, Arcadis DPS** and other acquisitions and the creation of the new Architecture and Urbanism division, which were all completed in late 2023. The meeting discussed revenue and cost synergies, operational and other challenges encountered (including the integration's impact on billing and cash collection) and the importance of aligning enabling functions and of transparent employee communication.

Another SB Priority in 2023 was **the development of GBA Intelligence**. The meeting regularly discussed the strategy for Intelligence as an enabler and growth engine that will strengthen the company's position in the other GBAs, its business model, its organizational and leadership requirements, and the importance of remaining agile, building a talent pipeline and building client relationships at the right level (e.g. via advisory work). The evolution and performance of GBA Intelligence will remain an SB priority in 2024.

The Supervisory Board was closely involved in each of the steps that comprised **the development of the 2024-2026 Strategy**. During several deep-dive sessions the Supervisory Board provided counsel and challenge on the evolving needs of clients, the influence of technology on the company's own processes, the company's commitment to sustainable development (and the resulting need for bold strokes on this front), the need to reform the Key Client program, and the importance of the accelerators of the proposed strategy. The meeting discussed the need to consolidate the client mix and accelerate the relationship with key and emerging clients. A considerable amount of time was taken to assess how Arcadis can have the most beneficial impact on its clients' drive to net zero emissions and for greater biodiversity gains. This detailed strategy process culminated in the publication of the new 2024-2026 plan "Accelerating a Planet Positive Future" at a Capital Markets Day in November where new financial and non-financial targets were published.

The Supervisory Board is encouraged by the work done in 2023 regarding **succession planning**, The Supervisory Board regularly discussed emergency, medium- and long-term Executive Board, Executive Leadership Team and Supervisory Board succession planning, the diversity of candidates in the succession pipeline, and the need to perform a succession gap analysis. The Supervisory Board will remain closely involved with succession planning in the coming years.

Regarding health and safety, we continued to start each meeting with an update on a Health & Safety topic or statistics and/or a Health & Safety moment. By sharing experiences and suggestions the Supervisory Board continues its stewardship of the topic and contributes to further awareness and improvement. The Supervisory Board supports the Company's decision to refresh its health, safety and wellbeing approach and is keen to receive regular updates on this important topic in 2024.

Supervisory Board Meetings 2023: Other Topics Discussed

In 2023, the Supervisory Board held five regular scheduled meetings. All our meetings were attended by the members of the Executive Board and the members of the Executive Leadership Team. We also had five 'Supervisory Board-only' meetings. In addition to these regular scheduled meetings, two intermediate calls were scheduled. Both intermediate calls focused on the development of the Company's strategy 2024-2026.

In each of our scheduled meetings we discussed progress against the Supervisory Board priorities listed earlier in this Report, as well as topics that we address every meeting, including financial performance per GBA, important project wins, the functioning of the Company's governance (including the aforementioned succession planning and remuneration) Internal Audit (including the approval of the Internal Audit plan 2023) and Risk Management. To mirror the Client and Project focus of Arcadis, business leaders from around the globe were regularly invited to present on the work performed for specific Key Clients. Furthermore, IT and information security topics, legal developments, claims and claim related trends, Integrity, Compliance and the Integrity and Anti-Corruption program and privacy topics were discussed.

Following the advice of the AARC, the Supervisory Board decided to nominate KPMG to be appointed as external auditor for FY 2025. This topic will be on the agenda of the annual General Meeting in May 2024.

Supervisory Board Meetings 2023: Attendance

The attendance percentage for the full Supervisory Board meetings in 2023 was 100% (2022: 100%), for Supervisory Board-only meetings 100% (2022: 100%), for Audit and Risk Committee meetings 100% (2022: 100%), for Remuneration Committee meetings 100% (2022: 100%), for Selection Committee meetings 90% (2022: 100%) and for meetings of the Sustainability Committee also 100% (2022: 100%).

Apart from interaction during Supervisory Board meetings, one-on-one discussions between Supervisory Board members and members of the Executive Board, the Executive Leadership Team and other senior leaders and functional heads took place throughout the year.

Finally, we like to mention that all Supervisory Board members and Executive Board members, as well as one Executive Leadership Team member (as of July 2023: Hans Dekker), are members of the board of the Priority Foundation, the holder of the Priority shares in the capital of Arcadis. Ten Arcadis employees from across the organization make up the other half of the board of the Priority Foundation. As a group, these ten employees are joined up in the board of the Bellevue Foundation. The board of the Priority Foundation came together twice times in 2023, *inter alia* to discuss Arcadis current affairs. Reference is made to note 25 of the Consolidated financial statements for further information on the Priority Foundation and the Bellevue Foundation.

Functioning of the Supervisory Board, the Executive Board and the Executive Leadership Team

At the end of each scheduled Supervisory Board meeting, the members of the Supervisory Board evaluated the meeting amongst ourselves. Annually we perform assessments of the functioning of the Supervisory Board, the Supervisory Board Committees and the individual Supervisory Board members. In December 2023, we performed these assessments with two structured questionnaires prepared in co-ordination with the Company. As always, the assessment of the functioning of the Chair of the Supervisory Board was led by the Vice-Chair of the Supervisory Board.

In conclusion, we noted that the Supervisory Board continues to be a safe environment for open and constructive discussion. The relationship with the Company's leadership remains good. The Supervisory Board feels it is sufficiently involved to provide meaningful counsel to the Company's management team, yet has the appropriate distance to maintain the helicopter view required for its supervisory role. This balance will be kept under review going forward. We see great value in the extra, intermediate calls with Executive Board and Executive Leadership Team members and these will remain a fixture on our rolling agenda. The members of the Supervisory Board are pleased with the post-pandemic balance struck between in-person and (more cost-efficient and sustainable) virtual meetings. We have noted further improvement in the quality of the information we receive from the Company. There remains room for further improvement in making presentations to the Supervisory Board less of an information transfer and more of a dialogue around, for example, dilemmas encountered, and the Supervisory Board will be providing guidance to presenters on striking the right balance. In 2023, the Supervisory Board welcomed Barbara Duganier, Peter de Wit and Linda Morant as its newest members, strengthening our digital, sustainability and commercial expertise. These appointments have strengthened and diversified our board so that we can continue to constructively advise and challenge management.

As in past years, in the Board meetings each of the Supervisory Board members takes responsibility that certain specific attention areas/topics are addressed. This helps ensure that we give the topics the required attention and optimize our respective expertise. In our evaluation we re-emphasized that Executive Leadership Team members are encouraged to reach out to 'their' Supervisory Board member proactively throughout the year.

In February 2023 we set personal targets for the Executive Board. During the year we monitored the performance of the Executive Board and the individual Executive Board member(s) in our Supervisory Board-only meetings. In February 2024 we assessed the performance of the Executive Board, the two Executive Board members and the Executive Leadership Team in 2023. Following the discussions during the year, and following the assessments early 2024, we have provided or will be providing feedback to all involved. The Supervisory Board has concluded that its relationship with the Executive Board and Executive Leadership Team is an open and constructive one, whilst remaining sufficiently critical. This is considered essential to having the Executive Board, Executive Leadership Team and Supervisory Board function properly.

Composition Supervisory Board, Executive Board and Executive Leadership Team

On 31 December 2023, the Supervisory Board consisted of seven members, the Executive Board of two members and the Executive Leadership Team of nine members (including two Executive Board members). For information about diversity in our Supervisory Board we refer to the chapter on Corporate Governance in this Annual Integrated Report. For the current composition of the Executive Board, the Executive Leadership Team and information about its members, please refer to pages 114 and 115 of this Annual Integrated Report. For the current composition of the Supervisory Board, its Committees, and information about its members, please refer to pages 116 and 117 of this Annual Integrated Report.

During the General Meeting in 2023, Mr. Lap was re-appointed for a period of two years. Mr. Lap has been a member of the Supervisory Board since 2015. In line with best practice provision 2.2.2. of the Corporate Governance Code, reasons for this re-appointment after eight years include the outstanding manner in which Mr. Lap has performed his role of Chair of the Supervisory Board and the Selection Committee, and the desire to ensure continuity of SB leadership in a time of CEO transition and the addition of three new members to the Supervisory Board. Mr. Lap's extensive experience in the supervision of management of multinational businesses and his experience in the finance and investment world continue to be of a great value to Arcadis.

It was therefore considered in the interest of Arcadis and its stakeholders that Mr. Lap be re-appointed for a two-year term until the end of the General Meeting in 2025.

Corporate Governance

In the chapter on Corporate Governance in this Annual Integrated Report, the governance structure of the Company is described, and we explain the one deviation from the principles and best practice provisions of the Corporate Governance Code. The Supervisory Board meets the requirements of the Code regarding the independence of its Chair, of the other Supervisory Board members, and of the Supervisory Board as a whole. The Supervisory Board also complies with the best practice provision that its members do not hold more than five supervisory board positions at certain 'large' (listed) companies or entities. The Executive Board members do not hold more than two supervisory board positions with such companies.

Throughout 2023, the Supervisory Board worked closely with the Company on implementing the revised Corporate Governance Code 2022. The Supervisory Board welcomes the new Code's increased focus on sustainability, diversity and inclusion. For more information on how Arcadis implemented the revised Code, please refer to page 119 of this Annual Integrated Report.

During 2023, no material transactions involving conflict of interest occurred for Executive or Supervisory Board members and no material related party transactions as referred to in section 2:169.1 Dutch Civil Code were entered into.

Supervisory Board Committee Reports

Audit and Risk Committee report

D. Goodwin (Chair), M. Lap 2023, M. Putnam, N. Hoek (until AGM May 2023), B. Duganier (as of AGM May 2023), P. de Wit (as of EGM December 2023)

In 2023, the Audit and Risk Committee (AARC) held four regular scheduled meetings, all attended by the CEO, the CFO and the internal and external auditors. There were also four 'AARC-only' meetings. In addition, one intermediate call allowed for deep dives into priority topics (Strategy 2024-2026 and the Arcadis contractual risk profile). These deep dives were attended by the CEO and the CFO.

The Chair of the Committee had regular meetings with the CEO and the CFO, as well as with the external auditor and the Global Internal Audit Director , the Global Risk Management Director , the Global Compliance Officer and the Global Company Secretary to discuss focus items like financial performance, business risks, claims, compliance and other matters. It is customary that the Committee shares its main deliberations and findings in the Supervisory Board meeting immediately following the AARC meeting.

The financial performance of the Company remained the common thread of the Committee's discussions and activities throughout 2023. Each meeting, the AARC reviewed and discussed the financial results per GBA, billability (including the billability of more senior employees), the performance on important projects, and it discussed goodwill allocation. Free cash flow, DRO and the continued importance of cash collection, checks and balances in the financial control framework, and attrition as a risk factor were recurring agenda items. Special attention was given throughout the year to margin improvement, the HS2 project and how to mitigate the risks involved, to the Purchase Price Allocation process (regarding both Arcadis IBI and Arcadis DPS), to non-financial reporting requirements under CSRD and EU Taxonomy legislation (a topic that will remain high on the AARC's agenda in 2024), and to refinancing of the Company's debt and deleveraging the balance sheet.

Throughout 2023, the AARC was closely involved in the selection process for the external audit firm to be nominated to audit the Company's accounts from financial year 2025 onwards. The thorough selection process enabled a detailed analysis by the AARC, in which due consideration was given to the observations of the EB. The AARC unanimously decided to advise the SB to nominate KPMG for appointment as external auditor for FY 2025.

The Company's Global Information Security Officer continued to provide quarterly updates to the AARC alongside the Global Technology Officer. Technology topics discussed in 2023 include a risk assessment performed on Arcadis' ERP landscape, Artificial Intelligence's risks and opportunities, the regular review of the Tech risk register, Tech spend (including the spend on innovation and digitalization versus the spend on daily operations). Information Security topics discussed in 2023 include the mitigation of security concerns stemming from the acquisition of Arcadis IBI and Arcadis DPS, progress on implementing the Information Security roadmap, key risks and vulnerabilities and the Company's readiness to respond to cyberthreats, Information Security spend, and culture and behavior. The AARC discussed the lessons learned from the

Company's second Information Security awareness month which included a wide variety of (phishing) tests, training sessions, awareness raising and a mandatory e-learning around the globe.

In each meeting, in the presence of the Global Internal Audit Director the past quarter's main internal audit findings and management follow-up were discussed and progress made against the annual internal audit plan was discussed. The Global Internal Audit Director also presented the Committee with the positive outcome of a self-assessment on compliance with the requirements that the Dutch Corporate Governance Code imposes on the Internal Audit function.

Also in each meeting, in the presence of the Global Risk Management Director, the meeting discussed various risk management topics, including a quarterly update on Key Risk Indicators, with special focus in 2023 on integration risks and opportunities, global economic uncertainty, attrition, and the rate of digital transformation, standardization and automation.

The meeting also regularly discussed, and reported to the Supervisory Board on, the Arcadis Risk Assurance Program. The main findings of the annual assessment cycle are discussed in AARC and Supervisory Board meetings each year. As an overall conclusion for the year the meeting confirmed that further progress was made on firmly embedding risk management into the way Arcadis operates. Arcadis leaders take ownership of the key risks, their management and, where necessary, mitigation, and promote an appropriate balance between risk appetite and perceived risk exposure. Further work remains to be done, inter alia, to further mature third party management (including regular supplier reviews), to fully embed certain Tech/Information Security controls (including controls regarding information classification and system access), and to further develop and embed certain core client and project processes (including client Go / No Go and opportunity management, consistent updating of project risk registers and ensuring that project handovers include clear schedules of contract obligations).

As is customary, the AARC also evaluated the performance of PricewaterhouseCoopers (PwC), the Company's external auditor, and discussed certain improvement areas (for both PwC and the Company). PwC also presented its audit plan for 2023, which was discussed and approved. During the July Committee meeting, PwC's half-year review report was discussed. PwC's key financial reporting risks for 2023 and its audit findings, both at mid-year and at year-end, were aligned to the focus items identified by the Committee and by the Internal Audit department. They included the accounting impact of the acquisition of IBI and DPS and the impairment test on goodwill and observations on subsidiaries in full audit scope. Throughout the year, the Committee discussed and assessed with PwC the progress made regarding its key audit findings.

At the end of the year, the Committee evaluated the performance, independence and financial literacy of the Committee and its members, with a positive conclusion.

Like every year, the Committee frequently reviewed and discussed the Company's quarterly reports on key legal claims and pending litigation, as well as claims statistics and market trends. There were presentations by the Global Tax Director on the Arcadis tax position and tax trends, including new EU/OECD rules and US 'Section 174' legislation and their impact on Arcadis, and by the Global Insurance Manager on the Arcadis insurance program (with special attention for the captive cell underwriting results) and continued challenges in the insurance market.

The Committee was kept closely informed on progress made to further embed the Company's Privacy program in the business. The committee furthermore discussed the importance of proper management of data and data flows, also in light of the transformation to the GBA-led business model, and of continued privacy awareness raising and accountability for privacy across the organization on a day-to-day basis.

The Committee was also regularly updated on (potential) integrity issues and related statistics, as well as on the status of the Integrity and Anti-Corruption program 2023, including the roll-out of a new, global AGBP campaign, including mandatory e-learning, to all Arcadians in Q3 2023.

Finally, in the context of the annual results 2023, the meeting discussed and reconfirmed the Company's dividend policy and recommended the dividend proposal of €0.85 per ordinary share to the Supervisory Board.

Remuneration Committee report

C. Mahieu (Chair), M. Lap, W.G. Ang (until AGM May 2023), B. Duganier (as of AGM May 2023) and L. Morant (as of EGM December 2023)

In 2023, the Arcadis Remuneration Committee (RemCo) met four times. The CEO, the CPO and the CFO were invited to attend (parts of) the meetings.

In the first quarter, based on the performance assessment of the Executive Board and the Executive Leadership Team, the RemCo advised the Supervisory Board with regard to the STI payout. In addition, the RemCo advised the Supervisory Board regarding the remuneration of the Executive Leadership Team members, based on a benchmark analysis performed.

Other topics that were discussed and advised upon during the RemCo meetings in 2023 were the adjustments of the Executive Board and Supervisory Board Remuneration Policy, following the new strategy. In addition, the engagement process with relevant stakeholders was discussed. Finally, the 2024 STI and LTI plan and metrics in alignment with the new strategy cycle were discussed.

Arcadis Selection Committee (ASC) report 2023
M. Lap (Chair), M. Putnam, C. Mahieu, P. de Wit (as of EGM December 2023)

In 2023, the Arcadis Selection Committee (ASC) met three times. The CEO and the CPO attended (parts of) these meetings.

During the first quarter the annual performance of the Executive Board and the Executive Leadership Team and succession planning were discussed in addition to the executive search for new Supervisory Board members. During the meeting in the second quarter the committee discussed the companies activities related to Diversity and Inclusion, required as part of the Revised Corporate Dutch Governance Code coming into effect. In the fourth quarter, the committee continued the discussion on Executive Board and Executive Leadership Team succession planning and the intention for appointment of two new SB members as per an EGM in December 2023.

Sustainability Committee report
M. Putnam (Chair), D. Goodwin, N. Hoek (until AGM May 2023), B. Duganier (as of AGM May 2023), L. Morant (as of EGM December 2023)

The Sustainability Committee (SusCo) of the Supervisory Board met four times during 2023.

The first meeting of the year provided an overview of GBA Resilience's structure to deliver sustainable solutions for clients and a deeper look into the energy transition solution. To upskill Arcadians, the Global Sustainability team presented the structure and content of the learning program, Sustain Abilities, that was about to launch its three first modules to all Arcadians. The Global Strategy team presented insights on competitors around sustainability and the meeting closed with a recommendation to be brought to the Remuneration Committee and a request to update the Sustainability Committee charter to reflect the global operating model changes.

In May, during the second meeting, the committee received an overview of Arcadis' carbon footprint with the agreed next steps to further reduce it. The GBA's Sustainability Roadmaps were presented, aligning efforts across GBAs and highlighting specific actions from Resilience that were planned to be develop during 2023. The enterprise-level solution, Sustainability Advisory, presented again to the Sustainability Committee to report achievements and challenges, discussing the perspectives for the year ahead.

In the third meeting, the committee received an overview of GBA Mobility sustainable solutions and a deep dive regarding New Mobility, where strategy and key achievements were presented. The Arcadis' biodiversity footprint was brought to the committee's attention, with next steps discussed. Project Carbon and its resource hub, detailing the initial steps to consistently measure sustainability on projects, were presented as part of the Future Impact Program that will enable measuring projects from Arcadis' five sustainability lenses. Insights into how sustainability is integrating long term incentives as well as the company's non-financial reporting key performance indicators and how both could be improved for the next strategy cycle were shared with the committee as well as an approach to the upcoming sustainability events.

In the last committee meeting of the year, a roadmap to build into the short- and long-term incentives program a connection to measurement of carbon in projects was presented. The Sustainability Committee reviewed the readiness for CSRD reporting and received a progress update on the implementation of the 2023 GBA Sustainability Roadmaps, as well the completion rates of Sustain Abilities modules. An update report was also presented for the rating agencies ranking perspectives and targeted areas for improvement. An overview of the Net Zero Transition Plan and TCFD alignment were also presented to this committee.

GBA Places presented its go to market strategy, already in alignment to the new strategy (2024-2026).

2023 Financial Statements and Dividend

The Executive Board has prepared this Annual Integrated Report, including the 2023 financial statements. PricewaterhouseCoopers, the external auditor, has issued its auditor report which can be found starting on page 255 of this Annual Integrated Report.

The members of the Executive Board have issued the statements required under section 5:25c.2.c of the Financial Markets Supervision Act (Wet op het financieel toezicht). The members of the Supervisory Board and Executive Board sign the Financial Statements in accordance with section 2:101.2 of the Dutch Civil Code (Burgerlijk Wetboek).

The Supervisory Board of Arcadis NV recommends that the General Meeting (i) adopts the 2023 Financial Statements, (ii) approve the proposal to distribute a dividend of €0.85 per ordinary share and (iii) discharge the members of the Executive Board for their management of the Company and its affairs during 2023, and the members of the Supervisory Board for their supervision over said management during 2023.

Concluding Remarks

The Company's focus on delivering outstanding results for its clients, its people and their communities in 2023 has enabled Arcadis to Maximize its Impact. We thank the Executive Board, the Executive Leadership Team and all Arcadians around the globe for their continued loyalty and commitment to performance throughout the year. We look to the future of Arcadis with confidence.

Amsterdam, the Netherlands, 5 March 2024

On behalf of the Supervisory Board
Michiel P. Lap, Chair

Relevant documents on our corporate website

1. Profile Supervisory Board Download PDF →
2. Regulation Supervisory Board Download PDF →
3. Diversity and Inclusion Policy for the Supervisory Board Download PDF →
4. Remuneration Policy for the Supervisory Board Download PDF →
5. Re-appointment Schedule Supervisory Board Download PDF →
6. Arcadis Remuneration Committee Charter Download PDF →
7. Arcadis Audit and Risk Committee Charter Download PDF →
8. Arcadis Selection Committee Charter Download PDF →
9. Arcadis Sustainability Committee Charter Download PDF →

www.arcadis.com

Remuneration report

The purpose of the Arcadis remuneration policies are to attract, motivate and retain qualified executives and non-executives. The remuneration policies intend to set the framework for competitive remuneration, to enable Arcadis to compete on the relevant industry labor market for senior executive talent with companies similar to Arcadis, in terms of size and complexity. The remuneration policies for the Arcadis Executive Board and the Supervisory Board are proposed by the Supervisory Board to the Annual General Meeting, based on the advice of the Arcadis Remuneration Committee ('RemCo'). The current Executive Board remuneration policy was adopted in 2021. The current Supervisory Board remuneration policy was adopted in 2020.

During the 2024 AGM, revised versions of both the Executive Board remuneration policy and the Supervisory Board remuneration policy will be put forward for adoption.

Introduction

This report outlines the application of the remuneration policies for the Executive Board and the Supervisory Board in 2023 as well as actual performance in 2023 against set performance criteria.

2023 General meeting

During the 2023 general meeting of shareholders, the remuneration report for the Executive Board 2022 and the remuneration report for the Supervisory Board 2022 were submitted for an advisory vote. The meeting participants did not raise any questions on the reports and positive advisory votes were cast regarding both remuneration reports.

2023 Financial Performance

In 2023, Arcadis has delivered a record breaking fourth quarter and full year 2023 performance, achieving all its key 2021-2023 strategic targets. During 2023 Arcadis successfully finalized the operational and commercial integration of Arcadis IBI and Arcadis DPS, resulting in significant project wins, pipeline opportunities and cost synergies, while deleveraging well inside our target range. Continued strong client demand drove record revenues, order intake and margin.

Furthermore, we expanded our Global Excellence Center capabilities, further standardized and automated our operating processes and have been more deliberate in our project choices; focusing closely on growth markets and Key Clients.

Alignment between remuneration and performance of the company

The total remuneration in 2023 for both the Executive Board and the Supervisory Board is in line with the applicable remuneration policies.

The total remuneration for the Executive Board consists of fixed remuneration and variable remuneration. The short-term incentive financial criteria that were selected for 2023 are Operating EBITA Margin, Free Cash Flow and Net Order Intake Key Clients. These criteria are directly linked to our 2021 – 2023 Strategy "Maximizing Impact"; accelerating our ability to meet our client's needs driven by the megatrends in the world such as urbanization, climate change, digitalization and societal expectations. During this strategy cycle, we aimed to create impact through our Sustainable Solutions, our Digital Leadership and by leveraging our Focus and Scale. These strategic pillars support the long-term performance of the company. The financial criteria (Operating EBITA Margin and Net Order Intake Key Clients) are directly connected to sustainable and profitable revenue growth, while ensuring sufficient Free Cash Flow is generated (i.e. the third financial criterion).

To make sure Arcadis has an engaged workforce, the Supervisory Board decided to continue with Employee Engagement as the fourth criterion and one of two non-financial criteria. The success of the transformation of the company has been chosen as the fifth criterion, and second non-financial one for the members of the Executive Board.

For the long-term incentive, the selected criteria Total Shareholder Return, Earnings per Share and Sustainability, reflect the long-term performance of the Company. These criteria ensured alignment with shareholder interests.

Executive Board Remuneration

Remuneration in line with median level of reference groups

The remuneration policy for Executive Board members aims to support the business strategy, enhance the link between pay and performance and align the interests of our Executive Board members with shareholders' interests by stimulating share ownership while adopting the highest standards of good corporate governance. Remuneration for Executive Board members consists of fixed remuneration, short-term variable remuneration, long-term variable remuneration and other benefits, such as a pension scheme. Variable remuneration is an important part of the total remuneration package and is based on performance criteria that support long-term value creation of the company.

Arcadis has developed from a multi-local company to a leading globally natural and built asset design and consultancy company. To align with Arcadis' size (in terms of revenues, average market capitalization, total assets and number of FTE), geographic and industry scope, and labor market competition, a labor market reference group has been defined[1]. The reference group consists of Dutch headquartered companies with significant international activities, supplemented by global industry peers, as presented below.

Dutch headquartered companies with significant international activities	Global industry peer companies
Aalberts Industries	AF Pöyry (FIN)
AkzoNobel	RPS Group (UK)
ASM International	SNC Lavalin (CAN)
BAM	Stantec (CAN)
Boskalis	Sweco (SE)
DSM	WSP Global (CAN)
Fugro	
SBM Offshore	
TKH Group	
Vopak	

Within this group, Arcadis positions around the median in terms of the average of the aforementioned parameters revenues, average market capitalization, total assets and number of FTE.

With the Total Direct Compensation levels (the sum of base salary, short-term variable compensation and long-term variable compensation), the Executive Board remuneration policy aims to be at around the median of this reference group.

Internal pay ratio

When developing the remuneration policy for the Executive Board, Arcadis considered the pay ratio within the organization. In line with the methodology included in the 2022 Dutch Corporate Governance Code, Arcadis considered the ratio between the total annual remuneration of the CEO on one hand and the average annual remuneration of the employees of the company and group companies whose financial data is consolidated by the company on the other hand, where:

- the total annual remuneration of the CEO includes all the remuneration components (such as fixed remuneration, variable cash remuneration (short term incentive), the share-based part of the remuneration (long term incentive), social security contributions, pension, expense allowance, etc.) as included in the consolidated annual accounts.

[1] Changes to the reference group may be required from time to time e.g. following mergers or acquisitions in which one or more companies in the reference group are involved.

- the average annual remuneration of the employees is determined by dividing the total wage costs in the financial year (as included in the consolidated annual accounts) by the average number of FTEs during the financial year; and
- the value of the share-based component of the remuneration is determined at the time of assignment in accordance with the applicable rules under IFRS.

Based on this new methodology, the following pay ratios were determined:

Year	Pay ratio	CEO remuneration (€ 1,000)
2019	29	2,175
2020	18	1,266
2021	31	2,244
2022	28	2,156
2023	23	1,963

The changes in CEO pay ratio over the past 5 years, are significant in 2020 and in 2023.
The 2020 pay ratio was lower due to a lower value of short-term incentive (STI) and long-term incentive (LTI) as part of the CEO remuneration. In 2020, the CEO informed the Supervisory Board that he decided not to accept the STI payout due to him, because of the pandemic.

The 2023 CEO pay ratio was lower than in 2022 because in 2023 the average employee remuneration increased whilst the total CEO remuneration[1] decreased. The average employee remuneration increased in 2023 because in 2022, the employee remuneration of Arcadis IBI and Arcadis DPS was only included for the months that these companies were part of the Arcadis group . Therefore, the total remuneration of the integrating companies was smaller than a full year total compensation, whilst the number of employees of Arcadis IBI and Arcadis DPS was taken into account in full.

Total Direct Compensation Mix

The relative proportions of the annual base salary and the short-term and long-term variable compensation components[2] of the members of the Executive Board are as follows:

	Base salary	Short-term Variable	Long-term Variable	Total
Chief Executive Officer	39%	19%	42%	100%
Chief Financial Officer	40%	20%	40%	100%

The total compensation has a relatively strong focus on long-term remuneration, which reflects the importance of alignment with the long-term strategy and long-term value creation of the Company and with shareholder interests.

Fixed Remuneration

In line with the remuneration policy for the Executive Board, the Supervisory Board determines the base salaries of the members of the Executive Board on an annual basis. The Supervisory Board determines the base salaries based on benchmarking against the labor market reference group, market movements, salary increases of employees and other considerations as are deemed appropriate. The increase of base salaries of the members of the Executive Board will not exceed the average increase for employees, unless the benchmarking exercise indicates differently.

In 2023, the Supervisory Board decided to increase the fixed compensation for the Executive Board by 2%, which is in line with the remuneration policy for the Executive Board, i.e. compensation for average increase in the market, and with the average increase for employees. The following annual fixed remuneration levels applied to members of the Executive Board in 2023.

Executive Board member	2023 Annual fixed remuneration	2023 fixed remuneration pay out
CEO (A. Brookes)	€701,000	€438,125[3]
CFO (V. Duperat-Vergne)	€504,000	€504,000
Former CEO (P. Oostervee)	€687,000	€257,625[4]

[1] The CEO remuneration is the annualized compensation of the new CEO
[2] Percentages mentioned are the on-target levels
[3] Prorated amount based on the appointment of Mr. Brookes as CEO and member of the Executive Board per 12 May 2023
[4] Prorated amount based on the retirement of Mr. Oosterveer as CEO and member of the Executive Board per 12 May 2023

For 2024, the Supervisory Board will propose to the AGM to increase the fixed compensation of the CEO and the CFO with 5%. This increase is to bring the remuneration in line with the median of the labor reference market.

Executive Board member	2024 Annual fixed remuneration
CEO (A. Brookes)	€736,000
CFO (V. Duperat-Vergne)	€529,000

Short-term Variable Remuneration

The short-term variable compensation serves to incentivize the Executive Board to meet short term performance criteria. The short- term variable compensation is a percentage of base salary and ranges from 0% to 85% of the annual base salary, with 50% being the target. The short-term variable compensation is payable in cash. The payment is made in March, the year following the year of review.

No pay out will be made in the event that none of the performance criteria meet the threshold target. In addition, no payout will be made in the event the Free Cash Flow threshold was not met. Pay out for performance between threshold and targets and between target and maximum is based on a linear calculation approach. All short-term variable compensation criteria allow for rewarding strong performance.

Performance criteria STI

To support the Company's strategy, the criteria for the short-term variable compensation are based on the strategy and are partly financial and partly non-financial. Based on the annual priorities of the Company, the Supervisory Board determines the performance criteria applicable to the short-term variable compensation in their meeting before the performance year commences.

In line with the remuneration policy for the Executive Board, the Supervisory Board will select from the following performance criteria:

1. Financial criteria (minimum 60% weighting):

- Profit/ Margin
- Revenue/ Growth
- Cash Flow
- Capital return measures (such as ROA, ROE, ROIC)
- Economic/ Market value added measures

2. Non-financial criteria:

- Customer results (e.g. net promotor score)
- People & Organization (e.g. employee engagement, voluntary turnover)
- Sustainability (e.g. carbon footprint reduction)
- Individual non-financial criterion (e.g. measuring the success of the implementation of the strategy)

The targets (threshold, target and maximum) for each of the performance criteria will be determined annually by the Supervisory Board by reference to the business plan for the respective year and considering the strategic aspirations of the Company.

The actual realization of each of the criteria will be reported in the remuneration report relating to the relevant performance year. No payout will be made for meeting a performance criterion in case the performance does not meet the threshold target.

The Supervisory Board has the discretion to make adjustments, for example to account for events that were not planned when targets were set or were outside of management's control. The Supervisory Board has not applied the derogation clause in 2023.

For performance year 2023, the Supervisory Board selected the following three financial performance criteria for the short-term variable remuneration of the members of the Executive Board:

- Operating EBITA%
- Free Cash Flow
- Net Order Intake Key Clients

In addition, considering the strategic importance of attracting and retaining employees, the Supervisory Board selected Employee Engagement as one of two non-financial criteria. The selection of Employee Engagement is in line with the Arcadis strategy as it is an Environmental, Social and Governmental (ESG) target. Employee Engagement was measured by the employee Net Promoter Score (eNPS). The eNPS score is a rolling average of 12 months. Employee engagement was measured based on our employee engagement survey. Employees complete a questionnaire on a quarterly basis, which will lead to the eNPS score.

Finally, the Supervisory Board decided to continue to set an individual (non-financial) criterion to measure the success of the implementation of the 2021-2023 strategy. For each member of the Executive Board an individual target applied in line with their role in the transformation. The Supervisory Board assessed the performance against this individual criterion at the end of the year based on the progress made in 2023.

The weighting of each metric is 20%.

In 2023, the performance of the company against the targets set was as follows.

Criterion	Threshold	Target	Maximum	Realization amount	Realization percentage
Operating EBITA%	10.0%	10.4%	10.8%	10.4%	100%
Free cash flow (€ million)	127	177	227	190	118%
Net Order Intake Key Clients (€ million)	1,366	1,518	1,670	1,770	170%
Employee engagement (eNPS)[1]	40	43	46	52	170%

The realization on the individual non-financial criterion linked to the transformation for the members of the Executive Board was assessed by the Supervisory Board at 170% for the CEO, at 150% for the previous CEO and at 160% for the CFO. The target for the CEO was set to create comfort with all stakeholders following CEO transition in May 2023 and to lead the development of the 2024 – 2026 Strategy culminating in a successful Capital Markets Day in November 2023 which was well received by key stakeholders. The target for the former CEO was leadership on the integration of Arcadis IBI and Arcadis DPS and CEO transition until his retirement in May 2023. The target for the CFO was determining the right timing and conditions to set up and successfully execute the appropriate refinancing scheme. The Supervisory Board concluded that these individual non-financial targets for the CEO, former CEO and the CFO were all overachieved.

The performance on the financial targets, the non-financial criterion Employee Engagement and the individual non-financial criterion linked to the implementation of the strategy (as assessed by the Supervisory Board) leads to the following payout:

			Realization (as percentage of Annual Base Salary)						
Name	Annual Base Salary (€)	STI target %	Operating EBITA%	Free cash flow	Net Order Intake Key Client	Engagement	Individual non-financial criterion	Total	Payout (€)
CEO (A. Brookes)	701,000[2]	50%	10.0%	11.8%	17.0%	17.0%	17.0%	72.8%	319,043
CFO (V. Duperat-Vergne)	504,000	50%	10.0%	11.8%	17.0%	17.0%	16.0%	71.8%	361,973
Former CEO (P. Oosterveer)	687,000[3]	50%	10.0%	11.8%	17.0%	17.0%	15.0%	70.8%	182,450

[1] eNPS target excludes employees Arcadis-IBI and Arcadis-DPS. These employees participated in an integration survey.
[2] The pro-rated base salary for the STI payout calculation is EUR 438,000
[3] The pro-rated base salary for the STI payout calculation is EUR 258,000

Name	Annual Base Salary (€)	STI target %	Realization (as percentage of target) Operating EBITA%	Free cash flow	Net Order Intake Key Client	Engagement	Individual non-financial criterion	Total	Payout (€)
CEO (A. Brookes)	701,000[1]	50%	100%	118%	170%	170%	170%	73%	319,043
CFO (V. Duperat-Vergne)	504,000	50%	100%	118%	170%	170%	160%	72%	361,973
Former CEO (P. Oosterveer)	687,000[2]	50%	100%	118%	170%	170%	150%	71%	182,450

For 2024, the Supervisory Board decided to make a few changes to the performance criteria for short-term remuneration. Firstly, in view of the recently launched strategy, the weighting of the Operating EBITA will be increased from 20% to 30%, as margin improvement is an important strategic driver. This increase in weighting will come from a reduction in weighting of the individual non-financial criterion. Secondly, Employee Engagement will be replaced by Gender diversity. The target will be an increase of the percentage of women in the total workforce.

These changes lead to the following set of criteria:

Financial criteria:
- Operating EBITA margin % (30% weighting)
- Free Cash Flow (20% weighting)
- Net Order Intake Key Clients (20% weighting)

Non-financial criteria:
- Gender diversity (20% weighting)
- Individual criterion: measuring the success of the implementation of the strategy (10% weighting)

Threshold applying to any short-term remuneration payout:
- Free Cash Flow

[1] The pro-rated base salary for the STI payout calculation is EUR 438,000
[2] The pro-rated base salary for the STI payout calculation is EUR 258,000
[3] For the 2023 grant, the Volume Weighted Average Price (VWAP) was based on the average share price of five days prior to the actual grant date.

Actual targets, including the range, will be disclosed in the 2024 remuneration report.

Long-term variable remuneration: performance shares

The long-term variable remuneration aims to align the interests of the members of the Executive Board with long-term shareholder's interests. Therefore, under the remuneration policy, members of the Executive Board receive annually conditional performance shares. The conditional performance shares will vest and become unconditional after three years and are restricted for another two years after vesting.

The value of the annual award is determined by a percentage of fixed remuneration. The actual grant is determined by the value divided by the applicable Volume Weighted Average Price (VWAP).[3]

In 2023, the members of the Executive Board received the following Long-term variable remuneration:

	% of fixed remuneration	Grant value (in €)	VWAP (in €)	Number of shares	Fair value (in €)	Total IFRS grant value (in €)
CEO (A. Brookes)	110%	771,100	39.99	19,281	34.96	673,999
CFO (V. Duperat-Vergne)	100%	504,000	39.99	12,602	34.96	440,524

Performance criteria long-term variable remuneration

In order to support the three strategic pillars of the strategy, the performance criteria are:
- Total Shareholder Return
- Earnings per share
- Sustainability

Each parameter counts for 33.33%.

Performance Criterion 1: Total Shareholder Return

The vesting percentage of the performance shares is conditional upon the achievement of performance measured as relative Total Shareholder Return (TSR), which is defined as share price movements including dividends, assuming dividends are reinvested over three years.

The TSR performance of Arcadis is measured against the performance of direct competitors.

The current TSR group is as follows:

TSR peer group		
Arcadis (NL)	AF Pöyry (FIN)	Stantec (CAN)
AECOM (USA)	Spie (FR)	Alten (FR)
NV5 (US)	SNC-Lavalin (CAN)	Worley Parsons (AUS)
Fugro (NL)	Sweco (SE)	WSP Global (CAN)
Jacobs Engineering (USA)	Tetra Tech (USA)	

The position of Arcadis within the peer group, after three years, determines the final number of conditional performance shares that vests and becomes unconditional, in accordance with the following table:

Ranking	14 - 8	7	6	5	4	3	2	1
Vesting %	0%	50%	75%	100%	125%	150%	175%	200%

Performance Criterion 2: Earnings Per Share

Earnings Per Share ("EPS") is calculated by applying the simple point-to-point[1] method at the end of the period. EPS is disclosed in our Consolidated Financial statement and is calculated by dividing the net income from operations by the weighted average number of shares outstanding during the period, excluding ordinary shares purchased by the Company and held as treasury shares (i.e. shares purchased to cover share/option plans). Earnings are adjusted for changes in accounting principles during the performance period. The Supervisory Board has the discretion to include other adjustments, for example, to account for events that were not planned when targets were set or were outside of management's control.

The EPS growth target, threshold and maximum are set annually by the Supervisory Board. Given that these targets are commercially sensitive, EPS targets and the achieved performance are published in the Annual Report after the relevant performance period.

[1] % growth from t0 to tx, divided by # years.

The following performance incentive zones will be used to define the vesting for this part of the conditional grant:

	< Threshold	Threshold	Target	Maximum
EPS	0	50%	100%	150%

Performance Criterion 3: Sustainability

In 2023, the sustainability target was measured by reference to the 'Management score' applied to the Company by Sustainalytics, a leading independent global Environmental, Social and Governmental ("ESG") ratings firm which provides a robust analytical framework that addresses a broad range of ESG issues and trends that have a significant and material impact on industries and companies. Sustainalytics analyzes and rates the performance of 16,000+ companies globally across 138 Sustainalytics-defined sub-industry classifications. The analysis is made by looking at and weighting the core and sub-industry specific metrics to determine the overall ESG Risk performance.

The following performance incentive zones and targets will be used to define the vesting for this part of the conditional grant:

	< Threshold	Threshold	Target	Maximum
Sustainalytics score	0	50%	100%	150%
Target performance period 2023 - 2025		76.3	77.3	78.3

The target of this performance criterion was set using the Sustainalytics ESG Risk Rating methodology; realization will be assessed with the methodology applicable to Arcadis' Sustainalytics sub-industry ('non-residential construction') in 2026.

The sustainability target includes a wide range of performance objectives in Arcadis' material ESG issues as defined by Sustainalytics. For example: human capital (roll-out of global mentorship program with a diversity focus), carbon and environmental management (progress toward achieving our 'Net-Zero' target) and human rights (implementing a three-year roadmap for embedding human rights standards in our operations).

As of financial year 2024, a new metric is selected to measure performance on Sustainability, replacing the Sustainalytics score.

As of 2024 the sustainability target will be measured by the percentage of Scope 1 + Scope 2 (market based) + business travel greenhouse gas (GHG) emissions reduction compared to the 2019 baseline GHG emissions. These targets are aligned with Arcadis' near-term and net zero targets as submitted to the Science Based Targets initiative for approval in January 2024. Arcadis measures its carbon footprint using the GHG Protocol semi-annually and reports its carbon footprint annually in the Annual Integrated Report.

The following performance incentive zones and targets will be used to define the vesting for this part of the conditional grant:

	< Threshold	Threshold	Target	Maximum
Total percent reduction GHG emissions Scope 1 + Scope 2 (market based) + business travel	0	50%	100%	150%
Target performance period 2024 - 2026 [1]		45%	50%	55%

During the Capital Markets Day in November 2023, Arcadis announced its targets in line with its ambition to achieve net zero across its value chain in 2035:

- 70% reduction in absolute scope 1 and 2 emissions by 2026 compared to 2019 baseline emissions
- 45% reduction in absolute scope 3 emissions by 2029 compared to 2019 baseline emissions
- 35% reduction in business travel emissions by 2025 compared to 2019 baseline emissions
- 50% reduction in air travel emissions by 2025 compared to 2019 baseline emissions
- Transition entire company fleet to electric vehicles by 2030 (currently at ~23%).

[1] GHG emissions reduction percentage will be calculated based on a comparison of year end 2026 GHG emissions to 2019 baseline GHG emissions.
[2] These conditional performance shares were granted to Mr. Brookes prior to his appointment as CEO and membership of the Executive Board.
[3] Mr. Oosterveer retired as CEO and Executive Board member as per 12 May 2023.

Emissions Data Used to Develop Target (MT CO_2-eq) as reported in Annual Integrated Report 2023

	2019 (baseline)	2021	2022	2023
Scope 1+2	26,186	11,149	10,920	10,854
Business Travel	46,450	15,001	27,065	32,192
Total (Scope 1 + 2 + Business Travel)	**72,636**	**26,150**	**37,985**	**43,046**
% reduction vs. 2019		*64%*	*48%*	*41%*

Conditional performance shares held by member of the Executive Board

In 2023, the aggregate numbers of conditional performance shares held by members of the Executive Board are as per below. The Executive board members did not hold any stock options in 2023.

Number of conditional (performance) shares Arcadis NV	31 December 2023	31 December 2022
CEO (A. Brookes)	39,176	31,206[2]
CFO (V. Duperat-Vergne)	41,981	35,238
Former CEO (P. Oosterveer)[3]		80,738

Vested Shares

Conditional performance shares vested in 2023

Over the performance period 2020 – 2022, the performance criteria TSR, EPS and Sustainalytics were applied.

The realization on these performance criteria was:

					Realization	
Criterion	Weight	Threshold	Target	Max	Value	Percentage
Total Shareholder Return	33%	Rank 7	Rank 5	Rank 1	Rank3	150%
Earnings per share growth	33%	6.87%	8.09%	9.30%	16.8%	150%
Sustainalytics	33%	75	77	79	80	150%
Overall	100%					150%

As a result of the realization, the following number of shares were vested in 2023 per the vesting date.

# shares	2020 grant	2023 vesting
CEO (A. Brookes)	8,661[1]	12,992
CFO (V. Duperat-Vergne)	5,859	8,789
Former CEO (P. Oosterveer)	35,817	53,726

Conditional performance shares to vest in 2024

Over the performance period 2021 – 2023, the performance criteria TSR, EPS and Sustainalytics were applied. The realization on these performance criteria was:

					Realization	
Criterion	Weight	Threshold	Target	Max	Amount	Percentage
Total Shareholder Return	33%	Rank 7	Rank 5	Rank 1	Rank 5	100%
Earnings per share growth	33%	7.83%	9.22%	10.60%	19.0%	150%
Sustainalytics	33%	76.3	78.2	80.2	80.3	150%
Overall	100%					133%

As a result of the realization, the following number of shares will vest in 2024 per the vesting date.

# shares	2021 grant	2024 vesting
CEO (A. Brookes)	7,703[2]	10,271
CFO (V. Duperat-Vergne)	16,076	21,435

The members of the Executive Board must retain the shares awarded under the long-term variable remuneration for a period of at least five years from the grant date, while allowing part of the shares to be sold to cover taxes due on the date of vesting, if any.

[1] In 2020, Mr. Brookes was a member of the Executive Leadership Team. In this capacity he was granted performance shares which vested in 2023 based on the same performance criteria as applicable to the Executive Board.

[2] In 2021, Mr. Brookes was a member of the Executive Leadership Team. In this capacity he was granted performance shares which will vest in 2024 based on the same performance criteria as applicable to the Executive Board.

Total Remuneration

The total remuneration of the Executive Board members over 2023 and 2022 received in their capacity of Executive Board member, split by component and presented in relative proportion between fixed and variable remuneration is as follows:

Name of Director position (in €1,000)	Reporting year	1. Fixed remuneration		2. Variable remuneration		3. Extraordinary items	4. Pension Expenses	5. Total Remuneration	6. Proportion of fixed and variable remuneration	
		Base salary	Fringe benefits	One-year variable	Multi-year variable				Fixed	Variable
A. Brookes[1]	2022	n/a								
based on due	2023	580	78	-	-	n/a	n/a	658	100%	0%
A. Brookes	2022	n/a								
based on IFRS	2023	569	89	319	436	n/a	n/a	1,413	47%	53%
V. Duperat-Vergne	2022	561	267	349	0	n/a	19	1,197	70%	30%
based on due	2023	574	280	372	370	n/a	21	1,617	53%	47%
V. Duperat-Vergne	2022	561	267	372	371	n/a	19	1,591	53%	47%
based on IFRS	2023	574	280	362	507	n/a	21	1,743	50%	50%
P. Oosterveer	2022	845	58	486	3,098	n/a	19	4,506	20%	80%
based on due	2023	346	16	518	2,190	n/a	7	3,077	12%	88%
P. Oosterveer	2022	845	58	518	1,392	n/a	19	2,832	32%	68%
based on IFRS	2023	317	45	182	586	n/a	7	1,138	32%	68%

[1] A recent tax legislation change relating to the timing of tax in restricted share units in the UK has resulted in an additional tax liability of € 1.2 million on the shares vested in 2023 and prior years for Mr. Brookes (in relation to his previous role as Arcadis LLP member in the UK)

An overview of the company's performance, the annual change in remuneration of the Executive Board members the average remuneration on a full-time equivalent basis of employees of the company and the annual change in remuneration of the Supervisory Board members is as follows:

	2023		2022		2021		2020		2019		2018
	actual	change (%)	actual	change (%)	actual	change (%)	actual	change (%)	actual	change (%)	actual
Operating EBITA margin (%)	10.4%	6%	9.8%	2%	9.6%	5%	9.1%	11%	8.2%	12%	7.3%
Free Cash Flow (in € millions)	220	27%	173	(26%)	234	(28%)	324	234%	97	(35%)	149
Organic net revenue growth % (net revenue in %)	9.0%	0.1%	8.9%	4.7%	4.2%	5.7%	(1.5%)	(4.6%)	3.1%	0.1%	3.0%
TSR (index 2017 = 100)	458	33%	344	(13%)	396	56%	254	30%	195	95%	100
Sustainalytics	80.3	0%	80	0%	80	3%	78	7%	73	4%	70
Average remuneration employees (€ thousands)	87	13%	77	8%	71	0%	71	(7%)	76	5%	73
CEO (€ thousands)	4,245	(6%)	4,538	227%	1,386	(39%)	2,273	78%	1,275	14%	1,115
CFO (€ thousands)	1,617	33%	1,220	11%	1,102	45%	762	(13%)	879	19%	737
Supervisory Board											
Carla Mahieu	68	0%	68	49%	46						
Barbara Duganier[1]	59										
Deanna Goodwin	88	(3%)	91	26%	72	4%	69	(14%)	80	0%	80
Linda Morant[2]	6										
Michael Putnam	84	3%	82	10%	74	7%	69	(14%)	80	31%	61
Michiel Lap	116	14%	101	44%	70	3%	68	(15%)	80	(5%)	84
Niek Hoek[3]	26	(68%)	83	(19%)	103	5%	98	(6%)	104	(1%)	105
Peter de Wit[4]	0										
Wee Gee Ang[5]	32	(59%)	77	18%	65	(1%)	66	(22%)	84	0%	84
Ruth Markland[6]					22	(67%)	67	(13%)	77	(5%)	81
Maarten Schonfeld[7]							23	(68%)	72	(1%)	73

[1] In the Supervisory Board since 12 May 2023
[2] In the Supervisory Board since 13 December 2023
[3] In the Supervisory Board until 12 May 2023
[4] In the Supervisory Board since 13 December 2023. Pursuant to his employment arrangement with McKinsey in the Netherlands, which terminates on 31 March 2024, until the end of his employment at McKinsey any remuneration due to Mr. Peter de Wit for services rendered in his capacity of member of the Supervisory Board of Arcadis N.V. shall be donated to charity. Arcadis has donated the full amount due to Mr. de Wit over 2023 (EUR 3,728) to a charity of its choice
[5] In the Supervisory Board until 12 May 2023
[6] In the Supervisory Board until 29 April 2021
[7] In the Supervisory Board until 6 May 2020

Retirement and Other benefits, Contracts

Retirement benefits

In 2023, the Executive Board members Mr. P. Oosterveer and Mrs. V. Duperat-Vergne participated in the Arcadis Netherlands pension plan. This is a collective defined contribution plan. The contribution from the participants is 6.64% of the pensionable salary (annual base salary minus offset) for the salary part below €128,810 (maximum pensionable salary in 2023 under Dutch tax legislation). Executive Board members participating in the Arcadis Netherlands pension plan also receive an annual cash allowance in line with legislation in the Netherlands for the salary above €128,810. The participation of the Executive Board members is aligned with the arrangement for employees. The Supervisory Board decided to grant Mr. A. Brookes a cash allowance in lieu of participation in the Arcadis Netherlands pension plan.

Other benefits

Executive Board members receive a net fixed expense allowance, as well as other customary fringe benefits, including the use of a company car or a mobility allowance. In line with best practice, the company provides benefits which the Supervisory Board considers appropriate for a global company which needs to attract and retain Executive Board members from different parts of the world.

Management agreements and severance pay

In line with current Dutch legislation, all Executive Board members work for Arcadis NV under a management agreement: Mr. A. Brookes (appointed in 2023) has a four-year term and Mrs. V. Duperat-Vergne (appointed in 2020) has a term until the annual General Meeting in 2024. They may be entitled to a severance pay with a maximum of one year's base salary. They will not be entitled to severance pay in case their management agreement is not renewed after the agreement is expired. Management agreements with Executive Board members do not contain provisions on severance payments in case of termination resulting from a change in control.

In May 2023, Mr. P. Oosterveer retired. Mr. P. Oosterveer who was appointed in 2017 and reappointed in 2021 did not receive a severance pay as a result of his retirement.

Other Elements of the Remuneration Policy

The Dutch Corporate Governance Code contains additional best practices regarding executive remuneration. Based on the advice of the RemCo, the Supervisory Board is satisfied that it has complied with these additional best practices in 2023. Before setting proposed targets for Supervisory Board approval, the RemCo carried out scenario analyses of the possible financial outcomes of meeting target levels, as well as maximum performance levels, and how they may affect the level and structure of the total remuneration of the members of the Executive Board.

Supervisory Board remuneration

The remuneration of the members of the Supervisory Board consists of a fixed fee and a travel fee. Given the nature of the responsibilities of the Supervisory Board, the remuneration is not tied to the performance of the Company and therefore includes fixed compensation only. In line with the Dutch corporate governance code, the members of the Supervisory Board will not be rewarded in equity-based compensation.

The current remuneration policy for the Supervisory Board was adopted in 2020, based on a benchmark analysis by an external advisor of remuneration at Dutch headquartered companies with significant international activities.

The remuneration of the Supervisory Board members is as follows:

In €	Chair	Member
Annual fixed remuneration SB	85,000	58,000
Membership AARC	12,000	8,000
Membership ASC and/or RemCo	10,000	7,000
Membership SusCo	8,000	6,000

Supervisory Board members receive an attendance fee of €2,500 for every visit for meetings that takes place outside of the country of domicile of a Supervisory Board member and that does not involve intercontinental travel, or €4,000 for every visit for meetings that involves intercontinental travel. No attendance fee is paid if the meeting takes place in the country of domicile of a Supervisory Board member.

As is deemed necessary, the Supervisory Board may decide to introduce additional committees. The annual fixed fee for such additional committee membership(s) will be dependent upon the expected number of committee meetings per annum (€2,000 per meeting for the chair, with a maximum fixed annual fee of €8,000; and €1,500 per meeting for a member, with a maximum fixed annual fee of €6,000).

Members of the Supervisory Board participating in more than two committees, will only be compensated for their membership of the two committees with the highest fees. The combined membership of the Remuneration Committee and ASC is considered one committee membership for the purpose of remuneration.

Remuneration of Supervisory Board members is not dependent on company results. Supervisory Board members are not eligible to receive shares or options as part of their remuneration package. Possible share ownership of Arcadis shares by a Supervisory Board member is meant as private investment.

During the 2024 AGM, a revised version of the Supervisory Board remuneration policy will be submitted for adoption.

Total Remuneration

The total remuneration of the Supervisory Board members over 2023:

In €	C. Mahieu	B. Duganier[1]	D. Goodwin	L. Morant[2]	M. Putnam	M. Lap	N. Hoek[3]	P. de Wit[4]	W. G. Ang[5]
SB membership	58,000	36,952	58,000	2,962	58,000	85,000	21,204	-	21,204
Committee membership	10,000	9,556	18,000	358	16,000	18,000	5,118	-	2,559
Attendance fee	-	12,000	12,000	2,500	10,000	12,500	-	-	8,000
Total	**68,000**	**58,508**	**88,000**	**5,820**	**84,000**	**115,500**	**26,323**	**-**	**31,763**

[1] In the Supervisory Board since 12 May 2023
[2] In the Supervisory Board since 13 December 2023
[3] In the Supervisory Board until 12 May 2023
[4] In the Supervisory Board since 13 December 2023. Pursuant to his employment arrangement with McKinsey in the Netherlands, which terminates on 31 March 2024, until the end of his employment at McKinsey any remuneration due to Mr. Peter de Wit for services rendered in his capacity of member of the Supervisory Board of Arcadis N.V., shall be donated to charity. Arcadis has donated the full amount due to Mr. de Wit over 2023 (EUR 3,728) to a charity of its choice
[5] In the Supervisory Board until 12 May 2023

Other Information

The Company has not granted any loans, advances or guarantees to Executive or Supervisory Board members. The articles of association of Arcadis NV provide current and former Executive Board members and Supervisory Board members with an indemnification for all costs and expenses arising from and against any claim, action or lawsuit related to actions and/or omissions in their function as Executive Board or Supervisory Board members.

On behalf of the Arcadis Remuneration Committee
Carla Mahieu, Chair

Financial statements

Consolidated Income statement

for the year ended 31 December

In € thousands	Note	2023	2022[2]
Gross revenues	7	**5,003,322**	**4,028,935**
Materials, services of third parties and subcontractors		(1,244,074)	(1,010,258)
Net revenues[1]		**3,759,248**	**3,018,677**
Personnel costs	9,10	(2,943,798)	(2,363,129)
Other operational costs	9	(363,826)	(297,677)
Depreciation and amortization	14,15,16	(114,428)	(105,948)
Amortization other intangible assets	14	(59,345)	(20,184)
Other income/ (expenses)	8	6,045	(19,303)
Total Operational costs		**(3,475,352)**	**(2,806,241)**
Operating income		**283,896**	**212,436**
Finance income	11	23,582	7,888
Finance expenses	11	(79,414)	(27,680)
Fair value change of derivatives	11,19	(9,477)	(3,795)
Net finance expense	11	**(65,309)**	**(23,587)**
Result from investments accounted for using the equity method	17	4,053	1,588
Profit before income tax		**222,640**	**190,437**
Income taxes	12	(63,078)	(59,450)
Result for the period		**159,562**	**130,987**

Result attributable to:			
Equity holders of the Company (net income)		159,982	131,520
Non-controlling interests		(420)	(533)
Result for the period		**159,562**	**130,987**

Earnings per share (in €)			
Basic earnings per share	13	1.78	1.47
Diluted earnings per share	13	1.78	1.47

[1] Non-GAAP performance measure. Reference is made to the Glossary Financial & Non-Financial indicators on page 286 for the definition as used by Arcadis and to reconciliation tables on pages 277 to 280

[2] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

The notes on pages 171 to 236 are an integral part of these Consolidated financial statements

Consolidated Statement of comprehensive income

for the year ended 31 December

In € thousands	2023	2022[1]
Other comprehensive income, net of income tax		
Result for the period	**159,562**	**130,987**
Items that may be subsequently reclassified to profit or loss:		
Exchange rate differences for foreign operations	(28,242)	(36,647)
Reclassification in income statement	349	222
Changes in other comprehensive income	(28,591)	(36,869)
Exchange rate differences for equity accounted investees	(65)	36
Effective portion of changes in fair value of cash flow hedges	(1,648)	129
Items that will not be reclassified to profit or loss:		
Changes related to post-employment benefit obligations	(2,371)	(21,329)
Taxes related to remeasurements on post-employment benefit obligations	289	4,896
Other comprehensive income, net of income tax	**(32,037)**	**(52,915)**
Total Comprehensive income for the period	**127,525**	**78,072**
Total comprehensive income attributable to:		
Equity holders of the Company	127,854	78,690
Non-controlling interests	(329)	(618)
Total Comprehensive income for the period	**127,525**	**78,072**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Non-GAAP performance measure

In € thousands	Note	2023	2022[2]
Net income from Operations[1]			
Result for the period attributable to equity holders (net income)		159,982	131,520
Amortization identifiable intangible assets, net of taxes		45,174	18,565
Disposal and M&A costs, net result from divestments	6	9,904	50,584
Integration costs		10,667	212
Charitable donations	37	105	1,054
Net income from operations		**225,832**	**201,935**
Net income from Operations per share[1] (in €)			
Basic earnings per share	13	2.51	2.26
Diluted earnings per share	13	2.51	2.26

[1] Non-GAAP performance measure. Reference is made to the Glossary Financial & Non-Financial indicators on page 286 for the definition as used by Arcadis and to reconciliation tables on pages 277 to 280

[2] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Consolidated Balance sheet

as at 31 December

In € thousands	Note	2023 31 December	2022 31 December Revised[1]
Assets			
Non-current assets			
Intangible assets and goodwill	14	1,504,714	1,580,933
Property, plant and equipment	15	102,237	108,772
Right-of-use assets	16	248,720	284,435
Investments accounted for using the equity method	17	11,381	11,633
Other investments	18	4,295	3,609
Deferred tax assets	12	79,808	83,451
Pension assets for funded schemes in surplus	27	14,581	10,417
Other non-current assets	20	20,414	20,274
Total Non-current assets		**1,986,150**	**2,103,524**
Current assets			
Inventories		234	265
Derivatives	19	8,197	15,943
Trade receivables	21	731,035	729,614
Contract assets (unbilled receivables)	22	579,728	623,149
Corporate tax receivables	12	82,756	23,710
Other current assets	23	101,153	71,795
Cash and cash equivalents	24	289,878	272,754
Total Current assets		**1,792,981**	**1,737,230**
Total Assets		**3,779,131**	**3,840,754**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

In € thousands	Note	2023 31 December	2022 31 December Revised[1]
Equity and liabilities			
Shareholders' equity			
Total Equity attributable to equity holders of the Company	25,45	**1,063,569**	**995,244**
Non-controlling interests	26	(2,338)	(2,009)
Total Equity		**1,061,231**	**993,235**
Non-current liabilities			
Provisions for employee benefits	27	40,125	41,652
Provisions for other liabilities and charges	28	51,476	40,862
Deferred tax liabilities	12	52,618	67,133
Loans and borrowings	29	870,923	901,935
Lease liabilities	16	210,940	242,980
Derivatives	19	1,790	-
Total Non-current liabilities		**1,227,872**	**1,294,562**
Current liabilities			
Contract liabilities (billing in excess of revenue)	22	503,271	481,872
Provision for onerous contracts (loss provisions)	22	12,732	24,228
Current portion of provisions	27,28	16,671	16,921
Corporate tax liabilities	12	66,538	73,349
Current portion of loans and short-term borrowings	29	-	56,230
Current portion of lease liabilities	16	70,367	72,137
Derivatives	19	9,353	21,904
Bank overdrafts	24	10,359	15,156
Accounts payable, accrued expenses and other current liabilities	30	800,737	791,160
Total Current liabilities		**1,490,028**	**1,552,957**
Total Liabilities		**2,717,900**	**2,847,519**
Total Equity and liabilities		**3,779,131**	**3,840,754**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Consolidated Statement of changes in equity

In € thousands	Note	Share capital	Share premium	Hedge reserve	Translation reserve	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
		Attributable to equity holders of the Company							
Balance at 1 January 2023[1]		**1,809**	**372,460**	**778**	**(88,142)**	**708,339**	**995,244**	**(2,009)**	**993,235**
Result for the period		-	-	-	-	159,982	159,982	(420)	159,562
Other comprehensive income:		-	-	(1,648)	(28,398)	(2,082)	(32,128)	91	(32,037)
Total comprehensive income for the period		**-**	**-**	**(1,648)**	**(28,398)**	**157,900**	**127,854**	**(329)**	**127,525**
Transactions with owners of the Company:									
Acquisitions and transactions with non-controlling interests	26	-	-	-	-	-	-	-	-
Dividends to shareholders	25	-	-	-	-	(66,244)	(66,244)	-	(66,244)
Issuance of shares	25	-	-	-	-	-	-	-	-
Share-based compensation	10	-	-	-	-	6,187	6,187	-	6,187
Taxes related to share-based compensation	12	-	-	-	-	-	-	-	-
Purchase of own shares	25	-	-	-	-	-	-	-	-
Share options exercised	25	-	-	-	-	528	528	-	528
Total transactions with owners of the Company		**-**	**-**	**-**	**-**	**(59,529)**	**(59,529)**	**-**	**(59,529)**
Balance at 31 December 2023		**1,809**	**372,460**	**(870)**	**(116,540)**	**806,710**	**1,063,569**	**(2,338)**	**1,061,231**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

In € thousands	Note	Share capital	Share premium	Hedge reserve	Translation reserve	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
		Attributable to equity holders of the Company							
Balance at 1 January 2022		**1,809**	**372,460**	**649**	**(51,616)**	**699,486**	**1,022,788**	**(1,148)**	**1,021,640**
Result for the period[1]		-	-	-	-	131,520	131,520	(533)	130,987
Other comprehensive income:		-	-	129	(36,526)	(16,433)	(52,830)	(85)	(52,915)
Total comprehensive income for the period[1]		**-**	**-**	**129**	**(36,526)**	**115,087**	**78,690**	**(618)**	**78,072**
Transactions with owners of the Company:									
Acquisitions and transactions with non-controlling interests	26	-	-	-	-	-	-	(26)	(26)
Dividends to shareholders	25	-	-	-	-	(116,053)	(116,053)	(217)	(116,270)
Issuance of shares	25	-	-	-	-	-	-	-	-
Share-based compensation	10	-	-	-	-	8,568	8,568	-	8,568
Taxes related to share-based compensation	12	-	-	-	-	-	-	-	-
Purchase of own shares	25	-	-	-	-	-	-	-	-
Share options exercised	25	-	-	-	-	1,251	1,251	-	1,251
Total transactions with owners of the Company		**-**	**-**	**-**	**-**	**(106,234)**	**(106,234)**	**(243)**	**(106,477)**
Balance at 31 December 2022[1]		**1,809**	**372,460**	**778**	**(88,142)**	**708,339**	**995,244**	**(2,009)**	**993,235**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Consolidated Cash flow Statement

for the year ended 31 December

In € thousands	Note	2023	2022[2]
Cash flows from operating activities			
Result for the period		**159,562**	**130,987**
Adjustments for:			
Depreciation and amortization	14,15,16	114,428	105,948
Amortization other identifiable intangible assets	14	59,345	20,184
Income taxes	12	63,078	59,450
Net finance expense	11	65,309	23,587
Result from Investments accounted for using the equity method	17	(4,053)	(1,588)
Adjusted profit for the period (EBITDA)[1]		457,669	338,568
Change in Inventories		32	(32)
Change in Contract assets and liabilities, provision for onerous contracts		51,274	5,572
Change in Trade receivables		(10,323)	16,146
Change in Accounts payable		(39,921)	(5,030)
Change in Net working capital		**1,062**	**16,656**
Change in Other receivables		(51,282)	(10,651)
Change in Current liabilities		40,870	(13,404)
Change in Other working capital		**(10,412)**	**(24,055)**
Change in Provisions	27,28	3,228	(11,105)
Share-based compensation	10	6,187	8,568
Losses on divestments	8	2,418	30,894
Gains on derecognition of leases		(120)	(301)
Change in operational derivatives		(2)	531
Settlement of operational derivatives		796	(1,550)
Dividend received		4,326	10,531
Interest received		20,425	7,657
Interest paid		(45,946)	(22,005)
Corporate tax paid		(130,909)	(70,365)
Net cash (used in) / from operating activities		**308,722**	**284,024**

[1] Non-GAAP performance measure. Reference is made to the Glossary Financial & Non-Financial indicators on page 286 for the definition as used by Arcadis and to reconciliation tables on pages 277 to 280

	Note	2023	2022[2]
Cash flows from investing activities			
Investments in (in)tangible assets	14,15	(40,571)	(40,138)
Proceeds from sale of (in)tangible assets/ reversal of non-cash items		1,039	677
Investments in consolidated companies	6	(3,231)	(799,605)
Proceeds from sale of consolidated companies	6	7,219	784
Investments in/ loans to associates and joint ventures	17	(93)	(36)
Proceeds from (sale of) associates and joint ventures	17	-	-
Investments in other non-current assets and other investments	18,20	(5,282)	(4,561)
Proceeds from (sale of) other non-current assets and other investments	18,20	4,360	7,904
Net cash (used in) / from investing activities		**(36,559)**	**(834,975)**
Cash flows from financing activities			
Proceeds from exercise of options	10,25	528	1,251
Proceeds from issuance of shares	25	-	-
Settlement of financing derivatives	19	(12,413)	3,345
New long-term loans and borrowings	29	718,680	747,277
Repayment of long-term loans and borrowings	29	(805,925)	(19,256)
New short-term borrowings	29	-	195,545
Repayment of short-term borrowings	29	-	(284,907)
Payment of lease liabilities	16	(79,251)	(70,610)
Dividends paid		(66,244)	(116,270)
Net cash (used in) / from financing activities		**(244,625)**	**456,375**
Net change in Cash and cash equivalents less Bank overdrafts		**27,538**	**(94,576)**
Exchange rate differences		(5,617)	1,262
Cash and cash equivalents less Bank overdrafts at 1 January		257,598	350,912
Cash and cash equivalents less Bank overdrafts at 31 December		**279,519**	**257,598**

[2] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Notes to the Consolidated financial statements

1 General information

Arcadis NV is a public company organized under Dutch law. Its statutory seat is Amsterdam and its principal office is located at:

Gustav Mahlerplein 97
1082 MS Amsterdam
The Netherlands

Arcadis NV and its consolidated subsidiaries ('Arcadis', 'the Group' or 'the Company') is a leading global Design & Consultancy firm for natural and built assets. Applying deep market sector insights and collective design, consultancy, engineering, project and management services, the Group works in partnership with clients to deliver exceptional and sustainable outcomes throughout the lifecycle of their natural and built assets.

In accordance with Articles 2:379 and 414 of the Dutch Civil Code, the list of subsidiaries and investments accounted for using the equity method is filed with the Chamber of Commerce in Amsterdam, the Netherlands.

2 Basis of preparation

Statement of compliance

The Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and in conformity with Part 9 of Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the Company financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the Consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

The Consolidated financial statements were authorized for issue by the Executive Board and Supervisory Board on 5 March 2024. The Consolidated financial statements as presented in this Annual Integrated Report are subject to adoption by the General Meeting of Shareholders, to be held on 8 May 2024.

Basis of measurement

The Consolidated financial statements have been prepared on historical cost basis, except for the following items, which are measured at a different basis on each reporting date:

- derivative financial instruments and share-based compensation arrangements, which are measured at fair value;
- net defined benefit (asset)/liability, which is measured at the fair value of plan assets less the present value of the defined benefit obligation;
- contingent consideration assumed in a business combination, which is measured at fair value; and
- financial assets at fair value through profit or loss, which are measured at fair value.

For more detailed information on the measurement basis, reference is made to the significant accounting policies as included in the relevant notes to the Consolidated financial statements.

Basis of consolidation

The Consolidated financial statements include the accounts of Arcadis NV and its subsidiaries, and the Company's interests in jointly controlled entities and associates. Intra-group balances and transactions, any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated financial statements. Unrealized gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currencies

Functional and reporting currency

The Consolidated financial statements are presented in euros, which is the Company's functional and reporting currency. All amounts shown in the financial statements are in thousands of euros unless otherwise stated. Items included in the financial information of each of Arcadis' entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). If the functional currency of a (foreign) subsidiary, joint venture or associate is not the euro, foreign currency exchange differences arising from translation are recognized as translation differences in Other comprehensive income and presented in the Translation reserve in equity.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of entities using the foreign exchange rate at transaction date. The functional currency of the foreign entities is in general the local currency. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency of the entity using the exchange rates at the balance sheet date.

Exchange rate differences are included in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including Goodwill and fair value adjustments arising on acquisitions, are translated to euros at exchange rates at the reporting date. The income and expenses of foreign operations are translated into euros using average exchange rates, approximating the foreign exchange rates at transaction date.

Translation differences are recognized in Other comprehensive income and presented in the Translation reserve in Equity. For subsidiaries not wholly owned, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, in part or in full, the relevant amount in the Translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

Accounting estimates and management judgements

The preparation of the Consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses as well as the information disclosed. The most significant accounting estimates and management judgments are related to:

- Segment reporting – see note 5;
- Purchase price allocation – see note 6;
- Revenue recognition ('cost to complete') and estimate of the variable consideration – see note 7;
- Deferred tax recognition and uncertain tax treatments – see note 12;
- Goodwill impairment testing and assumptions underlying recoverable amount – see note 14;
- Leases- estimating the incremental borrowing rate – see note 16;
- Recoverability of trade receivables – see note 21;
- Contract assets (unbilled receivables), contract liabilities (billing in excess of revenue) and provisions for onerous contracts – see note 22;
- Provisions for defined benefit pension obligations – see note 27;
- Recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources – see note 28.

The accounting estimates and judgements in preparing the Consolidated financial statements are explained in the relevant notes to the Consolidated financial statements. In general, the judgements, estimates and assumptions are based on market information, knowledge, historical experience and other factors that management believes to be reasonable under the circumstances. Actual results may differ from these estimates.

Judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Going concern

Management has assessed the going concern assumption and exercised judgment in making reasonable estimates. Based on the latest available financial (cash flow) forecasts and sensitivity analysis performed, management concluded that there is no material uncertainty related to events and conditions that may cast significant doubt on the Group ability to continue as a going concern.

Impairment

The carrying amounts of the assets of Arcadis, other than Contract assets and liabilities, Deferred tax assets and Financial instruments, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the assets recoverable amount is estimated. Goodwill and other assets that have an indefinite useful life are tested annually for impairment, and when an impairment trigger is identified.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to Groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing the value in use, estimated future cash flows are discounted to present values using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

Impairment losses are recognized in the income statement. Impairment losses recognized regarding CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss of goodwill is not reversed. Regarding other assets, an impairment loss can be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial instruments

Non-derivative financial assets

Financial assets include trade receivables, other receivables and loans and borrowings. Loans, receivables, and deposits are recognized on the date they are originated. All other financial assets are recognized initially on trade date when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Group classifies its financial assets as those to be measured subsequently at fair value (either through Other comprehensive income or through profit or loss) or those to be measured at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition, based on the business model for managing the assets and the contractual terms of the cash flows, and assesses the designation at each reporting date.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported as a net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Cash flow statement

The Cash flow statement has been prepared using the indirect method. Cash flows in foreign currencies have been translated into euros using average exchange rates, approximating the foreign exchange rate at transaction date. Exchange rate differences on cash items are shown separately in the Cash flow statement. Receipts and payments with respect to income tax and interest are included in the Cash flows from operating activities. The cost of acquisition of subsidiaries, associates and joint ventures, and other investments, insofar as it was paid for in cash, is included in Cash flows from investing activities. Acquisitions or divestments of subsidiaries are presented net of cash balances acquired or disposed of, respectively. Cash flows from derivatives are recognized in the Cash flow statement in the same category as those of the hedged item.

New standards, interpretations and amendments adopted by the Group

There are no significant changes in accounting policies but several amendments to International Financial Reporting Standards and interpretations became effective for annual periods beginning on or after 1 January 2023. The new amendments do not have a material impact on the Group's financial performance and the financial position for the year ended 2023.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

We analysed the implication of the new standard to the Group and assessed that it had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 'Making Materiality Judgements' provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the measurement recognition and presentation of any item in the Group's consolidated financial statements.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

For further information, see note 12 on income taxes.

Revision of comparative information

The provisional amounts of IBI Group, DPS Group and Giftge Consult published as of 31 December 2022 has been revised due to the further fair value adjustments noted during the measurement period. IFRS 3.49 requires Arcadis to recognise adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, Arcadis has revised comparative information for prior period presented in financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

The tables below summarize the adjustments recognized for each individual account that impacted published balance sheet and income statement for the year ended 31 December 2022. Furthermore, the 'foreign exchange differences from foreign operations' in the consolidated statement of other comprehensive income was revised for €42 million. Accounts that were not affected by the revision have not been included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided. Refer to Note 6 for information on PPA adjustments.

Revised consolidated income statement for year ended 31 December 2022 (condensed)

	Published	Revisions	Revised
Depreciation and amortization	(105,769)	(179)	(105,948)
Amortization other intangible assets	(15,130)	(5,054)	(20,184)
Total Operational costs	**(2,801,008)**	**(5,233)**	**(2,806,241)**
Operating income	**217,669**	**(5,233)**	**212,436**
Finance expenses	(27,651)	(29)	(27,680)
Net finance expense	**(23,558)**	**(29)**	**(23,587)**
Profit before income tax	**195,699**	**(5,262)**	**190,437**
Income taxes	(60,702)	1,252	(59,450)
Result for the period	**134,997**	**(4,010)**	**130,987**

Revised consolidated balance sheet as at 31 December 2022 (condensed)

In € thousands	Published	Revisions	Revised
Intangible assets and goodwill[1]	1,553,873	27,060	1,580,933
Property, plant and equipment	109,490	(718)	108,772
Right-of-use assets	275,613	8,822	284,435
Deferred tax assets	71,910	11,541	83,451
Other non-current assets	20,889	(615)	20,274
Trade receivables	747,392	(17,778)	729,614
Contract assets (unbilled receivables)	644,859	(21,710)	623,149
Corporate tax receivables	17,840	5,870	23,710
Other current assets	73,956	(2,161)	71,795
Total assets	**3,830,443**	**10,311**	**3,840,754**
Shareholders' equity	1,039,348	(46,113)	993,235
Provisions for other liabilities and charges	36,794	4,068	40,862
Deferred tax liabilities	30,271	36,862	67,133
Lease liabilities	235,947	7,033	242,980
Corporate tax liabilities	63,478	9,871	73,349
Current portion of lease liabilities	71,816	321	72,137
Accounts payable, accrued expenses and other current liabilities	792,891	(1,731)	791,160
Total equity and liabilities	**3,830,443**	**10,311**	**3,840,754**

[1] Out of which currency translation adjustment revision of €(42.1) million

Revised consolidated cash flow statement for year ended 31 December 2022 (condensed)

In € thousands	Published	Revisions	Revised
Result for the period	**134,997**	**(4,010)**	**130,987**
Adjustments for:			
Depreciation and amortization	105,769	179	105,948
Amortization other identifiable intangible assets	15,130	5,054	20,184
Income taxes	60,702	(1,252)	59,450
Net finance expense	23,558	29	23,587
Net change in cash and cash equivalents less Bank overdrafts	**(94,576)**	**-**	**(94,576)**

3 Change in accounting policies

There are no significant changes in accounting policies adopted during the year ended 31 December 2023.

4 Significant events in the current reporting period

The financial position and performance of the Group has been affected by the following events and transactions during the reporting period:

IBI and DPS Purchase Price Allocation (PPA) accounting completion

The Group completed the PPA accounting for IBI Group and DPS Group during the year within the measurement period. The measurement period for IBI and DPS ended on 26 September 2023 and 30 November 2023, respectively. The main PPA adjustments related to identifiable intangibles and contract assets. The goodwill reported for IBI is €450 million and for DPS is €83 million. See note 6 on business combination.

Issuance of financing bond and long term loan

In February 2023, a €500 million bond has been issued by the Group against a fixed rate of 4.875% with a 5-year maturity. The proceeds of this issuance have been used to repay portion of €750 million bridge facility with the remaining balance of €250 million loan outstanding.

In July 2023, €225 million Schuldschein loan with €185 million at floating interest rate and €40 million at fixed interest rate were issued with a 3-year maturity. The remaining bridge facility outstanding balance of €250 million was repaid utilizing the proceeds from issuance of €225 million Schuldschein loan and cash at bank. See note 29 on loans and borrowings.

5 Segment reporting

An operating segment is a component of the Company that engages in business activities that can result in revenue and expenses, including revenues and expenses related to transactions with other components of the same Company.

The operating segment reporting follows the internal reporting used by the Executive Board of the Company, to manage the business, assess the performance based on the available financial information and to allocate the resources.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Reportable segments

The operating segment reporting follows the internal reporting used by the "Chief Operating Decision Maker" ("CODM", being the Executive Leadership Team of the Group), to manage the business, assess the performance based on the available financial information and to allocate resources. The most important performance measures are EBITA (earnings before interest, tax, amortization of identifiable intangible assets, and impairment charges) and operating EBITA, as management believes this is key in evaluating the results of the segments relative to other companies that operate within the same industry. However, the "CODM" also receives information about the segments' net revenue.

Finance expenses, finance income, and fair value change of derivatives are not allocated to individual segments as the underlying instruments are managed on a group basis. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

The amount of segment assets and liabilities is not disclosed. Segment assets and liabilities are not included in the measures used for allocating resources and assessing segment performance. The Group discloses the goodwill by segment (see note 14) which corresponds to the Groups of CGUs for impairment testing purpose. Hereafter, the Groups of CGU's for the purpose of testing for impairment of goodwill, defined at the level of the operating segments are referred to as the CGU or the CGU's (in case of multiple groups of CGU's).

Therefore, the information used by the 'CODM' to monitor progress, and for decision-making about operational matters is based on the four GBAs.

In accordance with IFRS 8, the Company has the following reportable segments as at 31 December 2023:

Operating segment	Reportable segment
Places	Places
Mobility	Mobility
Resilience	Resilience
Intelligence	Intelligence

Geographical information

	Net revenues by origin		Non-current operating assets	
In € millions	2023	2022	2023	2022[1]
Americas	1,743	1,273	233	283
Europe & Middle East	1,673	1,350	257	309
Asia Pacific	343	396	48	52
Total	**3,759**	**3,019**	**538**	**644**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Non-current operating assets consist of property, plant and equipment, right-of-use assets, and intangible assets (excluding Goodwill).

Gross revenues generated in the Netherlands amounted to €363 million in 2023 (2022: €342 million), Net revenues to €291 million (2022: €266 million). Total assets in the Netherlands, including intercompany assets of Arcadis NV and its Dutch holdings companies, amounted to €2,808 million (2022: €2,770 million).

Major customers

The Company has no customers that account for more than 10% of total annual revenues.

In € millions	Resilience	Places	Mobility	Intelligence	Total segments	Corporate and unallocated amounts	Total consolidated
2023							
Gross revenue[4]	**1,957.7**	**1,944.2**	**978.8**	**122.5**	**5,003.3**	**-**	**5,003.3**
Materials, services of third parties and subcontractors	(615.19)	(435.4)	(164.9)	(28.6)	(1,244.1)	-	(1,244.1)
Net revenues[1]	**1,342.6**	**1,508.9**	**813.9**	**93.9**	**3,759.2**	**-**	**3,759.2**
Operating costs	(1,155.5)	(1,361.8)	(706.7)	(78.0)	(3,302.0)	(5.6)	(3,307.6)
Other income	0.7	3.5	0.8	1.0	6.0	-	6.0
Depreciation and amortization	(39.9)	(44.3)	(23.0)	(7.2)	(114.4)	-	(114.4)
EBITA[1]	**147.9**	**106.3**	**84.9**	**9.7**	**348.8**	**(5.6)**	**343.2**
Amortization of other intangible assets	(5.2)	(44.4)	(3.7)	(6.0)	(59.3)		(59.3)
Goodwill impairment charges	-	-	-	-	-	-	-
Operating income	**142.7**	**61.9**	**81.2**	**3.7**	**289.5**	**(5.6)**	**283.9**
Operating EBITA[1]	**158.8**	**136.6**	**90.5**	**10.9**	**396.8**	**(5.6)**	**391.2**
Total capital expenditure[2]	**14.1**	**15.9**	**8.6**	**1.0**	**39.5**	**-**	**39.5**

In € millions	Resilience	Places	Mobility	Intelligence	Total segments	Corporate and unallocated amounts	Total consolidated
2022[3]							
Gross revenue[4]	**1,793.1**	**1,315.1**	**894.5**	**26.2**	**4,028.9**	**-**	**4,028.9**
Materials, services of third parties and subcontractors	(554.6)	(298.3)	(151.9)	(5.5)	(1,010.3)	-	(1,010.3)
Net revenues[1]	**1,238.5**	**1,016.8**	**742.6**	**20.7**	**3,018.6**	**-**	**3,018.6**
Operating costs	(1,074.4)	(909.5)	(666.2)	(17.5)	(2,667.6)	(23.7)	(2,691.3)
Other income	1.9	7.2	0.6	0.2	9.9	1.4	11.3
Depreciation and amortization	(42.5)	(34.3)	(25.0)	(1.7)	(103.5)	(2.5)	(106.0)
EBITA[1]	**123.5**	**80.2**	**52.0**	**1.7**	**257.4**	**(24.8)**	**232.6**
Amortization of other intangible assets	(4.0)	(11.8)	(2.6)	(1.8)	(20.2)	-	(20.2)
Goodwill impairment charges	-	-	-	-	-	-	-
Operating income	**119.5**	**68.4**	**49.4**	**(0.1)**	**237.2**	**(24.8)**	**212.4**
Operating EBITA[1]	**133.8**	**92.9**	**72.3**	**1.9**	**300.8**	**(6.3)**	**294.5**
Total capital expenditure[2]	**16.0**	**13.2**	**9.6**	**0.3**	**39.1**	**1.0**	**40.1**

1 Non-GAAP performance measure. Reference is made to the Glossary Financial & Non-Financial indicators on page 286 for the definition as used by Arcadis
2 Amount of investments in (in)tangible assets.
3 Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2
4 Intercompany revenue (2023: €87.2m) is not material and therefore only external revenue is disclosed in the table above

6 Consolidated interests and business combinations

Subsidiaries
Subsidiaries are all companies over which the Company has control. Control over an entity exists when the Company is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

Loss of control
Upon the loss of control, the assets and liabilities, non-controlling interests and other components of equity related to the subsidiary are derecognized. Any profit or loss arising on the loss of control is recognized in profit or loss. If a non-controlling interest in the subsidiary is retained, such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset, depending on the level of influence retained.

Business combinations
The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

IFRS 3 establishes the following principles in relation to the recognition and measurement of items arising in a business combination:
- Recognition principle: Identifiable assets acquired, liabilities assumed, and non-controlling interests in the acquiree are recognized separately from goodwill. Acquired intangible assets must be recognized and measured at fair value in accordance with the principles if it is separable or arises from other contractual rights, irrespective of whether the acquiree had recognized the asset prior to the business combination occurring. The Group does not recognize contingent assets acquired in a business combination.
- Measurement principle: All assets acquired and liabilities assumed in a business combination are measured at acquisition-date fair value.

Goodwill at acquisition date is measured as the fair value of the consideration transferred plus the recognized amount of any non-controlling interest in the acquiree less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed.

Lease liabilities of acquired leases are measured at the present value of the remaining lease payments as if the acquired lease were a new lease at the acquisition date. Right-of-use asset is measured at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms. Right-of-use assets and lease liabilities for leases for which the lease term ends within 12 months of the acquisition date and the underlying asset is of low value are not recognized.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities incurred in connection with the business combination, are expensed.

Contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

If the Company obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

Arcadis NV indirectly holds 100% of the ordinary shares of all these subsidiaries, and does not hold direct interests in most of them itself as a result of the intermediate holding structure within the Group. All subsidiaries are included in the financial consolidation. The proportion of the voting rights held directly by the parent company does not substantially differ from the proportion of ordinary shares held.

At 31 December 2023, the total non-controlling interest amounted to €2.3 million negative (2022: €2.0 million negative) and is as such not material for the Group.

The main consolidated companies as at 31 December 2023 are listed below:

Name of subsidiary	Country of incorporation
Americas	
Arcadis US, Inc.	United States of America
DPS Group Inc.	United States of America
Arcadis Professional Services (Canada) Inc. *(formerly : IBI Group Professional Services (Canada) Inc.)*	Canada
Arcadis Architects (Canada) Inc. *(formerly: IBI Group Architects (Canada) Inc.)*	Canada
Arcadis Logos S.A.	Brazil
CallisonRTKL, Inc.	United States of America
Europe & Middle East	
Arcadis Consulting Middle East Ltd.	United Kingdom
Arcadis LLP	United Kingdom
Arcadis Consulting (UK) Limited	United Kingdom
Arcadis Nederland BV	The Netherlands
Arcadis Germany GmbH	Germany
Arcadis France S.A.S.	France
Arcadis Belgium NV	Belgium
White Rock Insurance (Netherlands) Pcc Limited	Malta
DPS Engineering & Construction Limited	Ireland
Asia Pacific	
Arcadis Hong Kong Ltd.	Hong Kong
Arcadis Shanghai Ltd.	China
Arcadis Australia Pacific Holdings Pty Ltd.	Australia

Changes in consolidated interests

Business divestments 2023

In € thousands	2023
Consideration received, satisfied in cash	7,326
Cash and cash equivalents disposed of	(107)
Net cash inflows	**7,219**

During the year ended 31 December 2023, the Company has realized:

- net gain of €1.8 million from the divestment of two subsidiaries in US and Canada; and
- net loss of €4.2 million from liquidation of an entity in Hong Kong.
- net loss of €1.4 million from divestments and derecognition of tangible assets and Right-of-use.

In addition, the Company incurred M&A costs for a total of €6 million.

Business combinations 2022

Acquisition of IBI Group

On 27 September 2022, the Group acquired 100% of the voting shares of IBI Group Inc., a listed company based in Canada. IBI Group is a technology-driven design firm with global architecture, engineering, planning and technology expertise. This acquisition aims to create a global leader for planning, designing and building the resilient cities of tomorrow.

As at 31 December 2022, the Group had not yet completed its fair value assessment of all assets acquired and liabilities assumed in connection with the IBI Group Acquisition. The Group completed its fair value assessment of all assets acquired and liabilities assumed during the measurement period which ended on 26 September 2023.

The table below presents management's preliminary assessment of the fair values of the assets acquired and the liabilities assumed and published in the annual financial statements for the year ended 31 December 2022, adjustments recognized during the subsequent measurement periods and the final determinations of the fair values for the year ended 31 December 2023. The final determination of the fair values required some adjustments to the preliminary assessments as shown on the next page.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of IBI Group Inc. as at the date of acquisition were:

In € thousands	Note	Preliminary	Adjustments	Final
Assets				
Intangible assets	14	55,452	73,519	128,971
Property, plant & equipment	15	16,427	-	16,427
Right-of-use assets	16	45,197	-	45,197
Other investments	18	1,603	-	1,603
Other non-current assets	20	4,127	(615)	3,512
Trade receivables	21	116,894	(17,505)	99,389
Contract assets (unbilled receivables)	22	54,814	(16,759)	38,055
Corporate tax receivables	12	4,880	(380)	4,500
Other current assets	23	19,699	-	19,699
Cash and cash equivalents	24	26,826	-	26,826
		345,919	**38,260**	**384,179**
Liabilities				
Deferred tax liabilities	12	(10,070)	(12,864)	(22,934)
Loans and borrowings	29	(51,770)	-	(51,770)
Lease liabilities	16	(46,693)	-	(46,693)
Contract liabilities (billing in excess of revenue)	22	(56,007)	-	(56,007)
Corporate tax liabilities	12	(1,683)	388	(1,295)
Provisions	28	-	(4,068)	(4,068)
Accounts payable, accrued expenses and other current liabilities	30	(73,964)	1,055	(72,909)
Bank overdrafts	24	(5,607)	-	(5,607)
		(245,794)	**(15,489)**	**(261,283)**
Total identifiable net assets at fair value		**100,125**	**22,771**	**122,896**
Goodwill arising on acquisition	14	472,760	(22,771)	449,989
Cash settlement of unreplaced awards		(15,770)	-	(15,770)
Cash consideration transferred		**(557,115)**	**-**	**(557,115)**

The goodwill is attributable to the workforce and the synergies with the acquired business. It has been allocated to the CGUs that the group uses for impairment testing of goodwill: Places, Mobility, Resilience, and Intelligence. It will not be deductible for tax purposes.

Fair values measurement and purchase price allocation accounting

The Group sought an independent valuation for IBI Group's other identifiable intangible assets. Intangible assets identified during the subsequent measurement period relate primarily to customer relationships and amounted to €77 million. Management applied the Multiperiod Excess Earnings Method (MEEM) using discounted cash flow models to value customer relationships acquired. Management's significant estimates and assumptions in applying this methodology included forecast revenues and margins attributable to the customer relationships (in excess of backlog), rates of attrition and discount rates.

The fair value of the trade receivables amounts to €99.4 million. The gross amount of trade receivables is €116.9 million, of which €17.5 million was estimated to be uncollectable at the date of acquisition.

The fair value of contract assets amounts to €38.0 million. The gross amount of contract asset is €54.8 million, an adjustment of €16.8 million was done due to provision on unbilled receivables and correction of percentage of completion of few projects.

The deferred tax liability is mainly related to identifiable intangible assets identified during the year. The Group conducted an assessment of the potential contingent liabilities which resulted in the recognition of a provision of €4.1 million.

The subsequent measurement period adjustments have resulted in revision of comparative income statement, statement of financial position, statement of changes in equity and statement of cash flows as at 31 December 2022.

Acquisition of DPS Group

On 1 December 2022, the Group acquired 100% of the voting shares of DPS Engineering Holdings Limited, a non-listed company based in Ireland. DPS Group is a provider of project services to global leading clients in pharmaceutical, biotechnology, novel therapy, medical technologies and semiconductor manufacturing. This acquisition aims to achieve a global position in pharmaceutical and semiconductor manufacturing markets and create a further enhanced and integrated full-service offering.

As at 31 December 2022, the Group had not yet completed its fair value assessment of all assets acquired and liabilities assumed in connection with the DPS Group Acquisition. The Group completed its fair value assessment of all assets acquired and liabilities assumed during the measurement period which ended on 30 November 2023.

The table below presents management's preliminary assessment of the fair values of the assets acquired and the liabilities assumed and published in the annual financial statements for the year ended 31 December 2022, adjustments recognized during the subsequent measurement periods and the final determinations of the fair values for the year ended 31 December 2023. The final determination of the fair values required some adjustments to the preliminary assessments as shown below.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of DPS Group as at the date of acquisition were:

In € thousands	Note	Preliminary	Adjustments	Final
Assets				
Intangible assets	14	-	111,000	111,000
Property, plant & equipment	15	11,022	(699)	10,323
Right-of-use assets	16	23,804	8,982	32,786
Deferred tax assets	12	8,694	11,527	20,221
Inventories		10	-	10
Trade receivables	21	137,252	(274)	136,978
Contract assets (unbilled receivables)	22	59,531	(4,950)	54,581
Corporate tax receivables	12	344	6,250	6,594
Other current assets	23	6,503	(338)	6,165
Assets classified as held for sale		1,825	(1,825)	-
Cash and cash equivalents	24	27,007	-	27,007
		275,992	**129,673**	**405,665**
Liabilities				
Deferred tax liabilities	12	(5,561)	(25,021)	(30,582)
Loans and borrowings	29	(9,045)	-	(9,045)
Lease liabilities	16	(25,461)	(7,325)	(32,786)
Contract liabilities (billing in excess of revenue)	22	(235)	-	(235)
Corporate tax liabilities	12	(1,878)	(10,259)	(12,137)
Accounts payable, accrued expenses and other current liabilities	30	(144,395)	630	(143,765)
Bank overdrafts	24	(31,193)	-	(31,193)
		(217,768)	**(41,975)**	**(259,743)**
Total identifiable net assets at fair value		**58,224**	**87,698**	**145,922**
Goodwill arising on acquisition	14	170,963	(87,698)	83,265
Cash consideration transferred		**(229,187)**	**-**	**(229,187)**

The goodwill is attributable to the workforce and the synergies with the acquired business. It has been allocated entirely to the CGU Places. It will not be deductible for tax purposes.

Fair values measurement and purchase price allocation accounting
The Group sought an independent valuation for DPS Group's other identifiable intangible assets. Intangible assets identified during the subsequent measurement period relate primarily to customer relationships and order backlog which amounted to €89 million and €18 million respectively. Management applied the Multiperiod Excess Earnings Method (MEEM) using discounted cash flow models to value customer relationships acquired. Management's significant estimates and assumptions in applying this methodology included forecast revenues and margins attributable to the customer relationships (in excess of backlog), rates of attrition and discount rates.

The deferred tax and corporate tax adjustments relate to purchase price allocation adjustments and establishment of tax positions for entities that did not account for the deferred tax positions before acquisition.

The Group had to align the accounting principles of DPS Group with IFRS (mainly leases and property, plant and equipment) as DPS Group followed The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) for local GAAP purposes. The Group assessed the leases held by DPS Group with extension options that are probable to be exercised and adjusted right of use assets by €8.9 million and lease liabilities by €7.3 million.

The subsequent measurement period adjustments has resulted in revision of comparative income statement, statement of financial position, statement of changes in equity and statement of cash flows as at 31 December 2022.

Acquisition of Giftge Consult
In September 2022, Arcadis acquired 100% of the voting shares in Giftge Consult GmbH, a non-listed company based in Germany. Giftge consult is a leading consulting and engineering company for energy transition solutions in Germany. Arcadis will strengthen its position in the attractive and high growth energy transition sector, complementing services within its global Resilience business area.

The consideration for Giftge Consult business combination amounted to €9.0 million, including a deferred consideration of €0.6 million. An identifiable intangible of €0.7 million and deferred tax liability of €0.2m was recognized during the subsequent measurement period. The net identifiable assets acquired amounted to €4.0 million and the goodwill amounted to €5.0 million.

The goodwill is allocated entirely to the CGU Resilience. The acquisition accounting has been completed during the measurement period which ended in September 2023.

Due to the relatively limited size of Giftge consult, no further disclosures are provided.

Acquisition of Water Platform Company (formerly HydroLogic Research B.V.)
In February 2022, Arcadis acquired 70% of the voting shares in Water Platform Company B.V., a non-listed Dutch based software company that owns HydroNET. HydroNET is a platform developed by HydroLogic aimed at supporting customers with intelligent water services and digital capabilities. Arcadis will use its worldwide network to develop and accelerate the international roll-out of the HydroNET platform.

The consideration for Water Platform Company business combination amounted to €3.5 million which includes a contingent consideration of €0.8 million. The net identifiable assets acquired amounted to €0.1 million and the goodwill amounted to €3.4 million. The goodwill is allocated entirely to the CGU Intelligence. The acquisition accounting was completed in 2022.

Due to the relatively limited size of Water Platform Company, no further disclosures are provided.

Business divestments 2022
During the year ended 31 December 2022, the Company has completed the following divestments:
- A subsidiary in Czech Republic and its branch in Slovakia;
- A subsidiary in Thailand;
- A subsidiary in Switzerland;
- A subsidiary in Singapore including its subsidiaries in Vietnam and Singapore and its Taiwan branch;
- A subsidiary in Hong Kong including its subsidiary in Vietnam and its branch in Singapore;
- Subsidiaries in Malaysia;
- A part of business activities in resilience in France.

In € thousands	2022
Consideration received, satisfied in cash	13,771
Cash and cash equivalents disposed of	(12,987)
Net cash inflows	**784**

The total net asset values of the investments disposed are €44.6 million (mainly composed of contract assets of €31.5 million, trade receivables of €17.4 million and contract liabilities of € (14.5) million). The net proceeds from sale of investments are €13.8 million and a loss on disposal of subsidiaries amounted to €30.9 million (non-operating).

Deferred consideration and earn-outs

The contractual deferred consideration and earn-outs for acquisitions are disclosed below.

In € thousands	Initial recognition	Discount effect/interest	2023 Total	2022 Total
Balance at 1 January	**7,121**	-	**7,121**	**479**
Acquisitions	-	-	-	7,799
Interest accrual	-	-	-	-
Releases	(1,856)	-	(1,856)	-
Payments and redemptions	(2,808)	-	(2,808)	(734)
Exchange rate differences	(57)	-	(57)	(423)
Balance at 31 December	**2,400**	**-**	**2,400**	**7,121**

There is no deferred consideration (2022: €3.1 million) reported as other long-term debt under 'Loans and borrowings' (see note 29). An amount of €2.4 million (2022: €4.0 million) is due within one year and reported as 'Other current liabilities' (see note 30).

This relates to after payments associated with:

- Contingent consideration liabilities assumed from acquiring IBI Group: Hotspot, RLC, Teranis, Telenium, Peter's Energy.
- Water Platform Company for €0.2 million.

The payments made in 2023 relate to RLC Architects (2022) for €1.3 million, Giftge Consult (2022) for €0.6 million, Hotspot (2022) for €0.3 million, Teranis (2021) for €0.3 million, Water Platform Company (2022) for €0.2 million and Telenium (2021) for 0.1 million.

7 Revenue

Revenue is recognized by the Group following the five-step model in IFRS 15, consisting of:
1. identification of the contract;
2. identification of the performance obligations in the contract;
3. determination of the transaction price;
4. allocation of the transaction price to performance obligations in the contract, and
5. recognition of revenue.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties (e.g. VAT). It includes initial amounts agreed in the contract plus any variations in contract work and variable consideration, to the extent that it is highly probably that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved.

The Group recognizes revenue when it transfers control over a product or service to a customer. For performance obligations that are transferred over time, revenue is recognized in profit or loss in proportion to the percentage of completion of the transaction at reporting date. The percentage of completion is measured by actual (labor) costs incurred in relation to total estimated (labor) costs (input method). In the Group's view this best reflects the value delivered to the customer in a business that mainly uses human and intellectual capital (of its employees) for completion of the performance obligations towards the customer.

Additional costs because of COVID-19 (e.g. additional labor cost, cost incurred to comply with ongoing health & safety requirements) are included in the percentage of completion only if they are needed to contribute to the measure of progress of a performance obligation.

For performance obligations that are transferred at a point in time, revenues and costs are recognized in profit or loss when the customer receives the ability to direct the use of the asset and substantially obtains all the benefits of it.

Licenses and Software as a Service
Revenue from (software) licenses is recognized over time, based on time elapsed, in case of a 'right to access'. It is recognized at a point in time in case of a 'right to use', but not before the beginning of the license period. Revenue from Software as a Service (SaaS) is treated as a right to access and is recognized over time, based on time elapsed.

Contract costs and contract cost assets
Contract costs include the costs to fulfil a contract, such as direct labor, costs of materials, services of third parties and subcontractors, and costs that are explicitly chargeable to the customer under the contract. They are recognized as an asset in Contract assets and liabilities, if they are expected to be recovered.

Costs to obtain a contract are only recognized as a contract cost asset in Contract assets and liabilities if they are incremental and expected to be recovered. They are recognized on a systemic basis consistent with the recognition of costs to fulfill a contract.

Provisions for onerous contracts
Estimates of project management are used to assess the progress and estimated outcome of a performance obligation. When it becomes probable that the total expected costs to complete all performance obligations in a contract exceed the total transaction price (consideration) of these performance obligations, a provision for onerous contracts is recognized for the lower of the unavoidable costs and the costs of termination.

Financing component
Arcadis generally does not have any significant contracts where the period between the transfer of the promised goods or services to customer and the payment by the customer, as contractually agreed, exceeds one year. If applicable, the transaction price is adjusted for the time value of money. Payments of customers after the agreed payment term are covered by the accounting policy on Trade receivables, see note 21.

Agent versus principal
For each performance obligation the Group assesses whether the nature of Arcadis' commitment is to provide the goods and/or services itself, or to arrange for those good(s) and/or service(s) to be provided by another party. Arcadis assesses whether it controls the specified good(s) and/or service(s) before it is transferred to the customer.

Arcadis is typically a principal in case of subcontracted work, as Arcadis is primarily responsible for fulfilling the promise to provide the specified good(s) and/or service(s) and bears primary responsibility for it meeting customer specifications and has discretion in establishing the price towards the customer. When Arcadis acts as an agent, only the fee/commission is recognized on a net basis in Gross revenues.

Gross versus net revenues
Gross revenues consist of external revenues net of value-added tax, rebates and discounts and after eliminating sales within the Group. Net revenue is a non-GAAP performance measure, which represents revenue generated by own staff. It is a sub-total calculated as Gross revenue minus Materials, services of third parties and subcontractors, which are project-related costs of materials and services charged by third parties, including cost of subcontractors.

Disaggregation of revenues

Gross revenues arise from the following major categories:

In € thousands	2023	2022
Revenue from services	4,402,752	3,509,389
Construction contract revenue	577,956	513,580
Revenue from licenses	22,614	5,966
Total Gross Revenue	**5,003,322**	**4,028,935**

Revenues from services rendered represent fee income receivable in respect of services provided during the period. Construction contracts include the rendering of services, which are directly related to the construction of assets, contracts for the destruction or restoration of assets, and the restoration of the environment following the demolition of assets. Revenues from licenses represent fee income receivable in respect of allowing customers using Arcadis developed software, and mainly relate to the operating segment Intelligence.

Timing of revenue recognition

The timing of revenue recognition in 2023 was as follows:

In € thousands	2023	2022
At a point in time	225,579	120,998
Over time	4,777,743	3,907,937
Total Gross Revenue	**5,003,322**	**4,028,935**

Contract balances

The Group has recognized the following assets and liabilities related to contracts with customers:

In € thousands	2023	2022[1]
Other non-current assets	1,327	1,633
Trade receivables	731,035	729,614
Contract assets (Unbilled receivables)	579,728	623,149
Contract liabilities (Billing in excess of costs)	(503,271)	(481,872)
Provision for onerous contracts (loss provisions)	(12,732)	(24,228)
Total	**796,087**	**848,296**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

The Other non-current assets relate to long-term retentions. The Expected Credit Loss allowance is included in the Contract assets (unbilled receivables) balance, see note 22.

Contract costs

The incremental costs to obtain a contract amounted to nil in 2023 and 2022. The practical expedient of paragraph 94 of IFRS 15, stating that those costs can be expensed when incurred if the amortization period is one year or less, is not applied.

Transaction price remaining performance obligations

The table below includes revenue expected to be recognized in the future related to performance obligations that are (partially) unsatisfied at the reporting date. The practical expedient of paragraph 121 of IFRS 15 is applied, and the table therefore does not disclose information about remaining performance obligations that have original expected duration of one year or less. The amounts therefore differ from the contracted backlog.

In € thousands	2024	2025	2026	After 2026	Total
Expected Gross revenue from (partially) unsatisfied performance obligations	1,702,174	546,323	238,992	210,262	2,697,751

8 Other income (expense)

Other income (expense) includes results that arise from events or transactions that are clearly distinct from the ordinary activities of the Company. Gains on the sale of assets are recognized as part of Other income (expense).

In € thousands	2023	2022
Gain / (loss) on divestments	(2,418)	(30,894)
Gain on derecognition of leases	120	301
Gain on sale of assets	182	268
Results from investments	696	(180)
Sub-leasing income	256	139
Other	7,209	11,063
Total Other income/ (expense)	**6,045**	**(19,303)**

The net loss on divestments of €2.4 million and €30.9 million is related to the gains and losses recognized on the disposal of consolidated entities in 2023 and 2022, respectively (see note 6).

The category 'Other' in 2023 included amongst others government grants mainly in China of €2.4 million (2022: €2.7 million) and several other individually non-significant items. The 2022 result was impacted by amongst others settlement agreements relating to transfer of staff to a competitor of €3.6 million and several other individually non-significant items.

9 Personnel and other operational costs

All employee-related costs as well as non-project-related out-of-pocket expenses and related restructuring costs, are recognized as operational cost as incurred.

Operational costs include, amongst others, the costs of licenses, testing, data conversation and training costs relating to Cloud computing arrangements that do not provide control over an intangible asset. Part of these costs could be personnel costs if the activities are performed by Arcadis' personnel.

In € thousands	2023	2022
Salaries and wages	2,196,893	1,854,014
Social charges	243,120	203,478
Pension and early retirement charges	95,659	86,857
Other personnel costs (including temporary labor)	408,126	218,780
Total Personnel costs	**2,943,798**	**2,363,129**

In € thousands	2023	2022
Computer related	121,702	97,114
Audit and consultancy services	44,995	61,033
Occupancy	40,001	30,317
Travel	35,251	23,478
Insurances	20,667	17,327
Office related	18,175	14,195
Marketing and advertising	14,752	9,477
Other	68,283	44,736
Total Other operational costs	**363,826**	**297,677**

The increase of "computer related", "occupancy", "travel" and "other" is mainly attributable to acquisitions of IBI and DPS.

The category "Audit and consultancy services" amounts to €45.0 million, expense (2022: €61.0 million, expense). The lower cost in current year was due to less M&A related incurred costs.

The category "Other" included in 2023, amongst others:
- the impact of changes in provisions for trade receivables (expected credit loss) of €11.9 million, expense (2022: €0.4 million, expense) (see note 21);
- restructuring provision of €6.3 million, expense (2022: €3.0 million, expense);
- Net litigation expense of €11.4 million (2022: €5.8 million, expense) (see note 28);
- membership and licenses renewals of €9.1 million, expense (2022: €6.7 million, expense);
- cost of equipment of €5.0 million, expense (2022: €5.3 million, expense).

10 Share-based compensation

The Company operates share-based incentive plans. The fair value of equity-settled compensations at grant date under the Arcadis long-term incentive plan is recognized as an employee expense (in Salaries and wages), with a corresponding increase in equity, over the vesting period. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the actual number of awards meeting these vesting conditions.

The fair value of granted shares subject to a market condition is measured using a Monte Carlo simulation model. Measurement inputs include the share price on measurement date, the expected volatility, weighted average expected life of the instrument and the risk-free interest rate.

As the fair value is amortized over the vesting period, the costs are recognized in the Income Statement. The amortization costs are adjusted for effects of cancelled and forfeited grants. The vesting and exercise of rights to acquire shares may be conditional to performance conditions and other conditions, as set by the Supervisory Board.

Long-Term Incentive Plans

To stimulate the realization of long-term Company goals and objectives, Arcadis NV uses Long-Term Incentive Plans (LTIPs). Since 2014, securities under LTIPs are solely granted in the form of Restricted Share Units (RSUs) and represent an equal number of ordinary shares, subject to meeting the applicable vesting conditions. The RSUs will be converted into ordinary shares on the vesting date and are delivered as soon as practical thereafter.

RSUs are granted conditionally and depend on achieving/meeting certain conditions during the vesting period.

To prevent dilution, (a portion of) the shares required to meet the obligations from exercising LTIPs can be purchased by the Company (instead of issuing new shares), with due consideration to the Company's balance sheet, in particular available freely distributable reserves and available cash. Alternatively, shares may be issued, whereby it is intended to limit this to 1% of the number of issued shares.

Arcadis NV 2010 Long-Term Incentive Plans

Options and RSUs annually granted to members of the Executive Board and selected senior executives were conditional and had a vesting period of three years. Vesting was dependent on performance criteria set forth in advance. The granting of such options and RSUs took place each year on or about the second day after the Annual General Meeting of Shareholders, whereby the exercise price for the options matched the closing price of Arcadis NV shares on the day of the grant.

As of 31 December 2023, the share option program has expired and there are no more share options outstanding.

Arcadis NV 2019 Long-Term Incentive Plan

In April 2019, the Arcadis NV 2019 Long-Term Incentive Plan (2019 LTIP) was approved by the Annual General Meeting. Based on this plan the Company can grant equity-settled and cash-settled awards to eligible employees. Conditional performance shares granted to Executive Board members must be held for two more years after vesting.

In summary the following applies to these grants:

- Annual grant to Executive Board (EB) and Executive Leadership Team (ELT) members: subject to continued employment during the vesting period of three years, and achieving performance conditions (1/3 Total Shareholder Return, 1/3 Earnings per share and 1/3 sustainability);
- Annual grant to other employees: subject to continued employment during the vesting period of three years; no performance conditions.

For EB and ELT members, the position of Arcadis within the peer group, after three years, determines the final number of shares subject to meeting a Total Shareholder Return condition (1/3) that vest and become unconditional, in accordance with the following performance incentive zones:

RSUs that vest for EB/ELT

Ranking	14-8	7	6	5	4	3	2	1
Vesting	0%	50%	75%	100%	125%	150%	175%	200%

Arcadis NV 2023 Long-Term Incentive Plan

In 2023, the Supervisory Board approved the continuation of the Arcadis NV 2019 Long-Term Incentive Plan in the form of the Arcadis NV 2023 Long-Term Incentive Plan (2023 LTIP). The Plan was approved by the General Meeting of Shareholders in May 2023.

Similar to 2019 LTIP terms, the Company can grant equity-settled and cash-settled awards to eligible employees. Conditional shares based on continued employment and achievement of performance conditions are granted to EB and ELT members. Grants to other employees are only subject to continued employment during the vesting period.

The performance incentive zones for meeting the Total Shareholder Return condition presented in the 2019 LTIP applies to 2023 LTIP.

Outstanding options

The number and weighted average exercise price of the share options under the 2010 Arcadis LTIPs are as follows:

	Number of options	Weighted average exercise price (in €)
Balance at 1 January 2022	**104,046**	**18.50**
Exercised	(49,385)	17.41
Expired	(13,959)	15.18
Balance at 31 December 2022	**40,702**	**20.96**
Exercised	(25,200)	20.96
Expired	(15,502)	20.96
Balance at 31 December 2023	**-**	**-**

The weighted average share price at exercise date was €38.03 (2022: €38.74). Part of the exercised options have been settled in cash instead of shares and resulted in a cash inflow of €0.5 million.

The number of outstanding options at 31 December 2023 is as follows:

Year of issue	Share price at grant date	Outstanding 1 January 2023	Exercised in 2023	Expired in 2023	Outstanding 31 December 2023
2013	€20.96	40,702	(25,200)	(15,502)	-
Balance at 31 December 2023		**40,702**	**(25,200)**	**(15,502)**	**-**

Outstanding Restricted Share Unit (RSUs)

In 2023, the following number of RSUs have been granted under the 2023 LTIP:

	Number of RSUs	Grant date	Vesting date[1]	Share price at grant date	Fair value at grant date
Annual grant EB/ELT	65,395	16 May 2023	2026	€39.52	€30.51/ € 37.18
Annual grant other employees	176,596	16 May 2023	2026	€39.52	€37.18

[1] Vesting is on the 5th business day after ex-dividend date in the third year after the grant.

The fair value (€37.18) of the RSUs granted to other employees as part of the annual grant and the RSUs granted to the EB and ELT members subject to meeting Earnings per share (1/3) and sustainability (1/3) conditions were determined by adjusting the share price at the grant date with the present value of dividends expected to be paid during the vesting period. The fair value (€30.51) of RSUs granted to EB and ELT members subject to meeting a Total Shareholder Return condition (1/3) was determined using a Monte Carlo simulation model, which considers the market conditions expected to impact Arcadis' TSR performance in relation to the peer group, and the following assumptions:

	2023	2022
Expected dividend yield (in %)	2.3	1.7
Risk-free interest rate (in %)	3.22	1.22
Expected volatility (in %)	30.07	36.24

The expected volatility is calculated based on the share price movements of the 36 months prior to grant date.

The total outstanding RSUs at 31 December 2023 is as follows:

Year of issue	Granted	Unconditional in	Total amount to be expensed over the vesting period (in €)	Fair value at grant date	Outstanding 1 January 2023	Granted in 2023	De/(In)crease by performance measure 2023	Vested in 2023	Cancelled/ forfeited in 2023	Outstanding 31 December 2023
2020 (8 May)	114,210	2023	1,732,565	€12.12/ €9.15	171,315	-	-	(163,924)	(7,391)	-
2020 (8 May)	244,710	2023	2,965,885	€12.12	173,056	-	-	(173,056)	-	-
2020 (14 September)	5,859	2023	139,991	€18.22/ €17.82	8,789	-	-	(8,789)	-	-
2021 (3 May)	253,371	2024	8,762,776	€33.14 / €38.40	231,949	-	10,269	-	(69,561)	172,657
2021 (3 May)	25,150	2023	845,543	€33.62	25,150	-	-	(25,150)	-	-
2021 (4 August)	6,394	2024	242,077	€37.86	6,394	-	-	-	-	6,394
2021 (3 November)	1,032	2024	42,456	€41.14	1,032	-	-	-	-	1,032
2022 (16 May)	73,387	2025	2,582,489	€35.29/ €35.14	73,387	-	-	-	(44,187)	29,200
2022 (16 May)	196,759	2025	6,914,111	€35.14	190,453	-	-	-	(18,774)	171,679
2022 (3 August)	563	2025	18,026	€32.02	563	-	-	-	-	563
2023 (16 May)	65,395	2026	2,285,991	€30.51/ €37.18	-	65,395	-	-	-	65,395
2023 (16 May)	176,596	2026	6,565,839	€37.18	-	176,596	-	-	(5,272)	171,324
Total					**882,088**	**241,991**	**10,269**	**(370,919)**	**(145,185)**	**618,244**

LTIP costs recognized in 2023

The total amount to be expensed over the vesting period is calculated by taking the granted RSUs within a calendar year multiplied by the fair value of the RSUs at grant date and the expected vesting date. This amount is expensed over the vesting period, whereby the costs recognized in a year also consider cancellations and forfeitures. The expected vesting for RSUs with a Total Shareholder Return performance condition is already taken into account in the fair value.

The expected vesting for the RSUs granted in 2021 to the Executive Board and Executive Leadership Team subject to the performance conditions 'Earnings per share' and 'Sustainability' are estimated at 31 December 2023 at 116%.

Costs for the LTIP are spread over the vesting period and included in 'Salaries and wages' (see note 9). An amount of €6.2 million (2022: €8.6 million) is included in the results of 2023 for the share-based compensation granted in the period 2020 - 2023. Lower cost for the year as compared to prior year is mainly due to the additional vesting of 2019 and 2020 annual grants in the prior year and increase in the number of forfeited shares in the current year.

11 Net finance expenses

Net finance expenses comprise finance income, finance expenses and the fair value change of derivatives at fair value through profit or loss. Finance income comprises interest income on funds invested and finance expenses comprise interest expense on borrowings, and the unwinding of discount on provisions and contingent consideration.

Finance income and finance expenses are recognized in profit or loss, using the effective interest method. The fair value changes of derivatives comprise the fair value changes on financial assets at fair value through profit or loss, as far as these relate to financing items in the Company. These fair value changes are partially offset by the foreign currency gains and losses.

Foreign currency gains and losses are reported on a net basis as either finance income or finance expense if it concerns exchange rate results on financing items. Exchange rate results on operating items are included in Other operational costs (see note 9).

In € thousands	2023	2022[1]
Interest income on notional cash pools	18,969	6,261
Other interest income	4,613	1,627
Finance income	**23,582**	**7,888**
Interest expense on loans and borrowings	(57,160)	(13,556)
Interest expense on notional cash pools	(18,390)	(5,731)
Other interest expense	(1,183)	(1,754)
Interest expense on leases	(9,017)	(7,292)
Foreign exchange differences	6,336	653
Finance expense	**(79,414)**	**(27,680)**
Fair value change of derivatives	(9,477)	(3,795)
Total	**(65,309)**	**(23,587)**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Arcadis utilizes notional cash pools, in which debit and credit balances both attract interest income and interest expense, respectively. Finance income increased to €23.6 million (2022: €7.9 million) due to higher interest rates within notional cash pools.

Finance expense, including the interest expense on leases, increased to €79.4 million due to higher interest rates within notional cash pools (€18.4 million), which is offset by higher interest income within the cash pools, and a higher average debt position throughout 2023 than last year. The interest expense on loans and borrowings of €57.2 million (2022: €13.6 million) was higher than last year due to higher average gross debt over the year (after refinancing the €750.0 million bridge loan with €500.0 million Eurobond and €225.0 million Schuldschein loans) to finance the acquisition of IBI Group and DPS Group in the final quarter of 2022 and higher interest rates on loans. The net result from foreign exchange differences and fair value change of derivatives for the year arrived at €3.1 million negative which is the same as last year (€3.1 million negative), mainly from the interest rate swaps on the 2023 Schuldschein loans.

The carrying amount of the financing transaction fees taken into account in the valuation of the underlying loans and borrowings, at 31 December 2023 amounts to €7.3 million (2022: €4.4 million) on the balance sheet. The increase in this amount mainly relates to the transaction fees related to the Eurobond financing. The amortized cost booked in 2023 amounts to €1.0 million (2022: €0.8 million) and is booked under Other interest expense. The interest on lease liabilities of €9.0 million (2022: €7.3 million) is based on the Incremental Borrowing Rate, see note 16.

12 Income taxes

Income taxes comprise current and deferred tax. Income tax is recognized in profit or loss, except to the extent that the tax arises from items recognized in other comprehensive income, directly in equity or from a business combination.

When the Group considers it probable that tax authorities accept a tax treatment it will be treated as such in the income tax filings. When it is not considered probable that a tax treatment is accepted, the Group uses the most likely amount or the expected value of the tax treatment

Current tax

Current tax is the expected tax payable on taxable income for the year and adjustments to tax payable related to previous years. It is measured using the tax rates enacted or substantively enacted at the reporting date. The difference between income tax recognized in profit or loss and income tax paid in the cash flow statement differs primarily due to deferred tax recognized on temporary differences and payment of income tax occurring after the reporting date.

Deferred tax

Deferred tax is recognized using the balance sheet method and it is not recognized for:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss; and
- investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Measurement of deferred tax is based upon tax rates enacted or substantially enacted expected to be applied in the years in which the temporary differences are expected to reverse. Deferred taxes are not discounted.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future profits will be available against which they can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In reference to chapter 2 Basis of preparation, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global Anti-Base Erosion Proposal, or 'GloBE') to reform international corporate taxation.

The Arcadis group is within the scope of the OECD Pillar Two model rules. The Arcadis Group operates in multiple countries around the globe, which have enacted or planned to enact new legislation to implement the global minimum top-up tax (Pillar Two or GloBe rules). Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure.

The Arcadis group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. Under the legislation, the group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The Arcadis group will apply the transitional safe harbor Pillar Two rules, and based on an initial high level assessment of these rules using 2022 country-by-country data, the vast majority of entities within the group has an effective tax rate that exceeds 15%.

The group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. This initial assessment indicates that there may be an immaterial impact for a small minority of entities within the group. This is also dependent on the impact of specific adjustments to be made envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with paragraph 86 of IAS 12. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications.

Income tax recognized in profit or loss for the period:

In € thousands	2023	2022[1]
Current tax expense		
Current year	102,390	118,555
Adjustments for previous years	(28,245)	9,057
Total current tax expense	**74,145**	**127,612**
Deferred tax expense		
Origination and reversal of temporary differences	(39,518)	(54,298)
Adjustments for previous years	22,155	(12,309)
Changes in tax rates	285	339
(De)recognition of deferred tax assets	6,011	(1,894)
Total deferred tax expense	**(11,067)**	**(68,162)**
Total	**63,078**	**59,450**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

In 2022, the US Tax Cuts and Jobs Act of 2017 ('Section 174') eliminated the option to deduct research and development expenditures immediately in the year incurred and requires taxpayers to amortize such expenditures over five years for tax purposes. Similar to the previous year, this provision has led to a deferred tax asset and a current tax payable ending in a net zero impact. A change in estimate of the impact during the year was the main driver of the adjustments for previous years in deferred tax as well as in current tax.

At 31 December 2023, the corporate income tax receivable amounted to €82.8 million (2022: €17.8 million) and the corporate income tax liability amounted to €66.5 million (2022: €63.5 million). During 2023, the Group paid corporate income taxes for a total amount of €130.9 million (2022: €70.4 million).

The effective corporate income tax rate (income taxes divided by profit before income tax, mainly excluding total result from investments) is 28.9% (2022: excluding total result from investments: 31.5%).

The effective tax rate differs from the corporate income tax rate in the Netherlands, primarily due to the net negative impact of non-deductible items and statutory tax rates in jurisdictions in which we operate that are different than the Dutch statutory income tax rate and non-deductible items. The net negative impact was partially offset by changes in de-recognition of deferred tax assets, prior year adjustments and other.

In % and € thousands	2023 (%)	2023	2022 (%)	2022[2]
Corporate tax rate in the Netherlands	25.8	56,395	25.8	48,723
Adjustment corporate income tax rates other countries	2.7	5,956	1.8	3,479
Weighted average corporate income tax rate	**28.5**	**62,351**	**27.6**	**52,202**
Non-deductible expenses/ (income)	0.6	1,356	9.2	17,398
(De)recognition of deferred tax assets	2.8	6,011	(1.4)	(2,636)
Adjustments for previous years	(2.8)	(6,089)	(1.7)	(3,252)
Other	(0.2)	(551)	(2.2)	(4,262)
Effective tax rate [1 2]	**28.9**	**63,078**	**31.5**	**59,450**

[1] Taxes on income divided by Income before taxes, excluding result from Investments accounted for using the equity method.
[2] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Deferred tax

The movement in deferred tax balances during the year 2023 was as follows:

In € thousands	Net balance at 1 January 2023[1]	Recognized in profit or loss	Recognized in Other comprehensive income and Equity	Acquisitions	Other	Exchange rate differences	Net balance at 31 December 2023	Assets	Liabilities
Intangible assets and goodwill	(99,236)	13,049	(8,552)	-	(7,748)	862	(101,625)	25,344	(126,969)
Property, plant and equipment	(1,095)	(102)	-	-	585	19	(593)	4,242	(4,835)
Right-of-use assets and lease liabilities	6,958	682	-	-	(561)	(140)	6,939	96,189	(89,250)
Trade and other receivable, including contract assets	(1,214)	3,848	-	-	23,124	(45)	25,713	29,316	(3,603)
Loans and borrowings	-	4,237	-	-	-	-	4,237	4,237	-
Accrued expenses	32,582	(3,772)	-	-	21,291	(333)	49,768	66,491	(16,723)
Share-based compensation	2,816	-	-	-	(2,816)	-	-	-	-
Deferred compensation	2,536	-	-	-	(2,536)	-	-	-	-
Net operating losses	21,389	(3,593)	94	-	(3,752)	(71)	14,067	14,067	-
Provisions	6,615	1,759	444	-	8,841	(230)	17,429	22,839	(5,410)
Others	44,967	(5,041)	8,230	-	(35,339)	(1,562)	11,255	19,604	(8,349)
Deferred tax assets/liabilities	**16,318**	**11,067**	**216**	**-**	**1,089**	**(1,500)**	**27,190**	**282,329**	**(255,139)**
Offsetting	-	-	-	-	-	-		(202,521)	202,521
Net deferred taxes	**16,318**	**11,067**	**216**	**-**	**1,089**	**(1,500)**	**27,190**	**79,808**	**(52,618)**

The movement in deferred tax balances during the year 2022 was as follows:

In € thousands	Net balance at 1 January 2022	Recognized in profit or loss	Recognized in Other comprehensive income and Equity	Acquisitions	Other	Exchange rate differences	Net balance at 31 December 2022[1]	Assets[1]	Liabilities[1]
Intangible assets and goodwill	(59,861)	5,489	-	(43,723)	-	(1,141)	(99,236)	838	(100,074)
Property, plant and equipment	1,916	(983)	-	(2,724)	546	150	(1,095)	1,927	(3,022)
Right-of-use assets and lease liabilities	6,351	(189)	-	533	(21)	284	6,958	6,958	-
Contract assets and liabilities	(2,682)	2,323	-	(1,999)	-	1,144	(1,214)	19,056	(20,270)
Derivatives	(23)	22	-	-	-	1	-	-	-
Accrued expenses	23,649	2,558	-	7,828	(2,640)	1,187	32,582	32,631	(49)
Share-based compensation	3,078	(457)	-	-	-	195	2,816	2,816	-
Deferred compensation	(3,336)	(1,009)	4,896	-	1,898	87	2,536	2,536	-
Net operating losses	8,684	8,924	-	4,447	-	(666)	21,389	21,389	-
Provisions	5,082	2,342	-	149	(1,125)	167	6,615	7,843	(1,228)
Others	(3,053)	49,142	-	83	109	(1,314)	44,967	50,429	(5,462)
Deferred tax assets/liabilities	**(20,195)**	**68,162**	**4,896**	**(35,406)**	**(1,233)**	**94**	**16,318**	**146,423**	**(130,105)**
Offsetting	-	-	-	-	-	-		(62,972)	62,972
Net deferred taxes	**(20,195)**	**68,162**	**4,896**	**(35,406)**	**(1,233)**	**94**	**16,318**	**83,451**	**(67,133)**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set of current tax against current tax liabilities and when the deferred tax assets and liabilities relate to the same taxation authority and the same taxable entity.

At 31 December 2023, the Gross amount of net operating losses, amounting to €53.5 million (2022: €88.4 million, for which a deferred tax asset has been recognized expires as follows:

in € thousands	Total net operating losses	Net operating losses not recognized	Net operating losses recognized	Deferred tax asset recognized
2024	19	19	-	-
2025	208	208	-	-
2026	6,741	6,639	103	26
2027	12,176	11,675	500	103
2028	14,748	12,175	2,573	539
>2028	5,248	698	4,550	1,365
Unlimited	119,833	74,102	45,731	12,034
Total	**158,973**	**105,516**	**53,457**	**14,067**

The majority of the above-mentioned deferred tax assets relate to tax jurisdictions in which Arcadis has suffered a tax loss in the current of a preceding period. Significant judgement is required in determining whether deferred tax assets are realizable. Arcadis determines this on the basis of expected taxable profits arising from the reversal of recognized deferred tax liabilities and on the basis of budgets, cash flow forecasts and impairment models. Where utilization is not considered probable, deferred tax assets are not recognized.

At 31 December 2023, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognized was €231.0 million (2022: €164.4 million). No liability has been recognized in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

13 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company by the weighted average number of shares outstanding during the period, excluding ordinary shares purchased by the Company and held as treasury shares (i.e. shares purchased to cover share/option plans).

Diluted earnings per share is calculated based on the basic earnings per share and using the weighted average number of shares and options outstanding during the period as far as these have a potential dilutive effect, i.e. when the exercise price of these options is lower than the share price. The average number of potentially diluted shares is based on the average share price in the period on the Euronext Amsterdam Stock Exchange and the options that were in the money.

For calculating the earnings per share, the following numbers of average shares are used:

Number of shares	2023	2022
Average number of issued shares	90,442,091	90,442,091
Average number of treasury shares	(618,845)	(1,072,627)
Total average number of ordinary outstanding shares	**89,823,246**	**89,369,464**
Average number of potentially dilutive shares	13,567	62,296
Total average number of diluted shares	**89,836,813**	**89,431,760**

The average number of potentially dilutive shares is based on the average share price of 2023 on the Euronext Amsterdam Stock Exchange and the outstanding exercisable options that were in the money. As of 31 December 2023, the share option program has expired and there are no more share options outstanding (2022: 40,702 in the money and exercisable).

For the calculation of earnings per share, no distinction is made between the different classes of shares (see note 25).

The total earnings of the Group and the earnings per share are as follows:

In € thousands	2023	2022[2]
Net income	159,982	131,520
Net income from Operations [1]	225,832	201,935

[1] Non-GAAP performance measure. Reference is made to the Glossary Financial & Non-Financial indicators on page 286 for the definition as used by Arcadis
[2] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

In €	2023	2022[2]
Earnings per share/Diluted earnings per share		
Net income	1.78/ 1.78	1.47/ 1.47
Net income from Operations [1]	2.51/ 2.51	2.26/ 2.26

[1] Non-GAAP performance measure. Reference is made to the Glossary Financial & Non-Financial indicators on page 286 for the definition as used by Arcadis
[2] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

14 Intangible assets and goodwill

Goodwill
Goodwill arises from business combinations and represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company. Goodwill in respect of equity accounted investees is included in the carrying amount of the investment. Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets
Other intangible assets mainly consist of customer relationships, trade names and expected profits in the backlog of acquired companies at the acquisition date. Measurement of Other intangible assets acquired in a business combination involves the use of estimates for determining the fair value at acquisition date. This mainly relates to expected profits in the backlog of the acquired companies, the customer lists at the acquisition date and the trade name value. The fair value is based on discounted cash flows expected to be received from these identifiable intangible assets. Subsequently, the assets are amortized over the estimated useful life. The amortization is recognized in profit or loss on a straight-line basis, except for the backlog which is calculated based on the expected pattern of consumption of future economic benefits embodied in the backlog. The amortization methods and useful lives, as well as residual values, are reassessed annually.

Software
Software is measured at cost less accumulated amortization and impairment losses. Software has a finite life and is amortized on a straight-line basis over the estimated useful life. The amortization methods and useful lives, as well as residual values, are reassessed annually. Subsequent costs are recognized in the carrying amount of Software only when it increases the future economic benefits. All other expenditures are recognized in profit or loss as incurred.

Configuration and customization costs relating to cloud computing arrangements, whereby the Company does not obtain an intangible asset, are expensed when incurred. In such case, prepaid licenses are recognized as prepaid expenses (as part of Other current assets) and testing, training and data conversion costs are recognized as Personnel costs and/or Other operational costs as incurred.

Estimated useful lives
The estimated useful lives of Goodwill and Intangible assets varies according to their respective categories, as shown below.

Category	Years
Goodwill	Not amortized
Software	0.5 – 10
Other intangible assets	1 – 13
Intangibles under development	Not amortized (yet)

In € thousands	Goodwill[1]	Other intangible assets[1]	Software[1]	Intangibles under development	Total
Cost	830,619	272,080	74,114	-	1,176,813
Accumulated amortization	-	(247,871)	(62,736)	-	(310,607)
Balance at 1 January 2022	**830,619**	**24,209**	**11,378**	-	**866,206**
Additions	-	-	6,141	1,138	7,279
Acquisitions of subsidiaries	542,055	236,911	3,907	-	782,873
Disposals	(6,769)	-	(311)	-	(7,080)
Amortization charges	-	(20,184)	(6,972)	-	(27,156)
Exchange rate differences	(35,816)	(4,384)	(954)	(35)	(41,189)
Movement 2022	**499,470**	**212,343**	**1,811**	**1,103**	**714,727**
Cost	1,330,089	504,607	82,897	1,103	1,918,696
Accumulated amortization	-	(268,055)	(69,708)	-	(337,763)
At 31 December 2022[1]	**1,330,089**	**236,552**	**13,189**	**1,103**	**1,580,933**
Additions	-	-	8,682	632	9,314
Disposals	(7,729)	-	(70)	-	(7,799)
Amortization charges	-	(59,345)	(5,749)	-	(65,094)
Reclassifications	-	(212)	930	(1,034)	(316)
Exchange rate differences	(4,544)	(8,194)	414	-	(12,324)
Movement 2023	**(12,273)**	**(67,751)**	**4,207**	**(402)**	**(76,219)**
Cost	1,317,816	426,469	64,442	701	1,809,428
Accumulated amortization	-	(257,668)	(47,046)	-	(304,714)
At 31 December 2023	**1,317,816**	**168,801**	**17,396**	**701**	**1,504,714**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

The amortization charge for Intangible assets is recognized in the following line items in the Consolidated income statement:

In € thousands	2023	2022[1]
Amortization of Other intangible assets	59,345	20,184
Depreciation and amortization	5,749	6,972

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Goodwill

Reflecting the new GBA reporting structure, as of 1 January 2022, the goodwill has been re-allocated following 'IAS 36.87' applying a two-step approach: first step allocation of 100% of CallisonRTKL goodwill to Places (CallisonRTKL is a former operating segment fully integrated into Places), second step allocation of the remaining amount to the GBAs based on the relative values.

Consecutive to acquisition of IBI Group by end of September 2022, the fourth CGU Intelligence has been created and is composed of Arcadis GEN (initially allocated to Resilience and Mobility equally), IBI Group intelligence segment, and Water Platform Company acquired in 2022.

DPS Group goodwill has been allocated entirely to the CGU Places, and Giftge Consult goodwill to the CGU Resilience.

For annual impairment testing, goodwill is allocated to Cash-Generating Units (CGUs). The CGU is the lowest level within the Group at which Goodwill is monitored for internal management purposes.

The carrying amount of the goodwill is allocated to each of the CGUs as follows:

In € thousands	2023	2022[1]
Places	622,597	633,433
Resilience	348,337	349,351
Mobility	262,757	263,317
Intelligence	84,125	83,988
Total Goodwill	**1,317,816**	**1,330,089**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Impairment testing for cash-generating units containing goodwill

The recoverable amount of Goodwill for impairment testing purpose has been determined based on a value in use calculation, which is complex and judgmental. The calculations use cash flow projections based on historical performance, our plan for 2024 as approved by the Executive Board and projections for 2025 - 2028, after which a terminal value was calculated using an estimated growth rate.

The key assumptions used in the projections are:

- (Net) revenue growth: based on experience and market analysis;
- EBITDA margin development: based on historical performance, plan 2024 and management's long-term projections; and
- Weighted average cost of capital (WACC): based on the market participants view on rates of return demanded for investments equivalent to those in the Company. The components of the WACC include the Cost of Equity, Cost of Debt and Cost of Lease Liabilities.

The business plans include management's estimate about the level and timing of the execution of (the improvement of) operating performance and margins.

The applied assumptions in the test of 2023 are included in the below table, for those CGUs with goodwill as at 31 December 2023.

In € thousands	Average annual (net) revenues growth[1]	EBITDA margin[2]	Pre-tax discount rate	Terminal growth rate[3]
Places	3.5%	12.1-15.7%	10.5%	1.5%
Resilience	6.5%	13.9-16.2%	10.5%	1.6%
Mobility	5.8%	13.3-15.9%	10.5%	1.5%
Intelligence	8.8%	20.4-21.9%	9.5%	1.5%

1 The average annual (net) revenues growth represents average for the period from 2024 to 2028
2 EBITDA margin represents 2024 to 2028 range as % of (net) revenues
3 On a long-term basis the service demand growth rate is expected to be almost similar from one GBA to another

The applied assumptions as disclosed in the 2022 financial statements was as follows:

In € thousands	Average annual (net) revenues growth[1]	EBITDA margin[2]	Pre-tax discount rate	Terminal growth rate[3]
Places	5.6%	10.4-12.7%	11.7%	1.6%
Resilience	5.6%	12.5-12.6%	11.0%	1.6%
Mobility	5.6%	12.4-12.6%	10.3%	1.5%
Intelligence	5.6%	14.4-18.8%	10.4%	1.4%

1 The average annual (net) revenues growth represents average for the period from 2024 to 2027
2 EBITDA margin represents 2023 to 2027 range as % of (net) revenues
3 On a long-term basis the service demand growth rate is expected to be almost similar from one GBA to another

The weighted average pre-tax discount rate was 10.5% (2022: 10.9%) and has been determined by iterative computation so that the value in use determined using pre-tax cash flows and a pre-tax discount rate equals the value in use determined using post-tax cash flows and a post-tax discount rate. The weighted average post-tax discount rate used is 8.0% (2022: 8.6%), which includes country specific premiums when applicable.

Observations from impairment testing

The annual impairment test at 31 December 2023 and sensitivity analysis around the key assumptions in that test have indicated sufficient headroom for all CGUs, and as such a reasonably possible change in any of the assumptions would not cause the recoverable amount to be less than the carrying value.

The expected future cash flows used in the goodwill impairment analysis are based on management's estimates. Events in our end-markets as well as the financial markets and the overall economy may have an adverse impact on the estimated future cash flows of the Group.

Other intangible assets

The carrying amounts recognized in the Consolidated balance sheet for Other intangible assets are as follows:

In € thousands	2023	2022[1]
Customer Relationships	147,780	176,350
Trade names	807	8,304
Backlog	16,774	46,541
Other	3,440	5,357
Total Other intangible assets	**168,801**	**236,552**

1 Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

15 Property, plant & equipment

Property, plant & equipment is measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the assets.

Subsequent costs are recognized in the carrying amount of Property, plant & equipment if it is probable that future economic benefits will be obtained. The costs of day-to-day servicing of property, plant & equipment are expensed as incurred.

Depreciation is calculated using the straight-line method to allocate the cost of an asset net of its residual value, over its estimated useful life or, in the case of leasehold improvements, the shorter of the asset's useful life and the lease term. The estimated useful life of Property, plant & equipment vary according to their respective categories, as shown in the table hereafter.

Category	Years
Land	Not depreciated
Buildings	Not exceeding 30
Furnitures and fixtures	Not exceeding 5
(IT) equipment	Not exceeding 5
Property, plant and equipment under development	Not depreciated (yet)

Depreciation methods and useful life, as well as residual values, are reassessed annually. When parts of an item of Property, plant & equipment have different useful life, they are accounted for as separate items (major components) of Property, plant & equipment.

Gains on the sale of an item of Property, plant & equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, plant & equipment and are recognized within Other income in the Consolidated income statement. Losses on the sale of an item of Property, plant & equipment are recognized within Other operational costs in the Consolidated income statement.

The determination of impairment of Property, plant & equipment involves the use of estimates. The recoverable amount is determined by discounting the estimated future cash flows to present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. The identification of impairment indicators, as well as the estimation of future cash flows, discount rates and the determination of the fair value for the assets requires management to make significant judgements

In 2023 and 2022, no changes were made in the useful lives, depreciation methods and the residual values of Property, plant & equipment elements that materially impacted the Company. No properties were registered as security for bank loans.

In € thousands	Land and Buildings[1]	Furniture and fixtures[1]	IT equipment	Property, plant and equipment under development	Total
Cost	56,203	113,219	119,815	5,240	294,477
Accumulated depreciation	(42,872)	(76,581)	(92,473)	-	(211,926)
Balance at 1 January 2022	**13,331**	**36,638**	**27,342**	**5,240**	**82,551**
Additions	7,150	10,126	17,086	2,551	36,913
Acquisitions/ divestments	15,832	5,969	3,596	(39)	25,358
Disposals	(32)	(3,543)	(681)	(186)	(4,442)
Reclassifications	383	(1,166)	4,550	(3,521)	246
Depreciation charges	(4,863)	(11,392)	(15,226)	-	(31,481)
Exchange rate differences	(613)	6	(30)	264	(373)
Movement 2022	**17,857**	**-**	**9,295**	**(931)**	**26,221**
Cost	78,923	124,611	144,336	4,309	352,179
Accumulated depreciation	(47,735)	(87,973)	(107,699)	-	(243,407)
At 31 December 2022[1]	**31,188**	**36,638**	**36,637**	**4,309**	**108,772**
Additions	5,680	7,597	18,426	(446)	31,257
Disposals	(35)	(880)	(33)	(40)	(988)
Reclassifications	2,473	(3,760)	295	1,308	316
Depreciation charges	(5,636)	(11,178)	(19,091)	-	(35,905)
Exchange rate differences	(758)	(79)	(295)	(83)	(1,215)
Movement 2023	**1,724**	**(8,300)**	**(698)**	**739**	**(6,535)**
Cost	71,936	81,030	128,735	5,048	286,749
Accumulated depreciation	(39,024)	(52,692)	(92,796)	-	(184,512)
At 31 December 2023	**32,912**	**28,338**	**35,939**	**5,048**	**102,237**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

For more details on acquisitions and divestments, see note 6.

16 Right-of-use assets and lease liabilities

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed when the Group has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

Contracts may contain both lease and non-lease components. The Group allocates the consideration to these components based on its relative stand-alone prices. Non-lease components are not included in the right-of-use asset and lease liability but accounted for separately.

Right-of-use assets
At commencement of a lease, the Group measures right-of-use assets initially at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The cost of the right-of-use assets comprise the following:
- Amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received at or after the commencement date;
- Any initial direct costs; and
- Restoration costs i.e estimate of the costs to be incurred for dismantling, removal and/ or restoration to the conditions required by the terms of the lease.

See note 28 for the accounting policy on provisions for right-of-use assets (restoration provisions).

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities
Lease liabilities are initially measured at the present value of the future lease payments that are not paid at the commencement date discounted using an implicit rate of interest, unless this cannot readily be determined, in which case an incremental borrowing rate is used. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate or the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Judgment is applied to determine the lease term for some lease contracts in which it is a lessee that include renewal and termination options. The assessment of whether the Group is reasonably certain to exercise such option impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized. At reporting date all facts and circumstances are considered that create an economic incentive in determining whether it is reasonably certain that an extension or termination option will be recognized. Changes in the estimate are recognized prospectively.

Incremental Borrowing Rate
The Incremental Borrowing Rate (IBR) is determined based on a build-up approach, whereby each category of leases has an IBR based on the country (and currency) of the lessee and the lease term.

Lease incentives
Lease incentives are deducted from the right of use assets if received before the commencement date of the lease; they are deducted from the lease liability if received at or after the commencement date of the lease.

Amounts received for leasehold improvements are depreciated over a period not longer than the lease term.

Short-term and low value leases
Payments associated with short-term and/or low value leases are recognized on a straight-line basis as an expense in profit or loss.

As a lessor
The Group sub-leases some of its buildings, although not significant. The head leases are presented in the right-of-use assets and the sub-lease contracts are treated as operating leases under IFRS 16. Income from sub-leases is presented in Other income, see note 8.

Rent concessions
Rent concessions are accounted for as lease modifications by the Group.

This note provides information for leases where the Group is a lessee.

Leasing activities

The Group's lease portfolio consists of almost 2,790 active lease contracts at 31 December 2023 (2022: 2,504), mainly related to real-estate and vehicles lease contracts. Approximately 89% of the value of the lease liability is from land and buildings.

Lease terms

Lease terms are generally negotiated locally, with support from the Global Workplace director and/or regional real estate or procurement teams where needed. Contracts are negotiated on an individual basis and contain a wide range of terms and conditions, such as early termination clauses and renewal rights. They may contain both lease and non-lease components, whereby the Group has elected not to include the service element in leases (e.g. fuel, insurance) in the right-of-use asset and lease liability.

Termination clauses and renewal rights are included in several real estate leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a renewal right, or not exercise a termination clause. Both extension and termination options are however only included in the lease term if it is reasonably certain that a lease will be extended or terminated.

Factors that are considered in terminating or renewing leases include amongst others:
- Significant penalties involved;
- Leasehold improvements made with a significant remaining value; and
- Costs and business disruption required to replace a leased asset.

An amount of €17 million (2022: €19 million) extension and/or renewal options are included in the Group's lease liability at 31 December 2023 reflecting that the Group could not replace leased assets without significant cost or business disruption.

As at 31 December 2023, potential future cash outflows of €152 million (undiscounted) (2022: €164 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). During 2023, the financial impact of the reassessment of reasonable certainty led to a decrease in recognized lease liabilities and right-of-use assets of €2.6 million (2022: €5.5 million).

If the leased asset is abandoned, the depreciation of the Right-of-use asset needs adjustment as of the date the lessee makes the decision to abandon the asset, so that as of the cease use date, the carrying amount of the Right-of-use asset is zero. Assuming there are no changes in the lease payments, the lease liability will remain the same.

Right-of-use assets with a carrying value of €2.7 million (2022: nil) were abandoned during the year. However, the abandoned lease will be partially subleased in 2024, hence accelerated depreciation of the right-of-use asset amounts to €0.2 million. The remaining lease liabilities for the abandoned leases amount to €2.8 million (2022: €0.8 million).

The Group does not have leases with variable lease payments and does not provide residual value guarantees.

Maturity profile

The undiscounted value of lease commitments as at 31 December 2023 amounts to €315.1 million (2022: €351.2 million) and the maturity is as shown in the table below.

Maturity	2023	2022[1]
0 - 1 Year	72,600	76,314
1 - 2 Year	57,879	61,864
2 - 3 Year	47,329	51,169
3 - 4 Year	39,706	42,020
4 - 5 Year	29,879	34,986
> 5 Year	67,728	84,832
Total	**315,121**	**351,185**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

The undiscounted maturity of all sub-leasing contracts at 31 December 2023 amounts to €0.2 million (2022: €0.3 million) and is not material for the Group.

Amounts recognized in the Consolidated balance sheet

Right-of-use assets

The following right-of-use assets are recognized in the balance sheet:

In € thousands	Leased land and buildings [1]	Leased furnitures and fixtures [1]	Leased (IT) equipment [1]	Leased vehicles [1]	Total
Balance at 1 January 2022	**204,705**	**434**	**1,502**	**22,346**	**228,987**
Additions and remeasurements	40,118	(69)	52	7,947	48,048
Depreciation charges	(55,275)	(200)	(1,149)	(10,870)	(67,494)
Acquisitions/ divestments	73,175	592	1,169	1,834	76,770
Derecognitions	(277)	(36)	-	(84)	(397)
Exchange rate differences	(1,720)	22	48	171	(1,479)
Movement 2022	**56,021**	**309**	**120**	**(1,002)**	**55,448**
At 31 December 2022[1]	**260,726**	**743**	**1,622**	**21,344**	**284,435**
Additions and remeasurements	21,150	488	923	17,851	40,412
Depreciation charges	(58,139)	(624)	(792)	(13,220)	(72,775)
Derecognitions	(392)	13	(6)	(442)	(827)
Exchange rate differences	(2,447)	(15)	(25)	(38)	(2,525)
Movement 2023	**(39,828)**	**(138)**	**100**	**4,151**	**(35,715)**
At 31 December 2023	**220,898**	**605**	**1,722**	**25,495**	**248,720**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Lease liabilities

The following lease liabilities are recognized in the balance sheet:

In € thousands	2023	2022[1]
Balance at 1 January	**315,117**	**255,015**
Additions and remeasurements	39,390	48,380
Payments	(79,251)	(70,610)
Acquisitions/ divestments	-	76,516
Interest	9,017	7,292
Exchange rate differences	(2,966)	(1,476)
Closing balance	**281,307**	**315,117**
Non-current	210,940	242,980
Current	70,367	72,137
Total	**281,307**	**315,117**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Right-of-use assets and lease liabilities decreased mainly due to lease terminations in several office spaces in the US, in line with the Company's plan to fully maximize the utilization of leases among numerous subsidiaries in the region. This is partially offset by additions and remeasurements as a result of new office leases and vehicle leases in central Europe and lease extensions exercised during the period.

Amounts recognized in the Consolidated income statement

In € thousands	Note	2023	2022[1]
Depreciation		72,775	67,654
Interest expense	11	9,017	7,292
Other operational costs for short-term leases	9	5,047	4,128
Other operational costs for low-value leases	9	4,102	301
Other income for gain on derecognition lease	8	(120)	(301)
Other income from sub-leasing	8	(256)	(139)
Total		**90,565**	**78,935**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

17 Investments accounted for using the equity method

Joint arrangements
Investments in joint arrangements are classified as either joint ventures or joint operations. The classification depends on the contractual rights and obligations, rather than the legal structure of the joint arrangement.

Joint ventures are joint arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint ventures are accounted for using the equity method, where interests in joint ventures are initially recognized at cost, including transaction cost. Subsequently the Group's share of the profit or loss and movements in other comprehensive income are included in the Consolidated financial statements, whereby the calculation is based on the Group's accounting policies. When the Group's share of losses in a joint venture equals or exceeds its interest in a joint venture, the Group does not recognize further losses.

Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operations are accounted for the Group's direct rights to the assets, liabilities, revenues and expenses of the joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These are combined on a line-by-line basis with corresponding items in the Group's financial statements.

Associates
Associates are those entities in which the Group has significant influence, but no control over financial and operating policies. Significant influence is presumed to exist when the Group holds more than 20% of the voting power of the entity. Associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. Initially, investments in associates are recognized at cost, including transaction cost. Goodwill identified on the acquisition of the associate is included in the carrying amount of the investment.

The Consolidated financial statements include the Group's share of the net profit or loss and other comprehensive income of the associates, after adjustments to align the accounting policies with those of the Group. The application of the equity method is applied to loans that form part of a Net investment. Loans to associates are carried at amortized cost less any expected credit losses. The Group applies the Expected Credit Loss model to loans that form part of the Net investment, before recognizing its share of losses from application of the equity method on these loans.

Investments in associates and joint ventures

The nature of business of the Group's associates and joint ventures are similar. They provide comprehensive knowledge-based consultancy, design, engineering and management services in the area of infrastructure, water, environment and buildings. The most significant investments in associates and joint ventures are listed below.

Name of entity	Place of business/ country of incorporation	Associate/ joint venture	% of ownership interest 2023	% of ownership interest 2022
Géodynamique et Structure S.A.	France	Associate	48.68%	48.68%
Asset Rail B.V.	Netherlands	Associate	40.00%	40.00%
CARE/RTKL Ltd	Saudi Arabia	Joint venture	45.00%	45.00%
TECHT Ltd	United Kingdom	Joint venture	50.00%	50.00%

The movement in associates and joint ventures in the Consolidated balance sheet is as follows:

In € thousands	Associates 2023	Associates 2022	Joint ventures 2023	Joint ventures 2022	Total 2023	Total 2022
Balance at 1 January	**9,504**	**17,594**	**2,129**	**1,250**	**11,633**	**18,844**
Share in result by Arcadis	4,171	2,156	(118)	(568)	4,053	1,588
Investments	24	-	62	1,695	86	1,695
Divestments	-	-	-	-	-	-
Received dividends	(3,910)	(10,268)	(416)	(263)	(4,326)	(10,531)
Exchange rate differences	(18)	22	(47)	15	(65)	37
Balance at 31 December	**9,771**	**9,504**	**1,610**	**2,129**	**11,381**	**11,633**

There are no loans to associates or joint ventures outstanding as at 31 December 2023 (2022: nil).

The joint ventures have share capital consisting solely of ordinary shares, which are held indirectly by the Group, and are non-listed shares. As such there is no available quoted market price for the shares. The Group has no contingent liabilities relating to interests in joint ventures at 31 December 2023 (2022: nil).

The €3.9 million dividend received in 2023 was a result of share of last year net income and good cash position at the end of year while the €10.3 million dividend received in 2022 was a result of a favorable outcome of a commercial arbitration held in 2021.

18 Other investments

Other investments relate to interests in companies over which the Group has no significant influence nor control. Other investments are accounted for at fair value through profit or loss.

In € thousands	2023	2022
Balance at 1 January	**3,609**	**2,152**
Investments	-	1,227
Acquisitions through business combination	-	1,603
Divestments	-	(1,137)
Fair value changes	696	(180)
Exchange rate differences	(10)	(56)
Balance at 31 December	**4,295**	**3,609**

The other investments at 31 December 2023 mainly corresponds to:

- Value of the investment in the Techstars cohorts for €2.5 million (2022: €1.8 million).
- Value of investment in Switch Energy for €1.1 million (2022: €1.1 million), acquired through IBI Group business combination.

A level 3 valuation was used to determine the fair value. Due to the inherent uncertainty of valuation of privately held companies, the fair value may however differ from what would have been used had a readily available market existed for all companies.

19 Derivatives

General
The Group uses derivatives in order to hedge the exposure to foreign exchange risks and interest rate risks arising from operational, financing and investment activities. Derivatives to be used for hedging purposes can include forward foreign exchange rate contracts, foreign exchange swaps and interest rate swaps and a combination of those, such as cross-currency interest rate swaps. The Group does not hold or issue derivatives for trading purposes. To the extent possible Hedge accounting is applied for cash flow hedges related to forecasted transactions and fair value hedges..

Measurement and recognition
All derivative financial instruments are initially recognized at fair value. Attributable transaction costs are recognized in profit or loss when incurred. Subsequently, derivatives are measured at fair value derived from market prices of the instruments or valuation techniques, with the fair value changes recognized in profit or loss, unless hedge accounting is applied. A gain or loss on remeasurement to the fair value of the interest rate derivatives is recognized in profit or loss under fair value change of derivatives. The fair value changes of forward foreign exchange contracts are recognized in operating income. The carrying values of the derivatives are recognized in the balance sheet as derivatives, which can be classified as current or non-current assets or liabilities, depending on the maturity of the contracts.

Hedge accounting
For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss. In specific cases hedge accounting is applied for cash flow hedges. In that case, the effective part of the fair value change of those derivatives is deferred in Other comprehensive income and presented in the hedging reserve in Equity. The hedging reserve includes the cash flow hedge reserve and the costs of hedging. Changes in the fair value of the currency basis since the inception of the hedging relationship will be deferred into a separate component of Other comprehensive income.

The amount recognized in Other comprehensive income as cash flow hedge reserve is released to the related lines in profit or loss at the same time as the hedged cash flows affect profit or loss. Any ineffective portion of change in the fair value of the derivatives is included in profit or loss immediately.

At inception of the hedge, the relationship between the hedging instrument and the hedged item is documented – including the risk management objectives, strategy of undertaking the hedge transaction, the hedged risk – and, in case of hedge accounting, the methods that will be used to assess the effectiveness of the hedge. Both at the inception of the hedge and at each reporting date, the Group makes an assessment whether the derivatives used are highly effective in offsetting changes in fair values of the cash flows of the hedged items.

The economic relationship between the hedging instrument and the hedged item is, amongst others, determined based upon matching notional amounts, a minimal fair value of the hedging instrument at inception, matching the underlying hedged risk (interest benchmark rate or currency pair), matching repricing and payment dates and an assessment of the likelihood of default of the hedging counterparty. Sources of ineffectiveness can, amongst others, be driven by movements in the credit spread of Arcadis and the relevant hedging counterparty, mismatch of payment flow frequencies, mismatch of interest conditions, such as interest floors and possible changes to the critical terms of the economic relationship.

When a derivative ceases to be highly effective or in case of early redemption of the hedged item, hedge accounting is discontinued prospectively. When a cash flow hedge relationship is terminated, the fair value changes deferred in the cash flow hedging reserve in equity are released to profit or loss under the fair value change of derivatives only when the hedged transaction is no longer expected to occur. Otherwise, these fair value changes will be released to profit or loss at the same time as the hedged item.

Fair value
A fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of derivatives is determined by using valuation models that incorporate various inputs, such as forward interest rate curves and the credit worthiness of counterparties. The methods and assumptions used to estimate the fair value are consistent with the prior year.

The fair value of derivatives held by the Company as at the balance sheet date is presented in the table below:

	Assets		Liabilities		Total	
In € thousands	2023	2022	2023	2022	2023	2022
Interest rate derivatives:						
Current	-	-	-	2,401	-	(2,401)
Non-current	-	-	1,790	-	(1,790)	-
Foreign exchange derivatives:						
Current	8,197	15,943	9,353	19,503	(1,156)	(3,560)
Non-current	-	-	-	-	-	-
Total	**8,197**	**15,943**	**11,143**	**21,904**	**(2,946)**	**(5,961)**

See note 31 for the Group Treasury policy and the valuation techniques used for the derivatives. Group Treasury is consulted by entities for alignment of hedge accounting with the Group Treasury policy guidelines and assisted with documentation of the hedge relationship, derivatives valuations and effectiveness testing.

As per 31 December 2023, the Group has €185.0 million (notional amount) of floating-to-fixed interest rate swaps to manage the interest rate risk on the €185.0 million Schuldschein loans issued in July 2023. The market value of these derivatives at 31 December 2023 was €1.8 million negative (2022: not applicable) and hedge accounting is applied on these derivatives. Of these interest rate swaps, €100.0 million will mature in January 2025 and €85.0 million will mature in January 2026.

In October 2023, the €40.0 million fixed-to-floating cross currency interest rate swap to manage the currency and interest rate risk of a subsidiary matured.

Effects of hedge accounting on the financial position and performance

In € thousands	2023	2022
Cross currency interest rate swaps		
Notional amount	-	40,000
Maturity date	n/a	2023
Hedge ratio	-	1:1
Change in fair value of outstanding hedging instruments	-	(3,777)
Change in value of hedged item used to determine hedge effectiveness	-	3,921
Ineffectiveness	-	(37)

In € thousands	2023	2022
Interest rate swaps maturing in 2025		
Notional amount	100,000	-
Maturity date	2025	n/a
Hedge ratio	1:1	n/a
Change in fair value of outstanding hedging instruments	(544)	-
Change in value of hedged item used to determine hedge effectiveness	517	-
Ineffectiveness	(27)	-

In € thousands	2023	2022
Interest rate swaps maturing in 2026		
Notional amount	85,000	-
Maturity date	2026	n/a
Hedge ratio	1:1	n/a
Change in fair value of outstanding hedging instruments	(1,354)	-
Change in value of hedged item used to determine hedge effectiveness	1,273	-
Ineffectiveness	(81)	-

During 2023, the Group hedged currency exposures related to transactions in currencies other than the functional currency for subsidiaries by way of foreign exchange forward rate contracts in order to minimize volatility in the operating income of these subsidiaries due to changes in foreign exchange rates. In addition, foreign currency corporate balance sheet positions arising due to foreign currency receivables, payables and loan balances were hedged by way of foreign exchange forward rate contracts and foreign exchange swaps.

The movements in fair value of all derivatives are shown in the table below:

In € thousands	2023	2022
Balance at 1 January	**(5,961)**	**2,271**
Changes in Income statement	(6,773)	(3,574)
Changes through Other comprehensive income	(1,648)	129
Cash settlement derivatives	11,746	(2,549)
Exchange rate differences	(310)	(2,238)
Balance at 31 December	**(2,946)**	**(5,961)**

The change in fair value of derivatives recognized in profit or loss is €3.8 million positive (2022: €0.6 million negative) together with foreign exchange results of €9.5 million negative (2022: €4.3 million negative) also flowing through profit or loss. Hence the overall profit or loss effect of foreign exchange contracts and derivatives amounts to €5.7 million negative (2022: €4.9 million negative).

Hedging reserve

The total (after-tax) amount included in Other comprehensive income, on the line hedging reserve within equity, can be specified as follows:

In € thousands	2023	2022
Interest rate derivatives	(1,139)	395
Foreign exchange derivatives (classified as cash flow hedges)	269	269
Cost of hedging reserve	-	114
Total	**(870)**	**778**

20 Other non-current assets

Other non-current assets are non-derivative financial assets and include long-term receivables (due for settlement after one year). Long-term receivables are initially recognized at fair value plus any directly attributable transaction costs. Subsequently these assets are held at amortized cost, using the effective interest method and net of any impairment losses.

In € thousands	2023	2022[1]
Balance at 1 January	**20,274**	**22,213**
New receivables	4,587	3,515
Acquisitions through business combination	-	2,588
Received	(4,360)	(6,767)
Exchange rate differences	(87)	686
Reclassification to short term	-	(1,961)
Balance at 31 December	**20,414**	**20,274**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Other non-current assets include long-term receivables of €10.5 million (2022: €9.0 million) related to the deferred compensation plan in the United States of America operating company, see note 27 for further details. The remaining amount consists of various other long-term receivables such as rental deposits, judicial deposits and retentions.

21 Trade receivables

Trade receivables include amounts billed to customers for work performed but not yet paid by the clients, and which are expected to be collected within a year after reporting date. Trade receivables are initially measured at fair value, which normally represents the consideration the Company expects to receive within the payment term (invoice amount excluding costs collected on behalf of third parties, such as sales taxes). Subsequently Trade receivables are measured at the consideration expected to be collected.

The Company uses the Expected Credit Loss (ECL) model. Trade receivables are reviewed for collectability on a case-by-case basis at regular intervals. If a Trade receivable is considered credit impaired (e.g. the customer has failed to make a payment when contractually due) the expected loss is determined as the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of expected future cash flows discounted at the effective market interest rates.

A simplified approach is applied that uses a lifetime expected loss allowance to recognize losses for possible impairment of Trade receivables that are not individually impaired yet. The Expected Credit Loss is recognized in Other operational costs.

In € thousands	2023	2022[1]
Trade receivables	789,386	781,339
Provision for trade receivables (individually impaired bad debt)	(60,105)	(53,702)
Provision for trade receivables (Expected Credit Loss)	(726)	(790)
Receivables from associates	2,480	2,767
Total at 31 December	**731,035**	**729,614**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Of the total gross Trade receivables, approximately 3% is subject to a so-called 'paid-when-paid' clause (2022: 6%). They are classified as current as Arcadis expects to collect the amounts within one year. Further information about Arcadis' exposure to credit risk is included below and in note 31.

Ageing of Trade receivables

	2023			2022		
In € thousands	Gross Receivables	Provision bad debt	Provision ECL	Gross Receivables[1]	Provision bad debt	Provision ECL
Not past due	517,982	(3,420)	(292)	508,983	(3,310)	(329)
Past due 0-30 days	95,572	(821)	(19)	86,360	(953)	(32)
Past due 31-60 days	39,949	(780)	(12)	49,840	(1,878)	(10)
Past due 61-120 days	35,807	(1,178)	(72)	33,093	(374)	(77)
Past due 121-364 days	37,107	(3,851)	(226)	42,601	(4,662)	(224)
More than 364 days due	62,969	(50,055)	(105)	60,462	(42,525)	(118)
Total	**789,386**	**(60,105)**	**(726)**	**781,339**	**(53,702)**	**(790)**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Individual assessments, in combination with the fact that the actual write-offs of trade receivables in recent years did not cause us to expect that the provision should be significantly higher, resulted in the conclusion that the provision for bad debt is sufficient to cover for Trade receivables for which there is objective evidence of an impairment.

Provision for Trade receivables

The total provision for Trade receivable includes the Expected Credit Loss for individually non-impaired items (stage 1 and 2) and individually credit impaired items (stage 3). To apply the simplified approach to the "healthy" portfolio, Arcadis grouped the Trade receivables by country and the days past due. No specific measures were taken by the Group to extend credit terms for customers. The expected loss rate for the stage 1 and 2 losses is based on the country risk and varies from 0.0% to 1.0% for positions less than 90 days past due and up to 6.9% for items past due more than 90 days.

The total provision for Trade receivables developed as follows:

In € thousands	2023	2022
Opening balance	**54,492**	**53,186**
Acquisitions/ divestments	-	2,359
Additions charged to profit or loss	17,031	2,885
Release of unused amounts	(5,131)	(2,467)
Remeasurement Expected Credit Loss	-	101
Utilizations	(4,960)	(2,631)
Exchange rate differences	(601)	1,059
Closing balance	**60,831**	**54,492**

22 Contract assets and liabilities

When revenue (cost for contract work performed to date plus recognized profits) exceeds the progress billings, the surplus is shown as a Contract asset (unbilled receivables). When progress billings exceed the revenue (cost for contract work performed to date plus recognized profits), the balance is shown as a Contract liability (billing in excess of revenue). Recognized loss provisions are separately presented as Provision for onerous contracts. Contract assets, Contract liabilities and the related Provision for onerous contracts are together generally also referred to as Work in progress.

Contract assets are subject to the Expected Credit Loss (ECL) model. Arcadis applies a simplified approach that uses a lifetime expected loss allowance to recognize losses for possible impairment, in line with the accounting for Expected Credit Loss on Trade receivables. The Expected Credit Loss is recognized in Other operational costs.

For further details on the recognition of Contract assets, Contract liabilities and the Provision for onerous contracts see the revenue accounting policy in note 7.

The balances of Contract assets and Contract liabilities, as well as the Provision for onerous contracts, are as follows:

	2023				2022			
In € thousands	Contract assets	Contract liabilities	Provision for onerous contracts	Net position	Contract assets[1]	Contract liabilities	Provision for onerous contracts	Net position
Cumulative revenue	6,857,283	6,066,817	-	12,924,100	6,385,824	5,310,863	-	11,696,687
Loss provisions	-	-	(12,732)	(12,732)	-	-	(24,228)	(24,228)
Expected Credit Loss allowance	(988)	(3,878)	-	(4,866)	(83)	-	-	(83)
Billings to date	(6,276,567)	(6,566,210)	-	(12,842,777)	(5,762,592)	(5,792,735)	-	(11,555,327)
Total	**579,728**	**(503,271)**	**(12,732)**	**63,725**	**623,149**	**(481,872)**	**(24,228)**	**117,049**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Advances received and retentions held by clients reported as part of Contract assets and liabilities amount to:

In € thousands	2023	2022
Amount of advances received	149	423
Amount of retentions held by clients	6,577	3,807

Advances received relate to advance payments received from clients on projects not yet started. Retentions relate to amounts retained by clients which will be paid to the Company after successful completion of the contract. The outstanding retentions recognized as part of the Contract assets and liabilities are expected to be collected within a year; an amount of €1.3 million (2022: €1.6 million) of retentions have been recognized as 'Other non-current assets' (see note 20).

Expected Credit Loss allowance

The Expected Credit Loss allowance developed as follows:

In € thousands	2023	2022
Balance at 1 January	**83**	**1,459**
Remeasurement Expected Credit Loss	4,783	(1,376)
Balance at 31 December	**4,866**	**83**

23 Other current assets

Other current assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequently these assets are held at amortized cost, using the effective interest method and net of any impairment losses.

In € thousands	2023	2022[1]
Other receivables	39,058	14,182
Prepaid expenses	62,095	57,613
Balance at 31 December	**101,153**	**71,795**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Other receivables are non-trade receivables and include, among others, deposits, claims to be received, interest to be received and short-term loans/prepayments to personnel.

Prepaid expenses mainly include prepayments of IT service contracts, rent and insurances. Current year balance includes renewal of significant IT software required for the Company's daily operations.

24 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits maturing within three months from the acquisition date and used by the Company in managing its short-term commitments. For cash flow reporting purposes bank overdrafts are included in Cash and cash equivalents.

Cash and cash equivalents at the balance sheet date can be specified as below.

In € thousands	2023	2022
Bank and cash	254,433	240,256
Deposits	35,445	32,498
Balance at 31 December	**289,878**	**272,754**
Bank overdrafts	(10,359)	(15,156)
Cash and cash equivalent less bank overdraft	**279,519**	**257,598**

The average effective interest rate earned on cash during 2023 was 3.6% (2022: 1.5%). At 31 December 2023, €270.0 million of Cash and cash equivalents was freely available (2022: €243.2 million).

Restricted cash amounting to €19.9 million is composed of cash balances mainly held in China (2022: €29.6 million); the improvement is the result of improved cash repatriation policies. The Group has control over these balances; however, repatriation may be limited due to restrictive local regulatory and judicial requirements. As a result, the cash balances of some countries cannot be fully included in the global cash pooling or liquidity enhancement structures. In line with industry practice, the Company considers cash outside of global cash pooling or liquidity enhancement structures to be restricted if the Group is unable to repatriate cash within a defined period via either dividends, intercompany loans, or settlement of intercompany invoices.

At 31 December 2023, Cash and cash equivalents and Bank overdrafts have not been offset (comparable to 2022). The Bank overdraft at 31 December 2023 is €10.4 million (2022: €15.2 million).

25 Equity attributable to equity holders

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and rights to acquire shares are recognized as a deduction of equity, net of any tax effects.

Priority shares and preference shares are classified as equity since these are non-redeemable, or only redeemable at the Company's option. Dividends on these shares are recognized as distributions within equity.

Repurchase of shares
When share capital is repurchased, the consideration paid, including directly attributable costs net of any tax effects, is deducted from equity. Repurchased shares (treasury shares) are presented as a deduction from total equity. When treasury shares are sold or reissued, subsequently any amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Dividends
Dividends are recognized as a liability in the period in which they are declared.

Number of shares	Authorized share capital	Issued and paid-up capital
2023		
Ordinary shares (120,000,000, nominal value €0.02)	2,400,000	1,808,842
Cumulative preferred (protective) shares (150,000,000, nominal value €0.02)	3,000,000	-
Cumulative financing preferred shares (30,000,000, nominal value €0.02)	600,000	-
Priority shares (600, nominal value €0.02)	12	12
Total as at 31 December	**6,000,012**	**1,808,854**

The development of the number of shares issued/outstanding during 2023 and 2022 are presented in the table below.

Number of shares	Ordinary shares	Priority shares	Treasury stock	Total issued shares
Balance at 1 January 2022	**89,009,239**	**600**	**1,432,852**	**90,442,691**
Shares issued (stock dividend)	-	-	-	-
Shares cancelled	-	-	-	-
Repurchased shares	-	-	-	-
Exercised shares and options	563,335	-	(563,335)	-
At 31 December 2022	**89,572,574**	**600**	**869,517**	**90,442,691**
Shares issued (stock dividend)	-	-	-	-
Shares cancelled	-	-	-	-
Repurchased shares	-	-	-	-
Exercised shares and options	400,355	-	(400,355)	-
At 31 December 2023	**89,972,929**	**600**	**469,162**	**90,442,691**

Priority shares

Total number of outstanding priority shares at 31 December 2023 is 600 (2022: 600). In 2023, no preferred (protective) shares or financing preference shares were issued or outstanding.

The priority shares have been issued since 1987 and are all held by Stichting Prioriteit Arcadis NV; a foundation with its corporate seat in Arnhem. Special rights under the Articles of Association of Arcadis NV linked to these priority shares concern decision making related to, among others:

- The issuance, acquisition and disposal of shares in the Company;
- Amendments to the Articles of Association;
- The dissolution of the Company and the filing for bankruptcy;
- The entry into or termination of long-term cooperative ventures of substantial significance; and
- Investments (including entering into participations) for an amount equal to at least 25% of the shareholders' equity.

Pursuant to the articles of association of the Priority Foundation, the Board of the Stichting Prioriteit Arcadis NV consists of twenty (20) board members (with six (6) vacancies at 31 December 2023): seven (7) members of Arcadis' Supervisory Board, two (2) members of Arcadis' Executive Board, one (1) member of the Executive Leadership Team and all ten (10) members from the Board of Stichting Bellevue (a foundation seated in Amsterdam, whose board members are appointed by and from the international employees of the Group).

Cumulative Preferred (Protective) Shares

Currently no cumulative preferred (protective) shares have been issued. However, an option agreement to acquire such shares has been entered into between Stichting Preferente Aandelen Arcadis NV (the 'Preferred Stock Foundation') and Arcadis NV under that agreement. The Preferred Stock Foundation has been granted the right to acquire protective shares up to a maximum equal to the number of outstanding shares at the date in question (call option).

The Board of the Preferred Stock Foundation consists of three (3) members appointed by the Board itself. The Chairman (or another member) of the Supervisory Board and the CEO (or the other member of the Executive Board) will be invited to attend the board meetings of this foundation. This will not apply if a decision is to be made on the exercise of the option right or the exercise of voting rights on acquired shares.

Cumulative financing preferred shares

Since 2002, the Articles of Association of Arcadis NV include the possibility to issue cumulative financing preferred shares. Currently, no such shares have been issued.

Agreements with shareholders

The Articles of Association of Stichting Lovinklaan stipulate that their Articles of Association cannot be amended without prior approval of Stichting Prioriteit Arcadis NV. In a separate agreement between Stichting Prioriteit Arcadis NV and Stichting Lovinklaan it is stipulated that prior approval of Stichting Prioriteit Arcadis NV is required for any resolution concerning the disposal or transfer of shares in Arcadis NV if, as a result of such resolution the number of shares held by Stichting Lovinklaan will drop below 12,000,000 (number of shares held at 31 December 2023: 16,744,304).

Issuance of shares

The General Meeting decides, with the approval of the Supervisory Board and Stichting Prioriteit Arcadis NV, about the issuance of shares or grant of rights to acquire shares. The General Meeting can also delegate its authority to issue shares, or part thereof, to the Executive Board. As long as any such delegation stands, the General Meeting cannot decide to issue. No shares were issued in 2023 (2022: nil).

Purchase of shares

As mandated by the General Meeting of Shareholders and with approval from the Supervisory Board and Stichting Prioriteit Arcadis NV, the Executive Board may purchase fully paid-up shares in Arcadis NV. The mandate is not needed in case the shares are purchased to be transferred to employees and to fulfill commitments for stock dividend. As a result of its Long-Term Incentive Plan(s) or related arrangements, Arcadis needs to provide shares to persons working for Arcadis. The intention is to minimize dilution by purchasing (a portion of) the shares needed for such Long-Term Incentive Plan(s) (or related arrangements), as opposed to issuing new shares.

The following numbers of shares were repurchased over the past five years:

Year	Number of shares	Price at time of purchase (in €)
2019	850,000	13.82 to 17.59
2020	504,386	12.30 to 27.96
2021	2,316,830	27.58 to 40.24
2022	-	-
2023	-	-

The repurchased shares are to cover for the vesting/exercise of shares and options granted and commitment for stock dividend. The cash equivalent of the temporary repurchased shares are deducted from Retained earnings.

Of the purchased shares, a total number of 400,355 has been placed back in the market through the exercise of options in 2023 (2022: 563,335). Net proceeds included in Retained earnings amounted to €0.5 million (2022: €1.3 million).

At 31 December 2023, the number of repurchased shares in stock (treasury stock) amounted to 469,162 (2022: 869,517).

The number of outstanding ordinary shares over the past five years developed as follows:

Year	1 January	Issued shares	Repurchased shares	Reissued shares	31 December
2019	87,711,327	1,426,786	(850,000)	757,115	89,045,228
2020	89,045,228	-	(504,386)	1,577,872	90,118,714
2021	90,118,714	616,854	(2,316,830)	590,501	89,009,239
2022	89,009,239	-	-	563,335	89,572,574
2023	89,572,574	-	-	400,355	89,972,929

Share premium

Share premium represents the premium paid in excess of the par value of shares at the time of the issuance of new shares or exercise of share options.

Translation reserve

Translation reserve (a statutory reserve) comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. €28.4 million was deducted to the Translation reserve in 2023 (2022: €36.5 million addition).

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. An amount of €1.7 million was deducted to the Hedging reserve in 2023 with nil tax effect on the same (2022: €0.1 million addition with nil tax effect).

Retained earnings

The Executive Board proposes, with the approval of the Supervisory Board, which part of the profit shall be reserved. The remaining part of the profits shall be at the disposal of the General Meeting of Shareholders and may be distributed as dividend. The holder of the priority shares is entitled to a dividend of 5% of the par value of the priority shares, prior to any dividend distribution being made. On these shares no further distributions shall be made.

Profit allocation

The profit attributable to the equity holders of the Company over fiscal year 2023 amounts to €160.0 million. The Executive Board, with the approval of the Supervisory Board, proposes to present for approval to the General Meeting of Shareholders its proposal to distribute a dividend amount of €76.5 million, which represents a dividend of €0.85 per ordinary share (2022: €0.74). Of the total Retained earnings, an amount of €9.6 million of legal reserves is restricted in distribution (2022: €9.6 million). See note 45 to the Company financial statements for further details.

26 Non-controlling interests

Non-controlling interests represent the net assets which are not held by the Company and are presented within total equity in the Consolidated balance sheet as a separate category. Profit or loss and each component of Other comprehensive income are attributed to the equity holders and to the non-controlling interests.

The movements in non-controlling interests are specified below.

In € thousands	2023	2022
Balance at 1 January	**(2,009)**	**(1,148)**
Share in profit for the year	(420)	(533)
Dividends to non-controlling shareholders	-	(217)
Acquisitions/(divestments)	-	(26)
Exchange rate differences	91	(85)
Balance at 31 December	**(2,338)**	**(2,009)**

At 31 December 2023, the non-controlling interests mainly consisted of:

- Hyder & Solaiman Elkhereiji Engineering Consultants P.C. (30%) (2022: 30%)
- Gerenciamento Nacala Ltda (40%) (2022: 40%)
- Water Platform Company B.V. (30%) (2022: 30%)

27 Provisions for employee benefits

Most of the pension plans of the Group qualify as defined contribution pension plans. However, the Group also operates a few defined benefit pension plans.

Defined contribution pension plans
For defined contribution pension plans, the Group pays fixed contributions into a separate entity, which are charged to profit or loss in the period during which services are provided by employees. The Group's legal or constructive obligation is limited to the contributions paid into the plans. Prepaid contributions are recognized as an asset to the extent that Arcadis has the unconditional right to cash refunds or reduction in future payments.

Defined benefit pension plans
Some of the pension plans qualify as defined benefit pension plans. For these plans, the costs are recognized as personnel costs and financing costs in profit or loss. The amount charged to personnel costs is the cost of accruing pension benefits promised to employees over the year, plus the costs of individual events such as past service benefit changes, settlements and curtailments (such events are recognized immediately in profit or loss).

The amount charged to financing costs is the net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset. Any differences between the expected interest on assets and the return actually achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the plans, are recognized immediately in profit or loss.

The majority of the defined benefit pension plans are funded with plan assets that have been segregated in a trust or foundation. These plans are subject to regular actuarial review by external actuaries, using the projected unit credit method.

The defined benefit pension plan on the balance sheet comprises the present value of the defined benefit pension obligation and the fair value of plan assets. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds (or suitable alternative where there is no active corporate bond market) that are denominated in the currency in which the benefits will be paid, and with maturity dates approximating to the terms of the related pension obligations.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in profit or loss.

The table below provides a summary of the total provision for employee benefits at the balance sheet date.

In € thousands	Asset side	Liability side	Total 2023
Defined benefit pension plans	14,581	25,658	11,077
Other deferred compensation plans	-	20,320	20,320
Total provision for employee benefits	**14,581**	**45,978**	**31,397**
Non-current	14,581	40,125	25,544
Current	-	5,853	5,853
Total	**14,581**	**45,978**	**31,397**

In € thousands	Asset side	Liability side	Total 2022
Defined benefit pension plans	10,417	28,715	18,298
Other deferred compensation plans	-	17,773	17,773
Total provision for employee benefits	**10,417**	**46,488**	**36,071**
Non-current	10,417	41,652	31,235
Current	-	4,836	4,836
Total	**10,417**	**46,488**	**36,071**

Pension costs recognized in profit or loss

The total pension costs recognized in profit or loss were as follows:

In € thousands	2023	2022
Total defined benefit pension plans	3,907	3,135
Total defined contribution pension plan and other deferred compensation plans	91,243	83,624
Total pension costs	**95,150**	**86,759**

The pension expenses of defined benefit and defined contribution pension plans are recognized in the following line items in the Consolidated income statement:

In € thousands	2023	2022
Personnel costs	95,659	86,857
Finance expenses/ (income)	(509)	(98)
Total pension costs	**95,150**	**86,759**

Defined benefit pension plans

Description of plans

The defined benefit pension plans of the Group are either career average, final salary or hybrid plans. In addition, there is a termination indemnity plan for Arcadis Middle East, which pays out a single lump sum at exit (regardless of age or reason for exit).

The two main defined benefit pension plans are in the UK, being the 'EC Harris Group Pension Scheme' and the 'Acer Group Pension Scheme' (formerly Hyder), which account for 100% of the pension assets for funded schemes in surplus. The defined benefit liability is mainly due to the termination indemnity plan in Arcadis Middle East (41% of the total defined benefit liability) and other individually immaterial defined benefit pension plans within the Group.

As at 31 December 2023 both defined benefit pension plans in the UK have a surplus of €14.6 million (31 December 2022: €10.4 million). This increase is mainly due to better asset performance despite the reduction in the discount rate.

The EC Harris Group Pension Scheme has been closed for future accruals since 31 January 2011, whereas the Acer Group Pension Scheme was closed for future accruals since 30 April 2011. Both plans are funded plans. The other defined benefit pensions plans are mainly active and funded plans.

In June 2023, a High Court legal ruling in the UK decided that rule amendments to certain pension plans were invalid if they were not accompanied by the correct actuarial confirmation. While the ruling only applied to the specific pension scheme in question, if the ruling stands, it will form part of the case law and can therefore be expected to apply across other pension schemes, including EC Harris Group Pension Scheme and Acer Group Pension Scheme. Disclosures have been calculated assuming that this ruling will not affect the benefits of either Scheme on the basis that there is a reasonable prospect of successful appeal against the ruling.

Governance

The majority of the defined benefit pension plans are established as independent foundations or similar entities, with operations governed by local regulations and practice in each country. Boards of Trustees, which consist of employer and employee representatives, are generally required to act on behalf of the plan's stakeholders and perform periodic reviews on the solvency of the funds in accordance with local laws and regulations. They are responsible for administering the plan assets and for defining the investment strategy.

Investment strategy

The investment strategy of the Group in respect of the funded plans is implemented within the framework of the various local requirements of the countries where the plans are based. The objective is to control the risks and maintain an appropriate balance between the risks and the long-term returns. Therefore, the investments are well diversified and managed within the asset-liability matching (ALM) frameworks of the funds. Within these frameworks the objective is to match assets to the pensions obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

Specification defined benefit pension plans

The table below provides a summary of the classification of the defined benefit pension plans at 31 December.

	2023			2022		
In € thousands	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
EC Harris Group Pension Scheme (ECH)	78,848	82,192	(3,344)	74,291	80,350	(6,059)
Acer Group Pension Scheme (AGPS)	168,995	180,232	(11,237)	163,353	167,711	(4,358)
ME Termination Indemnity Plan (HME)	10,478	-	10,478	14,178	-	14,178
Other defined benefit pension plans	16,841	1,661	15,180	16,008	1,471	14,537
Total defined benefit pension plans			**11,077**			**18,298**

The next table provides a summary of the changes in the defined benefit obligations and the fair value of the plan assets for the UK (A and B hereafter), Arcadis Middle East (C) and the other defined benefit pension plans (D). It also provides a reconciliation of the funded status of the plans to the amounts recognized in the Consolidated balance sheet.

In € thousands	ECH	AGPS	AME	Other	Total
Balance at 1 January 2022	**(7,565)**	**(18,999)**	**19,653**	**18,056**	**11,145**
Current service cost	-	-	793		
Interest expense/ (income)	(164)	(411)	263		
One-off equalization cost	-	-	-		
Reclassification	-	-	-		
Subtotal	**(164)**	**(411)**	**1,056**	**2,654**	**3,135**
Remeasurement:					
Return on plan assets excluding amounts included in interest expense/ (income)	43,608	102,478	-		
(Gain)/ loss from change in financial assumptions	(45,973)	(94,749)	(384)		
(Gain)/ loss from change in demographic assumptions	(82)	(1,783)	(298)		
Experience (gain)/ loss	5,286	12,250	1,679		
Total remeasurement	**2,839**	**18,196**	**997**	**(703)**	**21,329**
Exchange rate differences	349	438	1,334	169	2,290
Contributions by employer	(1,518)	(3,582)	-	-	(5,100)
Benefit payments from plans	-	-	(8,862)	(1,771)	(10,633)
Divestment	-	-	-	(3,868)	(3,868)
Balance at 31 December 2022	**(6,059)**	**(4,358)**	**14,178**	**14,537**	**18,298**
Current service cost	-	-	910		
Interest expense/ (income)	(341)	(301)	466		
One-off equalization cost	-	-	-		
Reclassification	-	-	-		
Subtotal	**(341)**	**(301)**	**1,376**	**3,173**	**3,907**
Remeasurement:					
Return on plan assets excluding amounts included in interest expense/ (income)	2,088	(4,746)	-		
(Gain)/ loss from change in financial assumptions	2,704	5,165	32		
(Gain)/ loss from change in demographic assumptions	(2,536)	(5,341)	33		
Experience (gain)/ loss	2,550	1,937	553		
Total remeasurement	**4,806**	**(2,985)**	**618**	**(68)**	**2,371**
Exchange rate differences	(130)	(122)	(249)	(148)	(649)
Contributions by employer	(1,620)	(3,471)	-		(5,091)
Benefit payments from plans	-	-	(5,445)	(2,314)	(7,759)
Balance at 31 December 2023	**(3,344)**	**(11,237)**	**10,478**	**15,180**	**11,077**

The current and non-current breakdown of defined benefit pension plan is as follows:

	2023	2022
Non-current	10,573	18,271
Current	504	27
Total	**11,077**	**18,298**

(A) EC Harris group pension scheme (ECH)

Plan assets allocation

All invested assets shown in the table below are quoted.

In € thousands / %	2023	%	2022	%
Equities	10,350	13	8,874	11
Property and real estate	1,171	1	1,547	2
Cash	1,165	1	924	1
Other [1]	69,506	85	69,005	86
Total at 31 December	**82,192**	**100**	**80,350**	**100**

[1] Others include private credit, diversified growth funds and liability driven investment fund

Actuarial assumptions

The principal actuarial assumptions at the reporting dates are:

In %	2023	2022
Discount rate	4.60	4.90
Pension increases	1.95-3.40	2.05-3.45
Retail price index inflation	3.30	3.40
Consumer price index inflation	2.30	2.40

The discount rate is based on yields on UK AA-rated high-quality corporate bonds, with durations comparable to the duration of the pension plan's liabilities. Based on the assumptions described in this note, these payments have an average duration of 15 years.

Demographic assumptions regarding future mortality are based on published statistics and mortality tables. The current life expectancy (in years) underlying the values of the liabilities in the defined benefit plans are as follows:

In years	2023	2022
Male/female currently age 65	21.7/ 24.3	22.5/ 24.9
Male/female reaching age of 65 in 20 years	23.0/ 25.6	23.8/ 26.3

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to, amongst others, the discount rate, rate of inflation and changes in the mortality assumptions. In 2023, the sensitivity analysis was as follows:

In % / € thousands	Change in assumptions	Change in pension liability
Discount rate	0.5%	5,767
Rate of inflation	0.5%	3,460
Life expectancy	one-year change	3,460

The sensitivity analysis as disclosed in the 2022 financial statements was as follows:

In % / € thousands	Change in assumptions	Change in pension liability
Discount rate	0.5%	5,638
Rate of inflation	0.5%	3,383
Life expectancy	one-year change	2,255

Defined benefit liability and employer contributions

The Company expects €1.6 million in contributions to be paid to the plan in 2024. The estimated net pension costs to be recognized in the Consolidated income statement in 2024 amounts to €0.2 million, relating to net interest charges. The estimated weighted average duration of the defined benefit obligation is around 15 years.

(B) Acer Group Pension Scheme (AGPS)

Plan assets allocation

All invested assets shown in the table below are quoted.

In € thousands / %	2023	%	2022	%
Equities	25,823	14	21,389	13
Fixed income	-	-	1,219	1
Property and real estate	10,057	6	11,941	7
Hedge funds	86,278	48	88,535	52
Cash	1,901	1	1,119	1
Others[1]	56,173	31	43,508	26
Total at 31 December	**180,232**	**100**	**167,711**	**100**

[1] Others include alternatives, credit, diversifying and protection strategies, and insured pensions

Actuarial assumptions

The principal actuarial assumptions at the reporting dates are:

In %	2023	2022
Discount rate	4.60	4.90
Pension increases	1.95-3.40	2.05-3.45
Retail price index inflation	3.30	3.40
Consumer price index inflation	2.30	2.40

The discount rate is based on yields on UK AA-rated high-quality corporate bonds, with durations comparable to the duration of the pension plan's liabilities. Based on the assumptions described in this note, these payments have an average duration of 15 years.

Demographic assumptions regarding future mortality are based on published statistics and mortality tables. The current life expectancy underlying the values of the liabilities in the defined benefit plans are as follows:

In years	2023	2022
Male/female currently age 65	21.7/ 24.2	22.5/ 24.8
Male/female reaching age of 65 in 20 years	23.0/ 25.6	23.8/ 26.2

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to, amongst others, the discount rate, rate of inflation and changes in life expectancy. In 2023, the sensitivity analysis was as follows:

In % / € thousands	Change in assumptions	Change in pension liability
Discount rate	0.5%	10,381
Rate of inflation	0.5%	6,921
Life expectancy	one-year change	6,921

The sensitivity analysis as disclosed in the 2022 financial statements was as follows:

In % / € thousands	Change in assumptions	Change in pension liability
Discount rate	0.5%	10,149
Rate of inflation	0.5%	6,766
Life expectancy	one-year change	6,766

Defined benefit liability and employer contributions

The Group has agreed that it will aim to eliminate any pension plan deficit within the next nine years. Therefore, funding levels are monitored on an annual basis.

The Company expects €3.5 million in contributions to be paid to the plan in 2024. The estimated net pension costs to be recognized in the Consolidated income statement in 2024 amounts to €0.6 million, relating to net interest charges. The estimated weighted average duration of the defined benefit obligation is around 15 years.

(C) Arcadis ME End of service benefits (AME)

Plan assets

There is no local regulation that requires a level of funding of the plan, therefore no assets have been set aside to fund these arrangements.

Actuarial assumptions

The principal actuarial assumptions at the reporting date are:

In %	2023	2022
Discount rate	4.80-5.20	4.60-4.75
Salary increases (expected, per annum)	0-3.00	0-2.00

As there is no deep market in corporate bonds within the Gulf Cooperation Council (GCC) region and the limited number of government bonds available do not provide an adequate reference, the discount rate is based on the US AA-rated corporate bond market as a proxy. The payments have an average duration of three years, which is lower than in previous years due to the strategic decision made in 2020 to reduce the footprint in the Middle East.

Demographic assumptions for mortality, withdrawal, and retirement are used in determining the liability. Because of the nature of the benefit, which is a lump sum payable on exit due to any cause, a combined single decrement rate has been used. The retirement age used for the actuarial valuations is as follows:

In years	2023	2022
Male/female Saudi Arabia	60/ 55	60/ 55
Male/female other countries	65/ 65	65/ 65

Sensitivity analysis

The calculation of the liability of AME is sensitive to the discount rate and salary increases. In 2023, the sensitivity analysis was as follows:

In % / € thousands	Change in assumptions	Change in pension liability
Discount rate	0.5%	77
Salary increases	0.5%	74

The sensitivity analysis as disclosed in the 2022 financial statements was as follows:

In % / € thousands	Change in assumptions	Change in pension liability
Discount rate	0.5%	57
Salary increases	0.5%	63

Defined benefit liability and employer contributions

The Company expects €0.3 million of service costs and €0.3 million of interest costs to be recognized in the Consolidated income statement in 2024. The estimated weighted average duration of the defined benefit obligation is around 1 year.

(D) Other defined benefit pension plans

The other defined benefit pension plans are individually immaterial and mainly relate to France, Germany and the UK. No detailed disclosures for these individual plans are provided. For the movement in the balance sheet position of these other defined benefit pension plans in total we refer to the table below.

Other deferred compensation plans

The other deferred compensation plans consist of the following balances:

In € thousands	2023	2022
Deferred salaries	10,462	9,039
Future jubilee payments	3,667	3,256
Other	6,191	5,478
Balance at 31 December	**20,320**	**17,773**

The movement in the other deferred compensation is as follows:

In € thousands	2023	2022
Balance at 1 January	**17,773**	**21,469**
Acquisitions	-	(31)
Additions	3,134	81
Amounts used/released	(156)	(4,465)
Exchange rate differences	(431)	719
Balance at 31 December	**20,320**	**17,773**
Non-current	14,972	12,964
Current	5,348	4,809
Balance at 31 December	**20,320**	**17,773**

Deferred salaries

The deferred salaries mainly include a plan for deferred compensation of our operating company in the United States. Management of this operating company can elect not to have its salary paid out, but rather invested in a fund by the Company, and is offered a choice of three different portfolio types: risk averse, neutral and risky. The risk is the responsibility of the participants. The related assets are included in note 20 for an amount of €10.5 million (2022: €9.0 million).

Future jubilee payments

An amount of €3.7 million is recognized for future jubilee payments based on the current agreements in the collective labor agreements and the related staff levels (2022: €3.3 million).

Other

Other deferred compensation includes €5.7 million of long service leave provisions in Australia, where employees are entitled to long service leave after a certain number of years of continuous service (2022: €5.1 million). The time allowance and conditions of entitlement are set out in legislation and vary by territory. An amount of €3.9 million is expected to be paid within one year (2022: €3.6 million).

28 Provisions for other liabilities and charges

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, a reliable estimate can be made of the amount of the obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at net present value, taking into account the timing of the cash outflows. The discount rate used reflects the current market assessments of the time value of money and the risks specific to the liability. Unwinding of the discount is recognized as a finance expense (see note 11).

The amounts recognized as provisions reflect management's best estimate of the expenditures required to settle the present obligations at the balance sheet date or to transfer it to a third party at that time.

In € thousands	Restructuring	Litigation[1]	Restoration	Other	Total
Balance at 1 January 2022	**2,264**	**27,676**	**4,839**	**7,101**	**41,880**
Additions	6,618	11,995	866	1,399	20,878
Amounts used	(3,138)	(2,238)	(330)	(803)	(6,509)
Release of unused amounts	(286)	(2,689)	(1)	(654)	(3,630)
Reclassifications	-	-	354	(101)	253
Exchange rate differences	37	288	(119)	(132)	74
Balance at 31 December 2022	**5,495**	**35,032**	**5,609**	**6,810**	**52,946**
Additions	10,810	14,951	643	1,191	27,595
Amounts used	(5,675)	(6,120)	(528)	(374)	(12,697)
Release of unused amounts	(724)	(3,542)	(280)	(962)	(5,508)
Reclassifications	-	-	255	117	372
Exchange rate differences	(84)	(321)	(53)	44	(414)
Balance at 31 December 2023	**9,822**	**40,000**	**5,646**	**6,826**	**62,294**
Non-current	3,999	36,817	5,089	5,571	51,476
Current	5,823	3,183	557	1,255	10,818
Balance at 31 December 2023	**9,822**	**40,000**	**5,646**	**6,826**	**62,294**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Restructuring

Provisions for restructuring include costs related to certain staff compensation and costs directly related to the existing plans to execute restructurings, mainly in Middle East, DPS, Continental Europe, United Kingdom and CallisonRTKL. A provision is only recognized once the decision to execute said restructuring has been taken, its costs can be reasonably and fairly estimated, and its intended execution has been announced.

Litigation

Clients of Arcadis sometimes claim, justified or not, that they are not satisfied with the services provided by the Company. While the outcome of these claims cannot be predicted with certainty, management believes that, based on (external) advisors and information received, the provision of €40.0 million (2022: €35.0 million) is the best estimate of the potential financial risk, net of insurance coverage. These insurance policies include a global professional liability insurance and in addition, local insurance in a number of countries. In general, these insurance policies have a self- insured retention and a maximum pay-out level.

Outstanding litigation (including the provisions, defense costs and reimbursement coverage) is reviewed periodically and revisions are made when necessary. Since the outcome cannot be predicted with certainty and settlement of claims could take several years, final settlement could differ from this best estimate. For IBI and DPS acquisitions, the Group has reviewed the potential contingent liabilities and recognized liabilities as revision to 2022 reported balances. See note 6 for further details on business combination disclosures.

Further information ordinarily required by IAS 37 has not been disclosed on the grounds that it can be expected to seriously prejudice the outcome of the disputes.

Restoration provision for leased assets

For lease contracts that require the Company to maintain an underlying asset during the lease term and/or restore it to its original condition before returning to the lessor at the end of the lease, a restoration provision is recognized when the obligation arises. For the same amount a right-of-use asset is recognized and depreciated over the lease term. The discount rate used is the Incremental Borrowing Rate.

Other

The category other provisions include individually immaterial items, and the Company expects that they will be substantively used within one to five years.

29 Loans and borrowings

Interest-bearing debts are measured at amortized cost, in which the difference between the proceeds and repayments over time is charged to profit or loss over their duration. The portion of long-term debt that has to be repaid within one year after the balance sheet date is presented as the current portion of long-term debt under current liabilities.

All other financial liabilities are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Non-derivative financial liabilities include loans and borrowings, bank overdrafts, trade and other payables. Initially these liabilities are recognized at fair value plus the directly attributable transaction costs. Subsequently these financial liabilities are measured at amortized cost using the effective interest method.

Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future cash flows, discounted at the Company specific market rate of interest at reporting date.

Loans and borrowings at 31 December are as follows:

In € thousands	Interest rates between	2023	2022
Short-term bank loans	1.2% - 3.5%	-	56,230
Long-term bank loans	1.5% - 5.8%	354,710	878,680
Debentures	6.5%	20,366	20,121
Senior unsecured notes	4.9%	495,847	-
Other long-term debt [1]	3.0% - 6.9%	-	3,134
Total loans and borrowings		**870,923**	**958,165**
Current		-	56,230
Non-current		870,923	901,935
Total		**870,923**	**958,165**

[1] Including retentions and expected deferred consideration not due within one year, amounting to €0.0 million (31 December 2022: €3.1 million)

The movement in non-current loans and borrowings is as follows:

In € thousands	2023	2022
Balance at 1 January	**901,935**	**187,510**
New debt	718,680	747,277
Accrued interest	-	-
Redemptions	(750,000)	(19,256)
Acquisitions (deferred consideration)	-	47,198
From long-term to current position other long-term	-	(56,921)
Other	428	-
Exchange rate differences	(120)	(3,873)
Balance at 31 December	**870,923**	**901,935**

Aggregate maturities of non-current loans and borrowings are as follows:

In € thousands	2023	2022
2024	-	749,955
2025	96,890	99,514
2026	223,392	-
2027	51,469	52,466
2028	499,172	-
After 2028	-	-
Balance at 31 December	**870,923**	**901,935**

The movement in short-term debts and current portion of long-term debts is as follows:

In € thousands	2023	2022
Balance at 1 January	**56,230**	**76,057**
New debt	-	195,545
Acquisitions	-	13,686
Redemptions	(55,925)	(284,907)
Other	-	(731)
From long-term to current position other long-term	-	56,921
Exchange rate differences	(305)	(341)
Balance at 31 December	**-**	**56,230**

Fair value

The fair value of the Group's loans and borrowings has been estimated at €874.5 million, based on quoted market prices for the same or similar loans or on the current rates offered to the Group for debt with similar maturities (2022: €951.9 million).

Long Term loans

Eurobond

In February 2023, a €500.0 million Eurobond has been issued against a fixed rate of 4.875% with a 5-year maturity. The proceeds of this issuance have been used to repay a part (€500.0 million) of the €750.0 million bridge loan facility.

Bridge loan facility

The bridge loan facility used to acquire IBI Group and DPS Group in 2022 has been repaid in the course of 2023. Of the €750.0 million outstanding at the start of 2023, €500.0 million was repaid with the issuance of a €500.0 million Eurobond in February 2023. The remaining €250.0 million was repaid during the third quarter of 2023 using the proceeds from the €185.0 million newly issued Schuldschein loans and €65.0 million with available cash.

Schuldschein loans

In July 2023, €40.0 million of Schuldschein loans (2015 tranche) was repaid ahead of contractual repayment schedule (originally in October 2023). In October 2023, €17.0 million of Schuldschein loans (2020 tranche) were repaid in accordance with the contractual repayment schedule. In July 2023, €225.0 million of

Schuldschein loans have been issued with a 3-year maturity. €40.0 million was issued at a fixed rate (5.1%) and €185.0 million was issued at a floating rate (6M Euribor + 1.35%).

The €185.0 million floating rate Schuldschein loans have been swapped with two floating-to-fixed interest rate swaps. For more information, see note 19.

At 31 December 2023, the non-current portion of long-term debt includes a total of Schuldschein debt in the amount of €358.0 million maturing in 2025, 2026 and 2027.

Debentures

At 31 December 2023, the non-current portion of long-term debt acquired after the acquisition of IBI Group includes €20.4 million of Debentures. The 6.5% Debentures have a maturity of 31 December 2025 and are listed on the Toronto Stock Exchange.

On or after 31 December 2023, but prior to 31 December 2024, the 6.5% Debentures are redeemable, in whole or in part from time to time at the option of the Group at a price equal to 103.25% of the principal amount of the Debentures redeemed plus accrued and unpaid interest. On or after 31 December 2024 but prior to the maturity date of 31 December 2025, the Debentures are redeemable at a price equal to their principal amount plus accrued and unpaid interest. On redemption or at maturity on 31 December 2025, the Group will repay the debentures in cash.

Revolving Credit Facility

In Q4 2023, Arcadis used both the extension option as well as the accordion option available in the Revolving Credit Facility (RCF) to extend and increase the RCF. Following the exercise of these options, the RCF has been extended by 2 years to 2028 and increased by €100.0 million to €600.0 million, with €95.0 million maturing in October 2026 and the remaining €505.0 million maturing in October 2028.

Short Term Credit facilities

The total available short-term credit facilities amount to €412.3 million, which include all uncommitted credit facilities, bank guarantee facilities and surety bond lines with financial institutions of which €196.7 million has been used as per 31 December 2023 (2022: €379.7 million and €158.3 million respectively).

The Group has short-term uncommitted credit facilities of €120.0 million with relationship banks and three bank guarantee facilities totaling €75.9 million (2022: €120.0 million and €76.2 million, respectively). These short-term credit facilities are used for the financing of working capital and general corporate purposes of the Group.

By the end of the year 2023, the total amount of bank guarantees and letters of credit that were outstanding under the €75.9 million guarantee facilities amounted to €48.1 million (2022: €41.3 million). Additionally, there were other outstanding bank guarantees, letters of credit and surety bonds amounting to €145.6 million (2022: €107.1 million).

Interest rates

The interest rate ranges for the total loans and borrowings are as follows:

In € thousands	2023	2022
0% - 4%	74,057	874,044
3% - 7%	796,867	84,121
Balance at 31 December	**870,924**	**958,165**
Weighted average interest rate [1]	**4.7%**	**2.8%**

[1] On interest-bearing debt (including the interest effect of swaps)

Financial covenants

The leverage covenant for the €600.0 million syndicated Revolving Credit Facility and the 2020 Schuldschein loans prescribes that the average net debt to EBITDA ratio is not to exceed the maximum of 3.5x, which is confirmed to the lenders twice a year.

At 31 December 2023, the average net debt to EBITDA ratio calculated in accordance with the credit documentation of the 2020 Schuldschein loans and the €600.0 million syndicated Revolving Credit facility is 2.2x. No other financial covenants exist for these credit facilities.

The leverage covenant for the 2023 Schuldschein loans prescribes that the average net debt to Operating EBITDA ratio is not to exceed the maximum of 3.5x, which is confirmed to the lenders twice a year.

At 31 December 2023, the average net debt to Operating EBITDA ratio calculated in accordance with the credit documentation of the 2023 Schuldschein loans is 2.0x. No other financial covenants exist for these credit facilities.

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

30 Accounts payable, accrued expenses and other current liabilities

Other current liabilities are non-derivative financial liabilities, which are initially recognized at fair value plus directly attributable transaction costs. Subsequently these financial liabilities are measured at amortized cost using the effective interest method.

In € thousands	Note	2023	2022[1]
Accounts payable		312,641	334,110
Accrued expenses		95,851	100,089
Payables to employees		206,556	193,280
Taxes and social security contributions		104,445	101,439
After-payments relating to acquisitions	6	2,400	3,888
Other liabilities		78,844	58,354
Balance at 31 December		**800,737**	**791,160**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Of the total accounts payable approximately 41% is subject to a so-called 'paid-when-paid' clause (2022: 35%). The expectation is that all accounts payable will be paid within the normal course of business and are therefore classified as short-term liabilities. Further information about Arcadis' exposure to liquidity risk is included in note 31.

Other liabilities include various accrued liabilities, such as to be paid occupancy costs, consultancy costs, insurance costs and interest costs. Any lease incentives ('tenant improvement allowances') received are part of the right-of-use asset, see note 16.

31 Capital and financial risk management

Arcadis' activities expose the Group to a variety of financial risks, including (A) credit risks, (B) liquidity risks, and (C) market risks.

These risks are inherent to the way the Group operates as a multinational with locally operating subsidiaries. The Executive Board is responsible for the design and functioning of the internal risk management systems. The day-to-day risk management activities related to the financial risk management are carried out by Arcadis Group Treasury, in line with the guiding principles of the Group Treasury Policy, as updated and approved by the Executive Board in May 2021.

Arcadis Audit and Risk Committee oversees how management monitors compliance with the Group risk management policies and procedures, and the Arcadis control framework. It also reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(A) Credit risks

Credit risk arises from receivables from customers as well as cash balances and fair values of derivatives with financial counterparties (e.g. banks). The credit risk on customers is influenced mainly by the individual characteristics of each customer. Arcadis usually invoices clients for services according to the progress of the work. If clients refuse or are unable to meet their contractual payment obligations, the Group may not have sufficient cash to satisfy its liabilities and its growth and continued operations could be adversely impacted.

The key objective of the Group's counterparty risk management is to minimize the risk of losses as a result of failure of an individual financial counterparty that could negatively impact the Group's results. Arcadis aims to centralize cash balances with banks that have also provided committed credit facilities to the Group in order to reduce this counterparty risk.

The exposure to credit risk is monitored on an ongoing basis at local entity and at group level. Normally, Arcadis only deals with counterparties that have a sufficiently strong credit rating. Where possible, Arcadis uses credit ratings provided by external credit rating agencies, thus monitoring creditworthiness in order to manage the related credit risk. Furthermore, Arcadis strongly focuses on clients by strengthening the commercial relationship and being more selective to which clients services are offered. Through systematic account management we aim to build long-term relationships with selected multinational and key national/local clients. We already have a relationship with the majority of our multinational clients for more than five years. New customers are analyzed individually for creditworthiness before services are offered and monitored regularly.

The carrying amount of financial assets represents the maximum credit exposure. Per 31 December 2023, the maximum exposure to credit risk was:

In € thousands	Note	2023	2022[1]
Financial assets:			
Trade receivables	21	731,035	729,614
Other receivables	23	39,058	14,182
Other non-current assets	20	20,414	20,274
Derivatives	19	8,197	15,943
Loans to associates and joint ventures	17	-	-
		798,704	**780,013**
Cash and cash equivalents less bank overdrafts	24	279,519	257,598
Balance at 31 December		**1,078,223**	**1,037,611**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Trade receivables

Trade receivables are presented net of a provision for expected credit losses. The credit risk is measured and analyzed on a local level at regular intervals, taking into consideration, amongst others, the financial situation of the debtor and ageing of receivables. Expected losses are determined in line with IFRS 9, see note 21.

The ageing of Trade receivables and the provision for Trade receivables at reporting date is disclosed below and in note 21. The ageing of receivables has led to the recognition of (expected) credit losses and calibration of assumptions as included in the Goodwill impairment test.

The movement schedule for the provision for Trade receivables is included in note 21.

	2023			2022		
In € thousands	Gross Receivables	Provision bad debt	Provision ECL	Gross Receivables[1]	Provision bad debt	Provision ECL
Not past due	517,982	(3,420)	(292)	508,983	(3,310)	(329)
Past due 0-30 days	95,572	(821)	(19)	86,360	(953)	(32)
Past due 31-60 days	39,949	(780)	(12)	49,840	(1,878)	(10)
Past due 61-120 days	35,807	(1,178)	(72)	33,093	(374)	(77)
Past due 121-364 days	37,107	(3,851)	(226)	42,601	(4,662)	(224)
More than 364 days due	62,969	(50,055)	(105)	60,462	(42,525)	(118)
Total	**789,386**	**(60,105)**	**(726)**	**781,339**	**(53,702)**	**(790)**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

There are various reasons for delays in payments that result in past due amounts and that impact Days Sales Outstanding (DSO). Arcadis has overdue receivables which are generally considered collectible and for which the risk of impairment is remote.

Amounts due at 31 December 2023 subject to the 'paid-when-paid principle' are disclosed in note 21. Further details on how Arcadis uses this principle to manage working capital is disclosed in the section on liquidity risk.

Other receivables and non-current assets

Other receivables and Other non-current assets are monitored for expected credit losses. They do not contain impaired assets and are not past due.

Loans to associates and joint ventures

Loans to associates and joint ventures are subject to credit risk. At 31 December 2023, no material loans to associates were outstanding.

Cash and cash equivalents

The credit risk of Cash and cash equivalents is the risk that counterparties are not able to repay amounts owed to Arcadis upon request of Arcadis. The objective of the Group is to minimize credit risk exposure in Cash and cash equivalents by investing in liquid securities and entering into transactions involving derivative financial instruments only with counterparties that have sound credit ratings, a good reputation and belong to the group of Core banks which also provide committed credit facilities. The related risk is monitored on an ongoing basis both at local entity and group level. The Group keeps approximately 62% (2022: 66%) of its cash reserves at our Core banks and is only allowed to invest in short-term, liquid securities with counterparties that have an investment grade rating from Standard & Poor's, Moody's or Fitch. Management monitors these ratings and does not expect any such counterparty to fail to meet its obligations in the short-term. The change in percentage of Core banks compared to previous years is mainly caused by the acquisition of IBI Group and DPS Group in 2022 that are using other banks than our own Core banks. The Group is in the process of shifting these bank accounts to our own Core banks. No Expected Credit Losses are recognized on the cash and cash equivalents.

Guarantees and letters of credit

On behalf of the Group and local entities, financial institutions (such as banks and insurance companies) have provided bank guarantees, surety bonds and letters of credit amounting to €150.3 million outstanding as at 31 December 2023 (2022: €151.6 million). In addition, Arcadis NV has provided financial guarantees to banks for a maximum amount of €160.2 million (2022: €177.6 million). No Expected Credit Losses are recognized from these guarantees.

(B) Liquidity risks

Liquidity risk is the risk that Arcadis will not be able to meet its financial obligations as they fall due. The primary objective of liquidity management is providing for sufficient committed credit facilities and cash and cash equivalents to enable Arcadis to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Arcadis. Our Group Treasury Policy supports this principle by stating that the minimal liquidity at any given point in time should always exceed €200.0 million.

Neither the aged (un)billed receivables of individual customers, nor the profile of the accounts receivable portfolio, impose a significant threat to the Group's liquidity planning.

Over the course of the year, fluctuations occur in the working capital needed to finance operations. The Group strives to have a good liquidity position at all times, strictly controlling working capital by optimizing billing and collection and consequently maintaining a healthy (average) net debt to (Operating) EBITDA ratio.

To manage working capital, but only if legally allowed and commercially possible, Arcadis agrees with part of its sub-contractors so-called 'paid-when-paid' clauses. This means that Arcadis is in such instances better able to match the cash inflows from debtors with the related cash outflows to suppliers, as the timing of the payment of the supplier is dependent on the collection of the receivable from a client. This could however be impacted by contractual clauses and/or local laws and regulations that limit the maximum extension of payment terms to a moment before Arcadis gets paid by its client. In case of non-payment by the debtor, Arcadis still has to fulfil its obligations towards the supplier under a 'paid-when-paid' clause. Accounts payable at 31 December 2023 subject to the 'paid-when-paid principle' are disclosed in note 30. The expectation is that all accounts payable will be paid within the normal course of business and are therefore classified as short-term liabilities.

Lines of credit

The Company maintains the lines of credit as summarized in the table below.

In millions		31 December 2023							
Type	Interest/fees		Available		Utilized		Available		Utilized
in € millions		CAD	EUR	CAD	EUR	CAD	EUR	CAD	EUR
Bridge Loan Facility	EURIBOR		€0.0		€0.0		€750.0		€750.0
Revolving Credit Facility	EURIBOR		€600.0		€0.0		€500.0		€0.0
Debentures IBI	6.5%	CA$29.8	€20.4	CA$29.8	€20.4	CA$29.3	€20.1	CA$29.3	€20.1
Senior unsecured notes	4.875%		€500.0		€500.0				
Committed facilities	EURIBOR		€0.0		€0.0		€0.0		€0.0
Uncommitted multi-currency facilities	Floating		€120.0		€0.0		€120.0		€0.0
Schuldschein notes	Fixed/floating		€358.0		€358.0		€190.0		€190.0
Guarantee facility	0.30% - 0.65%		€75.9		€48.1		€76.2		€41.3
Other (loans)	Various		€20.3		€3.0		€33.7		€9.9
Other (bank guarantees and surety bonds)	Various		€196.1		€145.6		€149.8		€107.1

A description and analysis of the credit lines listed above and its movements compared to last year is provided in note 29.

Contractual obligations

The following tables describe our commitments and contractual obligations for the following five years and thereafter. The other long-term debt obligations are the debt service obligations.

No collateral has been pledged for liabilities or contingent liabilities.

In € thousands	Total	< 1 year	1 - 3 years	4 - 5 years	> 5 years
Contractual obligations at 31 December 2023					
Guarantees on behalf of associates	-	-	-	-	-
Off balance sheet lease commitments	3,826	3,826	-	-	-
Foreign exchange contracts:					
Outflow	(677,552)	(677,552)	-	-	-
Inflow	682,608	682,608	-	-	-
Interest rate swaps:					
Outflow	(198,759)	(7,068)	(191,691)	-	-
Inflow	199,363	7,343	192,020	-	-
Cross Currency swaps:					
Outflow	-	-			
Inflow	-	-			
Deferred consideration	2,400	2,400	-	-	-
Interest	171,878	41,839	79,682	50,357	-
Lease obligations	281,307	64,810	93,918	62,118	60,461
Loans and borrowings	870,923	-	371,751	499,172	-
Short-term bank debt	-	-	-	-	-
Accounts payable	312,641	312,641	-	-	-
Total	**1,648,635**	**430,847**	**545,680**	**611,647**	**60,461**
Contractual obligations at 31 December 2022					
Guarantees on behalf of associates	-	-	-	-	-
Off balance sheet lease commitments	-	-	-	-	-
Foreign exchange contracts:					
Outflow	(542,500)	(542,500)	-	-	-
Inflow	536,666	536,666	-	-	-
Interest rate swaps:					
Outflow	-	-	-	-	-
Inflow	-	-	-	-	-
Cross Currency swaps:					
Outflow	42,618	42,618	-	-	-
Inflow	(41,024)	(41,024)	-	-	-
Deferred consideration	5,309	2,176	3,133	-	-
Interest	38,211	22,456	13,238	2,517	-
Lease obligations[1]	315,117	73,005	104,579	69,189	68,344
Loans and borrowings	958,165	56,230	849,469	52,466	-
Short-term bank debt	-	-	-	-	-
Accounts payable[1]	334,110	334,110	-	-	-
Total	**1,646,672**	**483,737**	**970,419**	**124,172**	**68,344**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

(C) Market risks

Market risk includes currency risk (C1) and interest rate risk (C2) and comprises the risk that changes in market prices, such as foreign exchange rates and interest rates will affect Arcadis' income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters set by the Group Treasury policy.

(C1) Currency risk

The key objective of the Group foreign exchange transaction exposure management is aimed at the active management of foreign exchange exposures by Group Treasury to reduce and limit the adverse effects of exchange rate changes on the Group's profitability.

Trade and financing transactions in non-functional currencies

The subsidiaries of Arcadis mainly operate in local markets, and as such both sales invoices and purchase invoices are mainly denominated in local currencies. In some instances, however, invoices are in the functional currency of the counterparty, which results in a currency exposure for the subsidiary. The exposure to foreign exchange risk on sales and costs denominated in another currency than the respective functional currencies of the subsidiaries is very limited. Only in limited cases, e.g., for material transactions, the subsidiaries of Arcadis enter into forward foreign exchange contracts with Group Treasury in order to hedge these transaction risks.

Borrowings are denominated in currencies that partly match the cash flows generated by the underlying operations of the Group, primarily Euro and US dollar.

Arcadis group companies can have positions in foreign currencies which are different than their respective functional currencies. For the main currencies the following positions per currency (translated in euros) are the cumulative gross exposures of non-functional currencies of all Arcadis group companies combined.

In € thousands	in EUR	in USD	in GBP	in CNY	in BRL	in AED	in CAD	in AUD
At 31 December 2023								
Trade receivables	1,117	56,139	23,225	10,337	20,067	3,893	5,171	3,847
Cash and cash equivalents	4,497	7,795	341	435	-	23	1,069	904
Derivatives	-	73,207	29,875	(8,809)	(75)	(15,863)	(84,164)	120,516
Loans and borrowings	-	(64,891)	(53,904)	(638)	-	8,913	81,228	(120,734)
Accounts payable	(943)	(65,298)	(3,204)	(199)	(19,759)	(252)	(3,097)	(525)
Balance exposure	**4,671**	**6,952**	**(3,667)**	**1,126**	**233**	**(3,286)**	**207**	**4,008**
At 31 December 2022								
Trade receivables	4,722	29,513	24,504	36,335	21,229	5,000	4,983	4,200
Cash and cash equivalents	3,080	13,854	2,111	592	-	205	1,593	1,044
Derivatives	-	71,752	117,356	(8,523)	(2,539)	(15,098)	(75,403)	89,865
Loans and borrowings	-	(70,281)	(116,890)	-	(674)	11,653	75,382	(93,600)
Accounts payable	(5,801)	(24,191)	(26,413)	(1,189)	(18,663)	(982)	(3,419)	(200)
Balance exposure	**2,001**	**20,647**	**668**	**27,215**	**(647)**	**778**	**3,136**	**1,309**

The below exchange rates were applied in the year.

	2023		2022	
In €	Average	Year-end	Average	Year-end
US Dollar (USD)	0.92	0.91	0.95	0.93
Pound Sterling (GBP)	1.15	1.15	1.17	0.13
Australian Dollar (AUD)	0.61	0.62	0.66	0.63
Chinese Yuan Renminbi (CNY)	0.13	0.13	0.14	0.13
Canadian Dollar (CAD)	0.69	0.68	0.73	0.69
Brazilian Real (BRL)	0.19	0.19	0.18	0.18
United Arab Emirates Dirham (AED)	0.25	0.25	0.26	0.25

Arcadis uses derivative financial instruments in order to manage market risks associated with changes in foreign exchange rates as well as interest rates. All transactions are carried out in accordance with the Group Treasury policy. The Group seeks to apply hedge accounting where possible to manage volatility in profit or loss. All foreign exchange forward transactions outstanding at year-end are due to mature in 2024 and Q1 2025.

Sensitivity analysis currency risks

Foreign currency sensitivity analyses are performed by applying an expected possible volatility of a currency, assuming all other variables, in particular interest rates, remain constant. All monetary assets and liabilities of the Group at year-end are revalued, which results in a hypothetical impact on net income and equity as summarized below.

	2023		2022	
In €	Impact on net income	Impact on equity	Impact on net income	Impact on equity
10% change euro against the US dollar	19.1	60.5	6.9	66.8
10% change euro against the Pound Sterling	10.6	43.0	3.1	48.9
10% change euro against the Australian Dollar	4.0	17.9	-	14.3
10% change euro against the Canadian Dollar	0.6	6.9	0.1	7.2

All material balance sheet positions have been hedged with foreign exchange contracts. The translation risk relating to subsidiaries with a functional currency other than the Group reporting currency of Euro are not hedged, in accordance with the Group Treasury policy.

(C2) Interest rate risks

The Group manages interest rate risks by financing fixed assets and part of current assets with shareholders' equity and long-term debt. The remainder of current assets is financed with short-term debt including revolving bank debt with variable interest rates. Based on the interest risk profile, financial instruments were outstanding during the year to cover part of the interest rate risk on long-term borrowings. This risk is applicable to long-term debt, short-term debt and bank overdrafts in the Consolidated balance sheet amounting to €881.3 million at year-end 2023 (2022: €970.2 million). The decrease versus last year is driven by repayment of loans that were issued for the acquisition of IBI Group and DPS Group in 2022.

The Group arranged for two floating-to-fixed interest rate swaps for the €185.0 million floating interest rate Schuldschein loan that was issued in July 2023. One swap (€100.0 million) will mature in January 2025; the other swap (€85.0 million) will mature in January 2026.

The 2015 €40.0 million fixed-to-floating cross currency swap to manage currency risk and interest rate risk matured in October 2023.

Further information can be found in Note 19.

The Group Treasury Policy states that the fixed portion of net debt should be at least 40% to protect against increases in interest rates as well as providing some certainty on expectations for interest expense in profit or loss. As of December 2023, this minimum fixed portion of 40% was applicable.

Sensitivity analysis Interest rate risk

Interest rate sensitivity analyses are performed by applying an expected possible volatility of interest rates, assuming all other variables remain constant. All interest-bearing liabilities of the Group at year-end are revalued, which results in a hypothetical impact on the pre-tax profit for the year and equity as summarized below.

	2023		2022	
In €	Impact of pre-tax profit for the year	Impact on equity	Impact of pre-tax profit for the year	Impact on equity
Ten basis-points change to interest rate	0.1	0.1	0.3	0.3

Capital risk management

Arcadis' objectives when managing capital are to safeguard Arcadis' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure that optimizes its cost of capital and allows for sufficient flexibility towards the execution of Arcadis' strategy.

The Group sets the amount of capital in proportion to its risk appetite. The Group manages the capital structure and makes adjustments to it based on changes in economic conditions and the risk characteristics of the underlying assets. The capital structure can be altered by adjusting the amount of dividends paid to shareholders, return capital to shareholders, or issue new debt or shares. From time to time, Arcadis purchases its own shares, which are used as volume hedges for the transfer of shares under Arcadis' long-term incentive plans and to off-set the dilutive effect of scrip dividends.

Consistent with the financial covenants agreed with the banks, the Group monitors capital on the basis of the average Net debt to (Operating) EBITDA ratio. This ratio is calculated as the average interest- bearing debt minus cash and cash equivalents divided by (Operating) EBITDA. EBITDA is calculated as earnings before interest, tax, depreciation and amortization.

To obtain access to the debt capital markets, the Group obtained an investment grade credit rating of BBB- (Stable outlook) from Standard & Poor's. The Group and its subsidiaries are not subject to external capital requirements, other than financial covenants under the credit documentation of its committed credit facilities, as disclosed in the notes to these financial statements.

During 2023, Arcadis' strategic goal on financing, which was unchanged from 2022, was to maintain a Net debt to (Operating) EBITDA ratio between 1.5x and 2.5x in order to secure access to finance at a reasonable cost.

Financial covenants

The financial covenant set under the contracts of the committed credit facilities that are applicable to Arcadis includes a Total Leverage ratio. The Total Leverage ratio for the €600.0 million Revolving Credit Facility and the Schuldschein loans issued in 2020 has a maximum of 3.5x.

For the Revolving Credit Facility, the Applicable Rating of the Rating Agency (S&P) prevails over the average net debt to EBITDA ratio in case of a rating of at least BBB or Baa2, which is the case at year-end.
The Total Leverage ratio for the Schuldschein loans issued in 2023, which is based on Operating EBITDA, has a maximum of 3.5x

Both ratios are included in the next tables.

In € millions	Note	31 December 2023	31 December 2022[3]
Long-term loans and borrowings	29	870.9	901.9
Current portion of loans and borrowings	29	-	56.2
Lease liabilities	16	210.9	242.9
Current portion of lease liabilities	16	70.4	72.1
Bank overdrafts	24	10.4	15.2
Total debt		**1,162.6**	**1,288.3**
Less: cash and cash equivalents	24	(289.9)	(272.8)
Net debt		**872.7**	**1,015.5**
Less: non-current portion deferred consideration	6	-	(3.1)
Net debt according to debt covenants		**872.7**	**1,012.4**
EBITDA according to debt covenants[1]		**463.0**	**412.3**
Adjusted Operating EBITDA according to debt covenants[2]		**510.9**	**n/a**

[1] EBITDA adjusted for share-based compensation and acquisition effects, in accordance with debt covenants. Non-GAAP performance measure, to provide transparency on the underlying performance of our business (reference is made to the Glossary Financial & Non-Financial indicators on page 286)
[2] EBITDA adjusted for share-based compensation, restructuring, integration, disposal and acquisition related costs and net result from divestments, and any material one-off exceptional non-cash impairments and/or material one-off exceptional non-cash write-offs.
[3] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Ratios

In €	2023	2022
Average net debt to EBITDA ratio according to debt covenants RCF and 2020 Schuldschein (Total Leverage Ratio)	2.2	1.6
Average net debt to adjusted Operating EBITDA ratio according to debt covenants for 2023 Schuldschein	2.0	n/a

The ratios as disclosed above are calculated based on the definitions as agreed with and aligned between the different providers of committed credit facilities. The calculation of the average Net debt to (Operating) EBITDA ratio is based on the average net debt of Q2 and Q4. Throughout 2023, Arcadis complied with all financial and non-financial covenants.

Fair value

The fair values of financial assets and liabilities together with the carrying amounts recognized in the Consolidated balance sheet, are as follows:

			Carrying value per IFRS 9 category				
In € thousands	Carrying amount	Out of Scope IFRS 17	Amortized cost	Fair value through Profit or Loss	Fair value through Other comprehensive income	Total	Fair value
At 31 December 2023							
Investments in associates and joint ventures	11,381	11,381	-	-	-	-	-
Other investments	4,295	-	-	4,295	-	4,295	4,295
Other non-current assets	20,414	-	20,414	-	-	20,414	20,414
Trade receivables	728,555	-	728,555	-	-	728,555	728,555
Derivatives	8,197	-	-	9,716	(1,519)	8,197	8,197
Cash and cash equivalents	289,878	-	289,878	-	-	289,878	289,878
Total Financial assets	**1,062,720**	**11,381**	**1,038,847**	**14,011**	**(1,519)**	**1,051,339**	**1,051,339**
Loans and borrowings:							
Non-current	870,923	-	870,923	-	-	870,923	874,534
Current	-	-	-	-	-	-	-
Derivatives	11,143	-	-	11,143	-	11,143	11,143
Accounts payable	312,641	-	312,641	-	-	312,641	312,641
Lease liabilities	281,307	-	281,307	-	-	281,307	281,307
Deferred consideration	2,400	-	-	2,400	-	2,400	2,400
Bank overdrafts and short-term bank debts	10,359	-	10,359	-	-	10,359	10,359
Total Financial liabilities	**1,488,773**	**-**	**1,475,230**	**13,543**	**-**	**1,488,773**	**1,492,384**

Consolidated financial statements

In € thousands	Carrying amount	Out of Scope IFRS 17	Carrying value per IFRS 9 category: Amortized cost	Fair value through Profit or Loss	Fair value through Other comprehensive income	Total	Fair value
At 31 December 2022							
Investments in associates and joint ventures	11,633	11,633	-	-	-	-	-
Other investments	3,609	-	-	3,609	-	3,609	3,609
Other non-current assets[1]	20,274	-	20,274	-	-	20,274	20,274
Trade receivables[1]	726,847	-	726,847	-	-	726,847	726,847
Derivatives	15,943	-	-	15,814	129	15,943	15,943
Cash and cash equivalents	272,754	-	272,754	-	-	272,754	272,754
Total Financial assets	**1,051,060**	**11,633**	**1,019,875**	**19,423**	**129**	**1,039,427**	**1,039,427**
Loans and borrowings:							
Non-current	901,935	-	901,935	-	-	901,935	895,671
Current	56,230	-	56,230	-	-	56,230	56,238
Derivatives	21,904	-	-	21,904	-	21,904	21,904
Accounts payable[1]	334,110	-	334,110	-	-	334,110	334,110
Lease liabilities[1]	315,117	-	315,117	-	-	315,117	315,117
Deferred consideration	5,309	-	-	5,309	-	5,309	5,309
Bank overdrafts and short-term bank debts	15,156	-	15,156	-	-	15,156	15,156
Total Financial liabilities	**1,649,761**	**-**	**1,622,548**	**27,213**	**-**	**1,649,761**	**1,643,505**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022. See note 2

Fair value hierarchy
The financial instruments carried at fair value are analyzed by valuation method, using the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value within the Group are categorized in Level 2, except for the other investment in Techstars and the deferred consideration whereby a Level 3 valuation has been used (see note 18).

The fair value of foreign exchange forward rate contracts is based on quoted market prices at the balance sheet date, being the present value of the quoted forward price. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the term and maturity of the contract, using market interest rates.

The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at measurement date. These calculations are tested for reasonableness by comparing them with bank valuations.

The fair value of loans and receivables is based on the present value of future principal and interest cash flows, discounted at the Group specific market rate of interest at reporting date. For financial leases the market rate of interest is determined by reference to similar lease agreements.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at reporting date. Due to the short-term character of the receivables, the fair value equals the carrying value.

32 Commitments and contingent liabilities

Committed lease payments for short-term and/or low-value leases are reported as off-balance sheet commitment. The lease payments (excluding costs for services such as insurance and maintenance, which are expenses as incurred) are recognized as an expense on a straight-line basis unless another systemic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Non-financial guarantees are accounted for as a contingent liability until such time it becomes probable that the Company will be required to make a payment under such guarantee. Financial guarantees are subject to the Expected Credit Loss model, and a credit loss is recognized for the expected cash shortfalls.

Contingent liabilities are potential obligations of sufficient uncertainty that it does not qualify for recognition as a provision (see note 28), unless it is assumed in a business combination (see note 6). Contingent liabilities are reviewed periodically to assess whether an outflow of resources will become probable.

Summary of commitments

In € thousands	31 December 2023	31 December 2022
Short-term leases	706	1,151
Low-value leases	3,120	340
Total committed off-balance leases	**3,826**	**1,491**

In € thousands	31 December 2023	31 December 2022
Bank guarantees	150,260	151,563
Corporate guarantees	160,261	177,580
Eliminations	(110,267)	(114,102)
Guarantees	**200,254**	**215,041**
Leases	3,826	1,491
Other commitments	37,018	953
Total	**241,098**	**217,485**

Leases

The Group's lease arrangements mainly relate to contracts for leased cars, building and other (IT) equipment. These leases have varying terms, termination clauses and renewal rights. For leased assets the Group has recognized right-of-use assets and lease liabilities as at 31 December 2023, except for short-term and/or low-value leases. The lease expense recognized in profit or loss of 2023 relating to short-term and/or low-value leases amounted to €9.1 million (2022: €4.4 million).

See note 16 for further information on leases.

Guarantees

Arcadis has issued corporate guarantees as security for credit facilities, bank guarantee facilities and surety bond lines. Guarantees or guarantee-like items issued by a financial intermediary (such as bank guarantees and surety bonds) can be issued in relation to projects, advances received, tender bonds or lease commitments to avoid cash deposits. Bank guarantees or surety bonds issued for project performance can be claimed by clients where Arcadis fails to deliver in line with the agreed contract. In such cases, the liability of the bank should be no greater than the original liability on Arcadis. Where the failure to perform arose due to an error or omission by Arcadis, the claim could be covered by the professional indemnity insurance cover.

The tables below summarize the outstanding corporate and bank guarantees. They reflect only items that have been drawn or utilized that are not already shown on the balance sheet.

In € millions	Corporate guarantees	Bank guarantees	Eliminations [1]	Total
Debt facility financing	3.6	-	-	3.6
Bank guarantee and surety bond financing	116.8	150.3	(70.5)	196.6
Other	39.8	-	(39.8)	-
Balance at 31 December 2023	**160.2**	**150.3**	**(110.3)**	**200.2**

[1] To avoid double-counting and the overstatement of contingent obligations, only one instance of any off-balance sheet item is reported, e.g. if Arcadis NV has provided a corporate guarantee for a local bank guarantee facility, any claim for payment by a client on an outstanding bank guarantee can only be honored once.

In € millions	Corporate guarantees	Bank guarantees	Eliminations [1]	Total
Debt facility financing	3.6	-	-	3.6
Bank guarantee and surety bond financing	135.8	151.6	(75.9)	211.5
Other	38.2	-	(38.2)	-
Balance at 31 December 2022	**177.6**	**151.6**	**(114.1)**	**215.1**

[1] To avoid double-counting and the overstatement of contingent obligations, only one instance of any off-balance sheet item is reported, e.g. if Arcadis NV has provided a corporate guarantee for a local bank guarantee facility, any claim for payment by a client on an outstanding bank guarantee can only be honored once.

The vast majority of outstanding bank guarantees and surety bonds relates to the commercial performance on projects (e.g. Performance guarantees, Tender bonds, Warranty bonds or Advance payment guarantees) and rental guarantees. On 31 December 2023 and throughout the year, the vast majority of the outstanding bank guarantees and surety bonds posed an immaterial and insignificant risk to Arcadis.

On 31 December 2023, only a part of the local bank guarantee facilities and local debt facilities have been used.

Other commitments

The other commitments amount to €37.0 million (2022: €1.0 million) and include the service part of several long-term global IT service contracts, which runs for a remaining period of one to three years.

Contingent liabilities

Litigation

The Company is involved in various legal and regulatory claims and proceedings as a result of its normal course of business, either as plaintiff or defendant. Management ensures that these cases are firmly defended. In some of these proceedings, claimants allegedly claim amounts for project contract breaches that are significant to the Consolidated financial statements.

All legal and regulatory claims and proceedings are assessed on a regular basis. In consultation with in-house and external legal counsels, management regularly evaluates facts and circumstances of those claims and, based on the analysis of possible outcomes of litigation and settlements, provisions are accrued for. Provisions are accrued for only where management believes it is probable that Arcadis will be held liable, the amount is reasonably estimable, and the claim has not been insured. These provisions are reviewed periodically and adjusted if necessary, to the extent that cash outflow of related proceedings is probable, including defense costs and reimbursements by our insurance policies.

Since the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, final settlement can differ from this estimate and could require revisions to the estimated provision, which could have a material adverse effect on the Company's balance sheet, profit or loss, and cash flows for a particular period.

Tax

Arcadis operates in a high number of jurisdictions and is subject to a variety of taxes per jurisdiction. Tax legislation can be highly complex and subject to changes and interpretation. Therefore, Arcadis is exposed to varying degrees of uncertainty and significant judgement is required in determining the global tax position. The Company accounts for its income taxes on the basis of its own internal analyses supported by external advice. The Company continually monitors its global tax position including changes in tax laws or interpretations of such laws. Whenever uncertain tax positions arise, the Company assesses the potential consequences and recognizes liabilities depending on the strength of the Company's position and the resulting risk of loss.

33 Related party transactions

A related party is a person or an entity that is related to the Group. These include both people and entities that have, or are subject to, the influence or control of the Group (e.g. key management personnel). Transactions with related parties are accounted for in accordance with the requirements of relevant IFRSs, take into account the substance as well as the legal form, and made on terms equivalent to those that prevail in arm's length transactions.

General

The related parties of the Company include subsidiaries, jointly controlled entities, associates, temporary partnerships, Stichting Lovinklaan, Stichting Bellevue, Stichting Prioriteit Arcadis NV, Stichting Preferente Aandelen Arcadis NV, the members of the Executive Board, the Executive Leadership Team and the Supervisory Board.

In accordance with article 2:379 and 414 of the Dutch Civil Code, the list of subsidiaries, joint ventures, and associates is filed with the Chamber of Commerce in Amsterdam.

Transactions with subsidiaries

The financial transactions between the Company and its subsidiaries comprise operational project related transactions, financing transactions and other transactions in the normal course of business activities. Transactions within the Group are not included in these disclosures as these are eliminated in the Consolidated financial statements.

Transactions with joint arrangements

The Group has entered into transactions on an arm's length basis through joint arrangements during the year 2023. Total revenues from joint arrangements amounted to €259.5 million (2022: €245.0 million).

Transactions with associates

The Group has entered into transactions with associates, see note 17 and the table on the next page.

Transactions with key management personnel

The table below specifies the total remuneration of key management personnel, for the period that they met the criteria, and for remuneration received in the capacity of key management personnel. This includes the remuneration of the Executive Board members of €4.3 million (2022: €4.4 million), Executive Leadership Team of €7.6 million (2022: €6.7 million), and Supervisory Board members of €0.5 million (2022: €0.5 million).

For the composition of the Executive Board, Executive Leadership Team and Supervisory Board in 2023 see pages 114 to 117. The remuneration in below table covers the period that members qualified as key management personnel.

In € thousands	2023	2022
Salary	4,740	3,700
Bonus	2,935	2,451
Pension compensation	472	295
Pension	99	179
LTIP expense	2,631	4,120
Fringe benefits	768	433
Termination benefits	800	433
Total	**12,445**	**11,611**

In 2023 (and 2022) no transactions involving conflicts of interest for key management personnel occurred which were material to the Company. In addition, the Company has not granted any loans, advances or guarantees to key management personnel.

Transactions with post-employment benefit plans

The main post-employment benefit plans are the pension funds of EC Harris (ECH) and Hyder (AGPS). In 2023, the Company contributed €1.6 million (2022: €1.5 million) to the plan of EC Harris and €3.5 million to the plan of Hyder (2022: €3.6 million), see note 27.

Transactions with Lovinklaan Foundation

Stichting Lovinklaan (Lovinklaan Foundation) is one of the main shareholders of Arcadis. The board of the Foundation consists of Arcadis employees. The Foundation had an interest of 18.51% in Arcadis NV at 31 December 2023 (2022: 18.2%).

Other contributions made by the Lovinklaan Foundation in 2023 to Arcadis related to the following programs:

- Skills Powered Organisation: €2.7 million (2022: €0.3 million)
- Expedition DNA: €0.7 million (2022: €0.3 million)
- Shelter: €0.2 million (2022: €0.4 million)
- Sustain Abilities: €0.2 million (2022: nil)
- Imagine: €0.03 million (2022: nil)
- Local Sparks: nil (2022: €0.1 million)
- Roots of Arcadis: nil (2022: €0.1 million)

In 2023 (and 2022) no other financial transactions apart from the above mentioned took place between the Foundation and the Company, except for the dividends on the shares.

Transactions with other related parties

Arcadis NV contributed €45,000 to Stichting Preferente Aandelen Arcadis NV (the 'Preferred Stock Foundation') in 2023 (2022: €55,000) and €500 to Stichting Prioriteit Arcadis NV (the 'Priority Share Foundation') (2022: €1,500). See note 25 for further information on these foundations.

The contribution to Stichting Bellevue amounted to €68,000 (2022: €68,000).

Summary

A summary of transactions with related parties (excluding Key Management Personnel) in the financial year is disclosed in the table below:

	Transactions with associates		Transactions with joint arrangements		Transactions with post-employee benefit plans		Other	
In € millions	2023	2022	2023	2022	2023	2022	2023	2022
Sales (to)	14.3	11.5	259.5	245.0	-	-	0.8	0.9
Purchase (from)	0.2	-	0.6	0.8	-	-	0.1	-
Loans (to)	-	-	-	-	-	-	-	-
Receivables (from)	2.5	2.8	8.8	5.4	-	-	0.1	0.2
Payables (to)	0.0	-	0.1	0.4	-	-	-	-
Impairment of loans (to)	-	-	-	-	-	-	-	-
Dividends received (from)	3.9	10.3	0.4	0.3	-	-	-	-
Provision for bad debts related to outstanding balances	-	-	-	-	-	-	-	-
Related expenses to these bad or doubtful debts	-	-	-	-	-	-	-	-
Provision for outstanding loan balances	-	-	-	-	-	-	-	-
Transfer of pension premiums and cost changes	-	-	-	-	2.1	0.3	-	-
Contributions	-	-	-	-	5.1	5.1	0.3	0.4

34 Events after the balance sheet date

A subsequent event is a favorable or unfavorable event, that occurs between the reporting date and the date that the financial statements are authorized for issue. Events after the reporting date that provide evidence of conditions that existed at the reporting date are adjusted within the financial statements. Events that are indicative of a condition that arose after the reporting date of a material size or nature are disclosed below.

There are no material subsequent events, that would have changed the judgment and analysis by management of the financial condition of the Company at 31 December 2023, or the result for 2023.

Company financial statements

Company Balance sheet

as at 31 December - before allocation of profit

In € thousands	Note	2023	2022
Assets			
Non-current assets			
Intangible assets and goodwill	39	1,540	1,035
Property, plant and equipment	40	570	548
Right-of-use assets	41	1,510	2,023
Investment in subsidiaries[1]	42	2,291,882	2,082,723
Loans issued to subsidiaries and other investments	43	342,107	460,444
Deferred tax assets		1,203	-
Total Non-current assets		**2,638,812**	**2,546,773**
Current assets			
Derivatives		7,237	14,312
Trade receivables	44	191,215	156,795
Corporate income tax receivable		-	-
Cash and cash equivalents		21,823	20,749
Total Current assets		**220,275**	**191,856**
Total Assets		**2,859,087**	**2,738,629**

In € thousands	Note	2023	2022
Equity and liabilities			
Shareholders' equity			
Share capital		1,809	1,809
Share premium		372,460	372,460
Hedging reserve		(870)	778
Translation reserve		(116,540)	(88,139)
Other legal reserves		9,590	9,590
Retained earnings		637,139	567,228
Undistributed profits		159,982	131,520
Total Shareholders' equity[1]	25,45	**1,063,570**	**995,246**
Provisions	46	8,781	13,868
Deferred tax liabilities	47	-	3,105
Non-current liabilities			
Long-term debt	48	1,058,841	1,148,008
Lease liabilities	41	766	1,315
Long-term derivatives		1,790	-
Total Non-current liabilities		**1,061,397**	**1,149,323**
Current liabilities			
Current portion of provisions	46	1,191	1,605
Derivatives		8,231	18,873
Bank overdrafts		53	146
Short-term borrowings	48	-	17,000
Current portion of lease liabilities	41	780	721
Corporate income tax payable		1,716	1,666
Current liabilities	49	713,368	537,076
Total Current liabilities		**725,339**	**577,087**
Total Liabilities		**1,795,517**	**1,743,383**
Total Equity and liabilities		**2,859,087**	**2,738,629**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022.
The notes on pages 240 to 252 are an integral part of these Company financial statements

Company Income statement

for the year ended 31 December

In € thousands	Note	2023	2022
Corporate charges to subsidiaries	36	147,046	200,941
Total Corporate Income		**147,046**	**200,941**
Personnel costs	54	(93,946)	(116,452)
Other operational costs	37	(27,637)	(57,649)
Depreciation and amortization	39,40,41	(857)	(2,305)
Total Operational costs		**(122,440)**	**(176,406)**
Operating income/ (expense)		**24,606**	**24,535**
Finance income		35,255	8,638
Finance expenses		(82,980)	(13,435)
Fair value change of derivatives		(5,618)	(3,155)
Net finance expense	38	**(53,343)**	**(7,952)**
Profit before income tax		**(28,737)**	**16,583**
Income taxes		2,153	(6,519)
Net income subsidiaries[1]		186,566	121,456
Result for the period		**159,982**	**131,520**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022

The notes on pages 240 to 252 are an integral part of these Company financial statements

Notes to the Company financial statements

35 General

Unless stated otherwise, all amounts are rounded in thousands of euros. The Company financial statements have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the Company financial statements are prepared based on the accounting principles of recognition as applied in the Consolidated financial statements. Foreign currency amounts have been translated, assets and liabilities have been valued, and net income has been determined, in accordance with the principles of valuation and determination of income presented in note 2 of the Consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

In the Company financial statements, subsidiaries of Arcadis NV are accounted for using the equity method. To achieve optimal transparency between the Consolidated financial statements and the Company financial statements name conventions are aligned.

36 Corporate charges to subsidiaries

Corporate charges to subsidiaries include items such as headquarter support service fees, royalty fees, and license fees. It includes 'true-ups' for the previous year, which have been calculated and settled in 2023 following the final 2022 results. The decrease in the Corporate charges are due to the split of holding activities between Arcadis Global BV and Arcadis NV effective 1 July 2023.

37 Other operational costs

In € thousands	2023	2022
Occupancy	839	595
Travel	3,553	1,679
Office related	357	293
Computer related	4,545	8,516
Audit and consultancy services	12,781	30,890
Insurances	1,952	1,384
Marketing and advertising	3,222	1,744
Charitable donations	130	1,054
Intercompany charges	257	9,978
Other	1	1,516
Total Other operational costs	**27,637**	**57,649**

The consultancy charges decreased during the year due to the significant acquisition cost of IBI and DPS in 2022.

The intercompany charges decreased as a result of the split the holding activities between Arcadis Global BV and Arcadis NV that resulted in significant lower recharges from operating companies directly to the company .

38 Net finance expense

The net finance expense includes income and expenses relating to external loans and bonds, intercompany loans and leases. Foreign exchange differences on financial liabilities and interest on leases are part of the finance expenses.

In € thousands	2023	2022
Interest income from loans to subsidiaries	27,949	6,495
Other finance income	7,306	2,143
Finance income	**35,255**	**8,638**
Interest expense on external loans and borrowings	(44,208)	(6,068)
Interest expense on loans from subsidiaries	(4,963)	(3,556)
Interest expense on external leases	(26)	(33)
Other external interest expense	(36,262)	(8,627)
Foreign exchange differences	2,479	4,849
Finance expense	**(82,980)**	**(13,435)**
Fair value change of derivatives	(5,618)	(3,155)
Total	**(53,343)**	**(7,952)**

39 Intangible assets

In € thousands	Software
Cost	12,975
Accumulated amortization	(11,421)
At 1 January 2022	**1,554**
Additions	1,035
Amortization charges	(1,554)
Movement 2022	**(519)**
Cost	14,010
Accumulated amortization	(12,975)
At 31 December 2022	**1,035**
Additions	632
Amortization charges	(127)
Movement 2023	**505**
Cost	14,642
Accumulated amortization	(13,102)
At 31 December 2023	**1,540**

40 Property, plant & equipment

In € thousands	Furniture and fixtures	Computer hardware	Prepayments on fixed assets	Total
Cost	1,730	32	-	1,762
Accumulated depreciation	(1,142)	(17)	-	(1,159)
Balance at 1 January 2022	**588**	**15**	**-**	**603**
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation charges	(50)	(5)	-	(55)
Movement 2022	**(50)**	**(5)**	**-**	**(55)**
Cost	1,730	32	-	1,762
Accumulated depreciation	(1,192)	(22)	-	(1,214)
At 31 December 2022	**538**	**10**	**-**	**548**
Additions	-	-	57	57
Disposals	-	-	-	-
Depreciation charges	(31)	(4)	-	(35)
Movement 2023	**(31)**	**(4)**	**57**	**22**
Cost	1,730	32	57	1,819
Accumulated depreciation	(1,223)	(26)	-	(1,249)
At 31 December 2023	**507**	**6**	**57**	**570**

41 Right-of-use assets and lease liabilities

Amounts recognized in the Company balance sheet

Right-of-use assets

In € thousands	Leased land and buildings	Leased (IT) equipment	Leased vehicles	Total
Balance at 1 January 2022	**2,387**	**5**	**254**	**2,646**
Additions	-	-	88	88
Depreciation	(594)	(5)	(97)	(696)
Derecognition of fully depreciated assets	-	-	-	-
Remeasurements	-	-	(15)	(15)
Balance at 31 December 2022	**1,793**	**-**	**230**	**2,023**
Additions	-	-	107	107
Depreciation	(601)	-	(95)	(696)
Derecognition fully depreciated assets	-	-	-	-
Remeasurements	166	-	(90)	76
Balance at 31 December 2023	**1,358**	**-**	**152**	**1,510**

Lease liabilities

In € thousands	2023	2022
Balance at 1 January	**2,036**	**2,670**
Additions	107	91
Payments of lease liabilities	(699)	(743)
Remeasurements	76	(15)
Interest	26	33
Balance at 31 December	**1,546**	**2,036**
Non-current	766	1,315
Current	780	721
Total	**1,546**	**2,036**

Amounts recognized in the Company income statement

In € thousands	2023	2022
Depreciation	696	696
Interest expense (included in Net finance expense)	26	33
Other operational costs for short-term leases	-	-
Total	**722**	**729**

42 Investment in subsidiaries

In € thousands	2023	2022
Balance at 1 January	**2,082,723**	**1,534,330**
Share in income of subsidiaries[1]	186,566	121,457
Dividends received	(82,165)	(48,000)
Capital contributions	308,957	534,860
Capital redemptions	(171,344)	(1,155)
Remeasurements on post-employment benefit obligations, net of income taxes	(2,158)	(16,433)
Other charges	142	129
Provision for negative equity of investments	(5,091)	(7,341)
Exchange rate differences[1]	(25,748)	(35,124)
Balance at 31 December	**2,291,882**	**2,082,723**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022

For the remeasurements on post employee benefits obligations, see note 27.

The exchange rate differences mainly relate to the British Pound Sterling, US Dollar and Canadian Dollar rates.

43 Loans issued to subsidiaries and other investments

In € thousands	2023	2022
Balance at 1 January	**460,444**	**185,819**
Loans issued to subsidiaries	66,924	359,607
Redemptions	(176,885)	(89,265)
Investments	-	-
Divestments	-	98
Others	-	-
Exchange rate differences	(8,376)	4,185
Balance at 31 December	**342,107**	**460,444**

As Arcadis NV applies the same valuation principles in the Company financial statements as those applied in the Consolidated financial statements, IFRS 9 is also applicable to intercompany loans and receivables. The assessment of the Expected Credit Loss did not result in a material impact on the Company financial statements. To have consistency between the Consolidated and standalone equity no loss has been recorded, which is in line with the clarification as provided by the *Raad voor de Jaarverslaggeving* (RJ) that a reversal of the Expected Credit Loss can be included in the carrying amount of the loans.

Noted is that Arcadis NV has control, directly or indirectly, over all the subsidiaries it granted loans and can convert these into equity if needed.

The exchange rate differences mainly relate to loans in US Dollar, British Pound Sterling and Canadian Dollar.

44 Receivables

In € thousands	2023	2022
Receivables from subsidiaries and associates	175,351	144,027
Other receivables	15,864	12,768
Balance at 31 December	**191,215**	**156,795**

The Receivables from subsidiaries and associates mainly relate to short-term financing by means of current accounts.

Arcadis applied the simplified approach under IFRS 9 to its intercompany current receivables and concluded that the Expected Credit Loss is immaterial. See note 21 of the Consolidated financial statements for further details on the simplified approach and note 43 on the treatment of the Expected Credit Loss on intercompany positions in the Company financial statements.

The Other receivables include €7.8 million of prepaid amounts, mainly related to software licenses and other prepaid IT support (2022: €9.7 million).

45 Shareholders' equity

In € thousands	Share capital	Share premium	Hedging reserve	Translation reserve	Other legal reserve	Retained earnings	Undistributed profits	Total
Balance at 1 January 2023[1]	**1,809**	**372,460**	**778**	**(88,139)**	**9,590**	**567,228**	**131,520**	**995,246**
Net income	-	-	-	-	-	-	159,982	159,982
Exchange rate differences	-	-	-	(28,401)	-	-	-	(28,401)
Effective portion of changes in fair value of cash flow hedges, net of income taxes	-	-	(1,648)	-	-	-	-	(1,648)
Remeasurements on post-employment benefit obligations, net of income taxes	-	-	-	-	-	(2,082)	-	(2,082)
Other comprehensive income, net of income taxes	**-**	**-**	**(1,648)**	**(28,401)**	**-**	**(2,082)**	**-**	**(32,131)**
Total comprehensive income for the period	**-**	**-**	**(1,648)**	**(28,401)**	**-**	**(2,082)**	**159,982**	**127,851**
Transactions with owners of the Company:								
Acquisitions and transactions with non-controlling interests	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	65,278	(131,520)	(66,242)
Addition to (utilization of) other (statutory) reserves	-	-	-	-	-	-	-	-
Issuance of shares	-	-	-	-	-	-	-	-
Cancellation of shares	-	-	-	-	-	-	-	-
Share-based compensation, net of income taxes	-	-	-	-	-	6,187	-	6,187
Purchase of own shares	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	528	-	528
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**71,993**	**(131,520)**	**(59,527)**
Balance at 31 December 2023	**1,809**	**372,460**	**(870)**	**(116,540)**	**9,590**	**637,139**	**159,982**	**1,063,570**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022.

In € thousands	Share capital	Share premium	Hedging reserve	Translation reserve	Other legal reserve	Retained earnings	Undistributed profits	Total
Balance at 1 January 2022	**1,809**	**372,460**	**649**	**(51,615)**	**9,590**	**522,014**	**167,881**	**1,022,788**
Net income[1]	-	-	-	-	-	-	131,520	131,520
Exchange rate differences[1]	-	-	-	(36,524)	-	-	-	(36,524)
Effective portion of changes in fair value of cash flow hedges, net of income taxes	-	-	129	-	-	-	-	129
Remeasurements on post-employment benefit obligations, net of income taxes	-	-	-	-	-	(16,433)	-	(16,433)
Other comprehensive income, net of income taxes[1]	**-**	**-**	**129**	**(36,524)**	**-**	**(16,433)**	**-**	**(52,828)**
Total comprehensive income for the period[1]	**-**	**-**	**129**	**(36,524)**	**-**	**(16,433)**	**131,520**	**78,692**
Transactions with owners of the Company:								
Acquisitions and transactions with non-controlling interests	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	51,828	(167,881)	(116,053)
Addition to (utilization of) other (statutory) reserves	-	-	-	-	-	-	-	-
Issuance of shares	-	-	-	-	-	-	-	-
Cancellation of shares	-	-	-	-	-	-	-	-
Share-based compensation, net of income taxes	-	-	-	-	-	8,568	-	8,568
Purchase of own shares	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	1,251	-	1,251
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**61,647**	**(167,881)**	**(106,234)**
Balance at 31 December 2022[1]	**1,809**	**372,460**	**778**	**(88,139)**	**9,590**	**567,228**	**131,520**	**995,246**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022.

The total Legal reserves include the Hedging reserve, Translation reserve and Other legal reserves and are non-distributable. The other legal reserves relate to earnings retained by subsidiaries, associates and joint ventures, as well as internally developed software.

For information on shares purchased to cover the Company's option plans, see note 25 to the Consolidated financial statements.

46 Provisions

In € thousands	2023	2022
Balance at 1 January	**15,473**	**21,284**
Additions	1,250	1,530
Deductions because of use	(1,660)	-
Release of unused amounts	(5,091)	(7,341)
Balance at 31 December	**9,972**	**15,473**
Non-current	8,781	13,868
Current	1,191	1,605
Total	**9,972**	**15,473**

The provisions of Arcadis NV at 31 December 2023 relate to a provision for negative equity of a direct subsidiary of the Company, in accordance with article 2:403 paragraph 1 of the Dutch Civil Code is €8.8 million (2022: €13.8 million). At 31 December 2023, the restructuring provision amounted to €1.2 million (2022: €1.6 million). At 31 December 2023, other provision is nil (2022: €0.1 million).

47 Deferred tax assets and liabilities

In € thousands	Deferred tax assets	Deferred tax liabilities	Total
Balance at 1 January 2022	**-**	**(2,901)**	**(2,901)**
Additions/ deductions	-	(204)	(204)
Changes recognized directly in equity/ OCI	-	-	-
Balance at 31 December 2022	**-**	**(3,105)**	**(3,105)**
Additions/ deductions	1,203	3,105	4,308
Changes recognized directly in equity/ OCI	-	-	-
Balance at 31 December 2023	**1,203**	**-**	**1,203**

48 Long-term debt

In € thousands	Loans from group companies	Loan notes issued to financial institutions	Total
Balance at 1 January 2022	**192,570**	**146,728**	**339,298**
New financing	213,914	747,277	961,191
Redemptions	(134,743)	-	(134,743)
From long-term to short-term	-	(15,386)	(15,386)
Exchange rate differences	(2,352)	-	(2,352)
Balance at 31 December 2022	**269,389**	**878,619**	**1,148,008**
New financing	120,179	718,680	838,859
Redemptions	(179,088)	(746,642)	(925,730)
From long-term to short-term	-	-	-
Exchange rate differences	(2,308)	12	(2,296)
Balance at 31 December 2023	**208,172**	**850,669**	**1,058,841**

During 2023, €17.0 million of Schuldschein loans and €750.0 million of bridge loan facility were repaid. In addition, new financing was arranged with €500.0 million of Eurobond loans and €225.0 million of Schuldschein loans.

No loans were reclassified from long-term to short-term loans during 2023; all loans outstanding on 31 December 2023 have a maturity beyond 2024.

The loans notes issued to financial institutions are all due within five years.

Please refer to note 29 for more detail on the long-term debts at consolidated level.

49 Current liabilities

In € thousands	2023	2022
Suppliers	9,916	11,356
Payables to group companies	638,146	480,355
Other liabilities	65,306	45,365
Balance at 31 December	**713,368**	**537,076**

The payables to group companies mainly relate to the internal cash pool. Other liabilities include an amount of €1.7 million which relates to additional tax to be paid on behalf of certain Executive Board and Executive Leadership team members based in the UK due to a tax legislation change on timing of tax on restricted share units. See note 51 for further details.

The increase of other liabilities is mainly related to accrued bonusses and advisory costs.

Refer to note 29 and 31 to the Consolidated financial statements for further information on Arcadis' lines of credit.

50 Commitments and contingent liabilities

Commitments and contingent liabilities

As parent company of the fiscal unity in the Netherlands, the Company is severally liable for the corporate income tax and value added tax liabilities of the fiscal unity. The companies that form part of the Arcadis NV tax group account for their tax position based on their own taxable result. The tax charge is settled with the Company based on the finalized tax return.

At the end of 2023, the Company had commitments for rent and lease obligations that are exempted from IFRS16 (short-term and/or low value leases) amounting to €3.8 million (2022: €1.5 million). Additionally, the Company entered into long-term service commitments relating to a global IT outsourcing contract of €37.0 million (2022: €1.0 million).

Guarantees & short-term facilities

The Company has pledged a limited number of guarantees for the short-term credit and guarantee facilities that are available for use to its operating companies. The total amount available under these facilities is €195.9 million of which €48.1 million is used at 31 December 2023 (2022: €196.2 million of which €41.3 million was used). In addition to this amount, the Company has corporate guarantees for an amount of €160.2 million available (2022: €177.6 million).

For an overview of all off-balance sheet guarantees provided by either Arcadis NV or its subsidiaries see note 32 to the Consolidated financial statements.

51 Remuneration of EB and SB members

Remuneration of Executive Board members

In 2023, an amount of €4.3 million (2022: €4.4 million) was charged to the Company for remuneration of the current and former Executive Board members, including pension charges, the LTIP expense and fringe benefits.

As reflected in the 'Remuneration report' and the table on the next page, a number of 31,883 conditional (performance) shares were granted to Executive Board members as variable remuneration (2022: 33,653). For an explanation of the Remuneration Policy, see the 'Remuneration Report' included in this report on pages 151 to 164.

Overview of remuneration of Executive Board members in 2023

In € thousands	Salary	Bonus	Pension compensation	Pension	LTIP expense[1]	Fringe benefits	Total 2023	Conditional (performance) shares Number	Conditional (performance) shares Value[2]
Alan Brookes[3]	457	319	112	-	436	89	1,413	19,281	673,999
Virginie Duperat-Vergne	501	362	72	21	507	280	1,743	12,602	440,524
Total current Board members	**958**	**681**	**184**	**21**	**943**	**369**	**3,156**	**31,883**	**1,114,523**
Peter Oosterveer[4]	254	182	63	7	586	45	1,137	-	-
Total former Board member	**254**	**182**	**63**	**7**	**586**	**45**	**1,137**	**-**	**-**

1 The LTIP expense relates to the charge to the Income statement in the year based on the plans granted in the preceding 36 months
2 This amount is charged over a three-year period to the Company's income statement and only includes the expense for grants received in the capacity of Executive Board member
3 Appointed as CEO and Chair of the Executive Board on 12 May 2023
4 Retired as CEO and Chair of the Executive Board on 12 May 2023

The fringe benefits of current and former board members of €0.4 million (2022: €0.3 million) include a representation and expense allowance, a car allowance, social security premium (of which €0.3 million in France) and health and disability insurance. A recent tax legislation change relating to timing of tax on restricted share units in the UK has resulted in additional tax liability of €1.2 million on the shares vested in 2023 and prior years for Alan Brookes (previous Arcadis LLP member). See note 49.

Overview of remuneration of Executive Board members in 2022

The next table includes all remuneration that has been expensed during 2022 and which was received in the capacity of Executive Board membership.

In € thousands	Salary	Bonus	Pension compensation	Pension	LTIP expense[1]	Fringe benefits	Total 2022	Conditional (performance) shares Number	Conditional (performance) shares Value[2]
Peter Oosterveer	680	518	165	19	1,392	58	2,832	20,350	716,117
Virginie Duperat–Vergne	489	372	72	19	371	267	1,590	13,303	468,133
Total current Board members	**1,169**	**890**	**237**	**38**	**1,764**	**325**	**4,423**	**33,653**	**1,184,250**

1 The LTIP expense relates to the charge to the Income statement in the year based on the plans granted in the preceding 36 months
2 This amount is charged over a three-year period to the Company's income statement and only includes the expense for grants received in the capacity of Executive Board member

Remuneration of Supervisory Board members

At 31 December 2023, the Supervisory Board consisted of seven members (2022: six). The joint fixed remuneration for 2023 amounted to €0.5 million (2022: €0.5 million), specified as follows:

In € thousands	2023	2022
Michiel Lap	116	101
Michael Putnam	84	82
Deanna Goodwin	88	91
Niek Hoek[1]	26	83
Wee Gee Ang[1]	32	77
Carla Mahieu	68	68
Barbara Duganier[2]	59	-
Linda Morant[3]	6	-
Peter de Wit[3,4]	-	-

[1] Resigned from the Supervisory Board on 12 May 2023
[2] Joined the Supervisory Board on 12 May 2023
[3] Joined the Supervisory Board on 13 December 2013.
[4] Pursuant to his employment arrangement with McKinsey in the Netherlands, which terminates on 31 March 2024, until the end of his employment at McKinsey any remuneration due to Mr. Peter de Wit for services rendered in his capacity of member of the Supervisory Board of Arcadis N.V. shall be donated to charity. Arcadis has donated the full amount due to Mr. de Wit over 2023 (EUR 3,728) to a charity of its choice

52 Interests held by members of the EB

The interests held in the share capital of Arcadis NV by members of the Executive Board were:

Number of shares Arcadis NV Current EB members	31 December 2023	31 December 2022
Alan Brookes[1]	38,358	-
Virginie Duperat-Vergne	5,726	-

Number of conditional (performance) shares Arcadis NV[2] Current EB members	31 December 2023	31 December 2022
Alan Brookes[1]	39,176	-
Virginie Duperat-Vergne	41,981	35,238

Number of conditional (performance) shares Arcadis NV[2] Previous EB member	31 December 2023	31 December 2022
Peter Oosterveer[3]	24,412	80,738

1 Alan Brookes was appointed as CEO and Chair of the Executive Board on 12 May 2023
2 Amounts are based on granting 100% of the reference numbers, with maximal extension to 116% (see note 10). For the description of the LTIP plan, please refer to the paragraph 'Long-term variable remuneration' on page 156 of this Annual Integrated Report
3 Peter Oosterveer retired as CEO and Chair of the Executive Board on 12 May 2023.

In 2023, the aggregate numbers of conditional performance shares held by members of the Executive Board are as below. The board members did not hold stock options in 2023.

Conditional performance shares	Granted in	Share price at grant date (in €)	Outstanding at 1 January 2023	Granted in 2023	Increase/ (decrease) by performance measure	Vested in 2023	Forfeited in 2023	Outstanding at 31 December 2023	Vesting date[2]
Alan Brookes									
	2020	12.82	8,661	-	4,331	(12,992)	-	-	2023
	2021	34.64	10,353	-	-	(2,650)	-	7,703	2024
	2022	36.92	12,192	-	-	-	-	12,192	2025
	2023	39.52	-	19,281	-	-	-	19,281	2026
			31,206	**19,281**	**4,331**	**(15,642)**	**-**	**39,176**	
Virginie Duperat-Vergne									
	2020	12.82	5,859	-	2,930	(8,789)	-	-	2023
	2021	34.64	16,076	-	-	-	-	16,076	2024
	2022	36.92	13,303	-	-	-	-	13,303	2025
	2023	39.52	-	12,602	-	-	-	12,602	2026
			35,238	**12,602**	**2,930**	**(8,789)**	**-**	**41,981**	
Total current board members		**-**	**66,444**	**31,883**	**7,261**	**(24,431)**	**-**	**81,157**	
Peter Oosterveer[1]									
	2020	12.82	35,817	-	17,909	(53,726)	-	-	2023
	2021	34.64	24,571	-	-	-	(7,508)	17,063	2024
	2022	36.92	20,350	-	-	-	(13,001)	7,349	2025
Total former board member			**80,738**	**-**	**17,909**	**(53,726)**	**(20,509)**	**24,412**	

[1] Peter Oosterveer retired as CEO and Chair of the Executive Board on 12 May 2023
[2] Vesting is on the 5th business day after the ex-dividend date

53 Shares held by members of the SB

None of the members of the Supervisory Board held Arcadis shares in 2023 and 2022.

54 Employees

At 31 December 2023, Arcadis NV had 19 full-time employees on its payroll (2022: 135). As of 1 July 2023, most of the employees have been transferred to Arcadis Global BV. For information on share-based remuneration granted to employees of Arcadis NV, as meant by article 2:383d paragraph 1 of the Dutch Civil Code, see note 10 to the Consolidated financial statements.

Personnel costs for Arcadis NV consisted of the following:

In € thousands	2023	2022
Salaries and wages	22,010	30,027
Social charges	1,055	1,909
Pension and early retirement charges	847	1,751
Other personnel costs (mainly intragroup)	70,034	82,765
Total personnel costs	**93,946**	**116,452**

The other personnel costs include an amount of €0.1 million of payments in relation to the termination of employment agreements (2022: €0.2 million).

55 External independent auditor fees and services

In accordance with article 2:382a of the Dutch Civil Code the following table details the aggregate fees billed by our external independent auditor, PricewaterhouseCoopers Accountants N.V., including the foreign offices of PricewaterhouseCoopers of the last two fiscal years for various services:

Type of services provided (in € millions)	2023	2022
Audit fees	5.0	4.9
Audit-related fees	0.2	0.3
Tax fees	-	-
Other non-audit fees	-	-
Total	**5.2**	**5.2**

Audit-related fees consist of fees for services that are traditionally performed by the external independent auditor. In addition to the statutory audit of Arcadis NV, PricewaterhouseCoopers Accountants N.V. was engaged by the Supervisory Board to perform specific agreed upon procedures.

Of the total fees billed, an amount of €2.1 million relates to PricewaterhouseCoopers Accountants N.V. (2022: €1.4 million) and the remainder to its foreign offices.

Amsterdam, the Netherlands, 5 March 2024

Executive Board **Supervisory Board**

Additional information

Other information

The following information is provided pursuant to Article 2:392.1 Dutch Civil Code.

Profit allocation

Article 27 of the Articles of Association stipulates, among other things, that the Executive Board, with the approval of the Supervisory Board, shall annually decide which part of the profit shall be allocated to the reserves. The remaining part of the profit shall be at the disposal of the Annual General Meeting.

The profit attributable to the equity holders of the Company over fiscal year 2023 amounts to €160.0 million. The Executive Board, with the approval of the Supervisory Board, proposes to present for approval to the General Meeting of Shareholders its proposal to distribute a dividend amount of €76.5 million, which represents a dividend of €0.85 per ordinary share (2022: €0.74). Of the total Retained earnings, an amount of €9.6 million of legal reserves is restricted in distribution (2022: €9.6 million).

Audit and Risk Committee policies and procedures

The Audit and Risk Committee has adopted a charter that details the duties and responsibilities of the Audit and Risk Committee. These duties and responsibilities include, amongst other things, reviewing and overseeing the financial and operational information provided by Arcadis to its shareholders and others, systems of internal controls, financial risk management, accounting and financial reporting processes, the independence, qualifications and performance of the external auditor of Arcadis and the performance of the internal audit function.

Special rights to holders of priority shares

The priority shares are held by Stichting Prioriteit Arcadis NV. The Board of the Stichting Prioriteit Arcadis NV consists of twenty (20) board members (with six (6) vacancies at 31 December 2023): seven (7) members of the Supervisory Board, both (2) members of the Executive Board, one (1) member of the Executive Leadership Team and ten (10) members from the Board of Stichting Bellevue (a foundation seated in Amsterdam, whose board members are appointed by and from the international employees of the Arcadis Group). Each board member has one vote whereby in the event of a vacancy, the number of votes that can be exercised by the Executive Board and Executive Leadership Team members together with the Supervisory Board members shall equal the number of votes that can be exercised by the employee members. Stichting Prioriteit Arcadis NV has special statutory rights, which includes approval of the amendment of the Articles of Association of Arcadis NV, and certain other topics, which have been described in note 25 to the Consolidated financial statements.

Independent auditor's report

To: the general meeting and the supervisory board of Arcadis N.V.

Report on the audit of the financial statements 2023

Our opinion

In our opinion:

- the consolidated financial statements of Arcadis N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Arcadis N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023 of Arcadis N.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2023;
- the following statements for 2023: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flow; and
- the notes to the financial statements, including material accounting policy information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2023;
- the company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Arcadis N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

Arcadis N.V. is a design and consultancy firm for natural and built assets. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below:

The purchase price allocation for IBI Group and DPS Group were completed in the 2023 financial year. This affected the valuation of identifiable assets and liabilities, goodwill, disclosures on business combinations and comparative information. The comparative information was revised in accordance with IFRS 3 to reflect the adjustments in the provisional opening balance. Our audit procedures are described in the section 'Key audit matters'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the executive board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change.

In note 2 of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in relation to the accounting for business combinations, the valuation of goodwill as well as project revenue recognition and valuation of contract assets, these matters were considered key audit matters as set out in the section 'Key audit matters' of this report.

Arcadis N.V. assessed the possible effects of climate change and its plans to meet the net-zero commitments on its financial position, refer to paragraph 'Fostering net zero and biodiversity in our own operations' (including the paragraph 'Arcadis 2023 EU taxonomy disclosure' in the executive board report, the 'Arcadis TCFD disclosure 2023' and 'Arcadis 2023 TCFD assessment' in the 'additional information' section of the annual integrated report). We discussed Arcadis N.V.'s assessment and governance thereof with the executive board and evaluated the potential impact on the financial position including underlying assumptions and estimates.

We used our sustainability specialists, who are also involved in the assurance engagement over selected financial and non-financial indicators in the annual integrated report, with respect to the sustainability information included in the annual integrated report (including the EU taxonomy disclosure). The expected effect of climate change is not considered to be a separate key audit matter.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a global client in the design & consultancy industry. We therefore included experts and specialists in the areas of, amongst others, IT, share-based payments, income tax, valuations, sustainability, forensics and pensions in our team.

The outline of our audit approach was as follows:

Materiality
- Overall materiality: €18 million.

Audit scope
- We conducted audit work on eight components and performed specified procedures on one component. In addition, we also performed an audit of specific account balances for four components.
- Site visits were conducted for Arcadis US, Arcadis UK, Arcadis DPS and (virtual) meetings were held with all the components in scope for our audit.
- We performed procedures over the consolidation, financial statements and more complex areas such as the valuation of goodwill, accounting for business combinations, taxation and share-based payments.
- Audit coverage: 77% of consolidated gross revenue, 81% of consolidated total assets and 71% of consolidated profit before tax.

Key audit matters
- Accounting for the acquisition of the IBI and DPS Groups.
- Project revenue recognition and valuation of contract assets.
- Valuation of goodwill.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€18 million (2022: €15 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 0.5% of net revenue.
Rationale for benchmark applied	We used net revenue as the primary benchmark as revenue is a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. We believe that net revenue is an important metric for the financial performance of the Company.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €3 million and €14 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €900,000 (2022: €600,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit
Arcadis N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Arcadis N.V.

We tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work on the financial statements to enable us to provide an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

Our audit primarily focussed on the significant components of the Group: Arcadis UK and Arcadis US.

We subjected these components to audits of their complete financial information, as they are individually financially significant to the Group. Additionally, we selected six components for full scope audit procedures (IBI US, IBI Canada, DPS US, DPS Ireland, Arcadis Netherlands and Arcadis Australia) and four components for audit of specific account balances to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Gross revenue	77%
Total assets	81%
Profit before tax	71%

None of the remaining components represented more than 4% of total group revenue or total group assets. For those remaining components, we performed, amongst other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work on the financial information of the Company. For the other components, we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included, amongst others, our risk analysis, materiality and the scope of the work. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams both during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures, and other matters that could be of relevance for the consolidated financial statements.

The group engagement team met with all component teams and in most cases with a representation of local management virtually or in person. Site visits to component teams occur on a rotational basis. During the current year, the group audit team visited the Arcadis UK, the Arcadis US and DPS Ireland components. For each of these locations, we reviewed selected working papers of the respective component auditors. In addition, during these visits, we met with local management and discussed, amongst others, the performance of these components.

The group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of more complex items at the head office. These included valuation of goodwill, accounting for business combinations, taxation and share-based payments.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit, we obtained an understanding of Arcadis N.V. and its environment and the components of the internal control system. This included the executive board's risk assessment process, the executive board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, whistle-blower procedures, incident registration and investigation protocols. We discussed the fraud risk assessment with Arcadis' risk management and compliance officer. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the executive board as well as the internal audit department, legal affairs, compliance department, human resources, and regional directors and the supervisory board whether they are aware of any actual or suspected fraud. We evaluated whether the Company's investigation and response into allegations of suspected fraud was appropriate.

As part of our process of identifying and assessing fraud risks, we evaluated, in close co-operation with our forensic specialists, fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
Risk of management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We paid attention to the risk of management override of controls, including risks of potential misstatements due to fraud based on an analysis of potential interests of management, including the incentive to meet certain targets. Considering this analysis, we paid specific attention to the judgement applied in accounting of the IBI and DPS business combinations with regards to significant assumptions used to estimate fair values of assets acquired and liabilities assumed, and the valuation of goodwill and the estimate of the cost to complete project revenue contracts.	To the extent relevant to our audit, we evaluated the design of the internal control environment that reduces the risk of breach of internal control. We paid specific attention to user access management in the IT system and performed compensating procedures when necessary. We selected journal entries based on risk criteria and performed audit procedures to validate these entries. We also performed specific audit procedures regarding important estimates of management, including the accounting for the business combinations, valuation of goodwill and the cost to complete project revenue contracts as described the key audit matters below. In performing our audit procedures in respect of significant estimates, we paid specific attention to the inherent risk of bias from management. Refer to the section 'Key Audit Matters' in this report for more information on how we addressed this risk. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.
Risk of fraud in revenue recognition As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions or assertions give rise to the risk of fraud in revenue recognition. Arcadis enters into contracts that are considered complex from a revenue recognition perspective. We focussed on those contracts that include a fixed price element. The nature of those contracts requires management to estimate the cost to complete, which impacts the revenue recognised. Estimates are inherently uncertain and might be subject to management bias. There might be incentives for management to use estimates in order to satisfy stakeholders, to reach KPIs outlined in compensation plans and/or to meet debt covenants.	Where relevant to our audit, we assessed the design of the internal control measures related to revenue reporting and in the processes for generating and processing journal entries related to the revenue. We used a primarily substantive testing-based approach with respect to the cost to complete. Reference is made to the Key Audit Matter 'Project revenue recognition and valuation of contract assets' for the audit procedures we performed. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition.

We incorporated elements of unpredictability in our audit. We reviewed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations. Whenever we identified any indications of fraud, we re-evaluated our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

As disclosed in section 'Going concern assumption' in note 2 in the financial statements, the executive board performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks).

Our procedures to evaluate the executive board's going concern assessment included, amongst others:

- considering whether executive board's going concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the executive board regarding the executive board's most important assumptions underlying its going concern assessment;
- evaluating executive board's current budget including cash flows for at least 12 months from the date of preparation of the financial statements taken into account all relevant information of which we were aware as a result of our audit;
- assessing the financing obtained and the related classification as long-term as well as compliance with relevant covenants;
- analysing the financial position per balance sheet date; and
- performing inquiries of executive and supervisory board as to its knowledge of going concern risks beyond the period of the executive board's assessment.

Based on our procedures performed, we concluded that the executive board's use of the going concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the executive and supervisory boards. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters. The key audit matters are in line with prior year except for the prior year key audit matter 'Impact of change in operating model to Global Business Areas on segment reporting, goodwill re-allocation and valuation of goodwill'. The change in the Global Business Areas and goodwill re-allocation was finalised in the prior year, resulting in the key audit matter in the current year only addressing the 'Valuation of goodwill'

Key audit matter	Our audit work and observations
Accounting for the acquisition of the IBI and DPS Groups Refer to note 2 and 6 of the financial statements During 2023, Arcadis completed the purchase price allocation for the businesses of the IBI Group and DPS group that were acquired in 2022 for a total cash consideration of €557 million and €229 million respectively. Comparative figures have been revised following completion of the purchase price allocation in accordance with requirements of IFRS 3 as disclosed in note 2 of the financial statements. The acquisitions have been accounted for as a business combination in accordance with IFRS 3 and require a number of significant and complex judgements in the determination of the fair value of the assets and liabilities acquired. The accounting for these acquisitions is a key audit matter in the audit due to the substantial effect on the total assets and liabilities, the judgement required to determine the fair value of assets and liabilities acquired and due to the significance of the related disclosures.	We obtained an understanding and evaluated the process of the business combinations, reviewed the sale and purchase agreements and assessed the acquisition dates and purchase price considerations paid. We involved our valuation specialists to assist us in evaluating the work performed by management and their experts(including their competence) related to the purchase price allocation. Our valuation experts supported us in evaluating the appropriateness of valuation methods applied to determine the fair value of order backlog and customer relationships. Furthermore, they assisted us in evaluating the discount rate, terminal growth rate as well as other assumptions used. We also challenged the significant assumptions applied by management on the recoverability of receivables and cost to complete of acquired projects. We evaluated whether the disclosures are in accordance with the relevant accounting standards and sufficiently disclose the revision of comparable information. Our procedures did not result in material findings with respect to the valuation and disclosures in relation to the business combinations.
Project revenue recognition and valuation of contract assets Refer to notes 7, 21, and 22 of the financial statements We consider this a key audit matter since project revenue recognition and the valuation of contract assets are significant to the financial statements based on materiality and because of the degree of management judgement involved. Management applies judgement to determine the cost to complete for contracts, which is the basis for revenue recognition and contract asset valuation, as well as for assessing provisions for onerous contracts.	We have assessed the design and implementation of controls related to project revenue recognition. We performed substantive audit procedures on individually significant projects as well as high-risk projects. In addition, we sampled the remaining population to ensure sufficient coverage over all projects. These substantive procedures focused on the key assumptions applied by the Group to determine the cost to complete. The procedures included obtaining evidence to support applied hourly rates, challenging the number of expected hours to complete the project and reconciling changes in budgets to supporting evidence such as contract modifications. We also discussed the progress of the projects with the respective project managers and management of the operating companies. In these audit procedures, we were alert to management bias. We assessed the adequacy of the disclosures relating to revenue recognition, in accordance with the requirements of IFRS 15. Our procedures did not result in material findings with respect to revenue recognition and the related disclosures.
Valuation of goodwill Refer to note 14 of the financial statements Goodwill is tested for impairment annually together with other assets of the respective cash generating units at the level on which they are monitored, being the four Global Business Areas (‘GBAs’): Mobility, Places, Resilience and Intelligence. We focused on this area given the magnitude of the goodwill balance and because the executive board’s assessment of the ‘value in use’ of the group’s four GBAs is subject to significant estimation uncertainty. This involves significant judgement to assess future cash flows, which are driven by net revenue growth, EBITDA margin, terminal growth rates and the discount rates applied to discount these future cash flows. Note 14 of the consolidated financial statements discloses the key assumptions applied by management for goodwill impairment testing. The goodwill impairment testing is subject to significant estimation uncertainty and requires significant judgement, this is therefore determined to be a key audit matter. We especially focused our audit efforts on the CGU that had the lowest headroom, being Intelligence.	On the annual goodwill impairment test, our audit procedures mainly included an assessment of significant assumptions applied in the impairment model, testing of the inputs to the model, assessing the disclosure note on goodwill, testing the mathematical accuracy of the model and a reconciliation of the model to the five-year forecasts and long-term strategic plans that were approved by senior management. Our valuation experts supported us in the evaluation of the methodology and model in accordance with IAS 36, the evaluation of the discount rate, terminal growth rate as well as other assumptions and methodologies used. We have challenged the significant assumptions applied by management. This was done by, amongst others, testing the expected margin increase, by comparing the margin and revenue growth to the historic performance of the company, assessing the expected revenue growth by reviewing available market data for the industry outlook and development of the book-to-bill ratio. Furthermore, we gained an understanding of management strategic plans to assess the revenue and EBITDA growth rate in the explicit forecasting period in combination with the assessment of the terminal growth rate used for impairment testing. We also have analysed the sensitivity of the ‘value in use’ to changes in the respective assumptions in relation to the available headroom. We assessed the adequacy of the disclosures relating to goodwill in accordance with the requirements of IAS 36. Our procedures did not result in material findings with respect to the valuation of goodwill and the related disclosures.

Report on the other information included in the annual integrated report

The annual integrated report contains other information. This includes all information in the annual integrated report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the executive board' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the executive board's report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The executive board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Arcadis N.V. on 13 May 2015 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 13 May 2015. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of nine years.

European Single Electronic Format (ESEF)

Arcadis N.V. has prepared the annual integrated report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual integrated report prepared in XHTML format, including the marked-up consolidated financial statements, as included in the reporting package by Arcadis N.V., complies in all material respects with the RTS on ESEF.

The executive board is responsible for preparing the annual integrated report, including the financial statements in accordance with the RTS on ESEF, whereby the executive board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual integrated report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual integrated report does not comply in all material respects with the RTS on ESEF.
- Designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services
To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered
The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 55 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of executive board and the supervisory board for the financial statements
The executive board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The executive board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 5 March 2024

PricewaterhouseCoopers Accountants N.V.
J. van Meijel RA

Appendix to our auditor's report on the financial statements 2023 of Arcadis N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements
We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, amongst other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Limited assurance report of the independent auditor

To: the executive board and the supervisory board of Arcadis N.V.

Assurance report on the selected financial and non-financial indicators in the Annual Integrated Report 2023 of Arcadis N.V.

Our Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected financial and non-financial indicators in the Annual Integrated Report 2023 of Arcadis N.V. over 2023 are not prepared in all material respects, in accordance with the Arcadis' reporting criteria.

What we have examined

The object of our assurance engagement concerns the selected financial and non-financial indicators marked with symbol ✓ included in section '2023 at a glance' in the Annual Integrated Report 2023 of Arcadis N.V. (hereafter: the indicators). We have examined the selected financial and non-financial indicators marked with symbol ✓ in the Annual Integrated Report 2023 of Arcadis N.V. The indicators examined are as follows:

1. Voluntary turnover rate (as % of permanent employees).
2. Employee engagement (employee net promoter score, scale -100 to +100).
3. Women in total workforce (as % of permanent and temporary employees).
4. Total Recordable Case Frequency (TRCF) (per 200,000 work hours).
5. Lost Time Case Frequency (LTCF) (per 200,000 work hours).
6. Arcadis' carbon footprint (MT CO_2 per FTE).
7. Number of identified environmental non-compliances.
8. Investigated AGBP alleged breaches (assessed and, as needed, investigated).
9. Employees passing Code of Conduct training (as % of active employees).
10. Number of appointed privacy officers under the privacy policies.
11. Financial indicators, which include the following:
    a. Net revenues (in € millions).
    b. Net Income from Operations (in € millions) and per share (in €).
    c. Dividend per share (proposed, in €).
    d. Operating EBITA margin (as % of net revenues).
    e. Net Working Capital (as % of gross revenues).
    f. Days Sales Outstanding (DSO).
    g. Return on Net Working Capital.
    h. Net Debt to Operating EBITDA ratio.
    i. Free cash flow (in € millions).

The basis for our conclusion

We conducted our examination in accordance with Dutch law, including the Dutch Standard 3000A Assurance engagements, other than audits or reviews of historical financial information (attestation-engagements). This engagement is aimed to provide limited assurance. Our responsibilities under this standard have further been described in the section ‘Our responsibilities for the examination’ of our report.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of Arcadis N.V. in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assurance opdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

PwC applies the ‘Nadere voorschriften kwaliteitssystemen’ (NVKS, Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

Reporting Criteria

The reporting criteria used for the preparation of the of the indicators are Arcadis N.V.’s reporting criteria, as disclosed in section ‘Glossary non-financial & financial indicators’ of the Annual Integrated Report 2023.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Consequently, the indicators need to be read and understood together with the reporting criteria used.

Responsibilities for the indicators and the examination thereof

Responsibilities of the Executive Board and the Supervisory Board

The executive board of Arcadis N.V. is responsible for the preparation of the indicators in accordance with the Arcadis' reporting criteria, including the identification of the intended users and the criteria being applicable for the purpose of these users.

Furthermore, the executive board is responsible for such internal control as it determines is necessary to enable the preparation of the indicators that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company’s reporting process on the indicators.

Our responsibilities for the examination

Our responsibility is to plan and perform our examination in a manner that allows us to obtain sufficient and appropriate evidence to provide a basis for our conclusion.

Our conclusion aims to provide limited assurance. The procedures performed in this context consisted primarily of making inquiries with officers of the entity and determining the plausibility of the information included in the indicators. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Procedures performed
We have exercised professional judgement and have maintained professional scepticism throughout the examination in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our examination consisted, amongst other things, of the following:
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the indicators. This includes the evaluation of the reasonableness of estimates made by the Executive Board.
- Through inquiries, obtaining an understanding of internal control relevant to the examination in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control.
- Identifying areas of the indicators with a higher risk of a material misstatement, whether due to fraud or error, designing and performing assurance procedures responsive to those risks, and obtaining evidence that is sufficient and appropriate to provide a basis for our conclusion.
  Those assurance procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate level responsible for the sustainability strategy, policy and results.
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the indicators.
  - Determining the nature and extent of the review procedures for the group components. For this, the nature, extent and/or risk profile of these components were considered. Our procedures were performed out of the head office.
  - Obtaining assurance evidence that the indicators reconcile with underlying records of the company.
  - Reviewing, on a limited test basis, relevant internal and external documentation.
  - Performing an analytical review of the data and trends of the indicators submitted for consolidation at corporate level.
- Reconciling the financial indicators with the financial statements.
- Considering the consistency of the indicators with the information in the Annual Integrated Report 2023 that is not included in the scope of our review.
- Considering whether the indicators reflect the purpose of the reporting criteria used.

We communicated with the executive board and supervisory board regarding, amongst other matters, the planned scope and timing of the review and significant findings that we identified during our review.

Amsterdam, 5 March 2024

PricewaterhouseCoopers Accountants N.V.
J. van Meijel RA

Arcadis TCFD Disclosure 2023

Building on the qualitative scenario analysis performed in 2021, Arcadis engaged its Sustainability Advisory team to perform a qualitative and quantitative assessment of the potential impacts on Arcadis from five climate-related transition risks and opportunities under two climate scenarios and three time horizons.

Topic	Disclosure	Annual Report Reference
Governance	A) Describe the board's oversight of climate related risks and opportunities. B) Describe management's role in assessing and managing climate-related risks and opportunities.	Page 78 and further
Strategy	A) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. B) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. C) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 65 and further
Risk Management	A) Describe the organization's processes for identifying and assessing climate-related risks. B) Describe the organization's processes for managing climate-related risks. C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Page 141
Metrics and Targets	A) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. C) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Page 78 and further

TCFD directed activities in 2023 and planned activities for 2024 are:

2023	2024 (planned)
• Further formalized roles & responsibilities around climate-related risks & opportunities – Quantified climate related risks & opportunities for our resilience activities, particularly climate adaptation and mitigation – Broadened board input to climate related risk & opportunity assessment processes	• Incorporate our TCFD reporting into the mandatory EU Corporate Sustainability Reporting Directive framework to reduce our reporting burden while maintaining high quality climate reporting for our stakeholders.
• Integrated the results of our qualitative and quantitative CSA into our ARC framework and development of our next three-year growth strategy	
• Developed SBTi application under the new Net-Zero Standard, taking into account our recent acquisitions and updated scope 3 inventory	

Overview of progress against climate change-related topics:

Target	Deadline	Progress	Key metric	Annual Report Reference
Our new 1.5°C-aligned science-based targets are: - 90% vs 2019 in scope 1+2 (market-based); and - 90% vs 2019 by 2035 in scope 3	2035	As described in our annual report for 2022, in 2023 Arcadis tightened its existing science-based targets to reduce its emissions in line with a 1.5°C climate scenario even faster. These new targets are aligned with the new SBTi NetZero standard and will be submitted for approval by end of January 2024. Our absolute targets cover scope 1 and market-based scope 2 combined, and scope 3 emissions separately. In 2022 and 2023 we conducted detailed reviews of the relevance of all scope 3 categories to our business and our methodologies for calculating relevant categories. As a result of these reviews, we have expanded our inventory to include additional scope 3 categories and recalculated all categories. Also, we have added the emissions of the companies we acquired in 2022. Due to these changes, we are resubmitting our GHG reduction target to SBTi for approval and have started this process with SBTi. We are on track towards this target.	Arcadis Carbon Footprint (MT CO_2e)	Page 73 and further
Reduction of absolute Scope 1 & 2 (market-based) global GHG emissions of 70% from 2019 base year	2026	In 2023, Arcadis' preliminary scope 1 & 2 emissions (market-based) have reduced by about 60% compared to the base year.	Arcadis Carbon Footprint (MT CO_2e)	Page 73 and further
Reduction of absolute scope 3 emissions of 45% from 2019 base year	2029	In 2023, Arcadis' preliminary scope 3 emissions are 10% lower compared to the base year.	Arcadis Carbon Footprint (MT CO_2e)	Page 73 and further
Purchase of carbon credits	Ongoing	As a contribution to climate change mitigation, every year since 2020 we have purchased carbon credits (offsets) approximately equal to the emissions from our own operations (scope 1 + 2) and part of our indirect emissions (since 2022 for scope 3 categories 2 to 7).	Arcadis Carbon Footprint (MT CO_2e)	Page 73 and further
Significantly contribute to UN SDGs	Ongoing	In 2022 >80% of total revenue is from projects that aid the SDGs.	% of revenue associated with an SDG	Page 39 and further
Environmental non-compliance	Ongoing	There were no environmental non-compliances in 2023.	Number of identified environmental non-compliances	No references

Arcadis 2023 TCFD assessment

Following its 2022 qualitative and quantitative assessment of the potential impacts on Arcadis from four climate-related transition risks and opportunities under two climate scenarios and three time horizons, Arcadis also evaluated its physical climate risks.

Initially this analysis included the largest offices of Arcadis by number of FTEs (124 offices), the offices of IBI (44) plus 86 of the largest project sites by net revenue generated. In 2023, this analysis was expanded to include the offices of newly acquired companies DPS, Giftge and Hydronet.

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

To explore potential transitional risks and opportunities from climate change we used two scenarios "Net zero 2050" and "Current Policies" from the Network for Greening the Financial System (NGFS) climate scenarios framework.

Net zero 2050 scenario

Low carbon scenarios (1.5°C/ 2°C) - This aligns with the IPCC Shared Socioeconomic Pathway (SSP) SSP1-RCP2.6 and was chosen as it supports Arcadis' ambition of aligning to 1.5-degree warming and represents the rapid decarbonization needed to avoid climate change's worst impacts. In this scenario, the effects of transitioning to a low carbon economy are likely to be most impactful as governments worldwide commit to driving down emissions. For example: higher carbon prices and greater business regulation.

Current policies scenario

High carbon scenarios ('Business-as-usual'/4°C) - This aligns with IPCC SSP5-RCP8.5 in which global temperatures are expected to rise at least 4°C by 2100. This was chosen as it is 'business as usual' with no policy changes and leads to growth in emissions, causing physical effects of climate change to be felt with greater severity. This scenario includes physical effects of climate change that are likely to be most impactful, for example: high temperature increases, high rates of sea level rise, and increased frequency and intensity of extreme weather events.

For more detail on NGFS scenarios, please visit: https://www.ngfs.net/sites/default/files/medias/documents/ngfs_climate_scenarios_for_central_banks_and_supervisors_.pdf.pdf

Arcadis updates its strategy based on identified risks and currently risk is monitored on the following timescales:

Impact Time Horizon	From	To	Duration
Short-term	2023	2026	0-3 years
Medium-term	2027	2031	3-8 years
Long-term	2032	2050	10-30 years

Policy & Market - Energy and Carbon Price

Description - Implementation of external carbon-pricing policies – such as taxes on aviation, energy, or fuel suppliers to drive the low-carbon transition or elimination of fuel subsidies – could impact Arcadis' expenses. Quantifying these risks helps Arcadis make informed decisions about investments and manage financial and regulatory risks.

Potential financial impacts - Costs from carbon price exposure and shift in energy prices. Outside of energy-intensive sectors, economies are not directly exposed to carbon tax or market-based carbon prices. This analysis assumes the remit of those markets expands to cover all emitters. Note: energy and carbon costs based on 2010 prices, following the NGFS standard methodology.

Time horizon for significant impact - Medium/Long term

Analysis scope

The analysis covers five countries (US, NL, AUS, DE, UK) representing 70% of revenues. Additionally, some of these costs are expected to be mitigated if Arcadis meets its emission reduction targets..

Potential impact by scenario		
Scenario type	**Net zero scenario**	**Current policies scenario**
Costs from carbon price exposure	Where carbon is aggressively taxed, Arcadis' potential increase in costs from carbon price exposure could be in the range of €3.8 million per annum in 2030 to €17 million per annum in 2050 under a net zero scenario, with Scope 3 (business travel) accounting for most of the increase.	Where carbon is not effectively taxed, Arcadis' potential increase in costs from carbon price exposure could peak in2030 at €138,000 per annum in 2030, falling to €111,000 in 2050 under a current policies scenario.
Costs from shift in energy (electricity and gas) prices exposure	Where energy mixes are rapidly changed, Arcadis' potential energy costs could reach €4.6 million per annum in 2030 and remain high at €4 million per annum in 2050 under a net zero scenario.	Where energy mixes gradually decarbonizes, Arcadis' potential increase in costs from energy price exposure could be in the range of €3.7 million per annum and holding steady at this level until 2050 under a current policies scenario.

Energy Source - Shift to Low Carbon Energy Sources

Description - Arcadis has the opportunity to reduce its energy expenses from meeting its net zero targets and reducing its energy use. An opportunity also exists in reducing its real estate footprint in post-pandemic return-to-work, which could also change portfolio efficiency depending on facility leases which are terminated or not renewed.

Potential financial impacts - Savings from avoided operational and capital expenses.

Time horizon for significant impact - Medium/Long term

Potential impact by scenario		
Scenario type	**Net zero scenario**	**Current policies scenario**
Fossil fuel exposure risks	Potential changes in renewable vs fossil fuel prices under this scenario: • Potential increase in renewable electricity prices in the short to medium term due to increase in electricity and renewable energy demand to meet electrification needs. • In the long-term, renewable energy prices could continue to decrease with the growth in the renewable energy market to meet net zero scenarios and expected improvements in technologies and battery storage solutions.	Reduced exposure to potential future fossil fuel price fluctuations. Stable operational costs (e.g., through use of lowest cost abatement) vs. business as usual, but higher operating costs vs. net zero scenario.
Cost of carbon exposure risk	Reducing emissions and energy use and shifting to renewables could reduce Arcadis' exposure to potential fossil fuel price fluctuations and exposure to changes in the cost of carbon.	Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon.
Costs from shift in energy (electricity and gas) prices exposure	If Arcadis reduced its global electricity consumption by a quarter by 2050 this could translate into estimated operational savings of around €1.4 million per annum across the five territories under the net zero scenario.	If Arcadis reduced its global electricity consumption by a third by 2050 this could translate into estimated annual operational savings of €1.8 million by this year under the current policies scenario.

Products & Services - Growth Drivers

Description - Opportunities for revenue growth from increased demand for services that support low carbon economy and climate resilience.

Potential financial impacts - Impact on revenue from shift in demand for products and services

Time horizon for significant impact - Medium/Long term

Potential impact by scenario		
Scenario type	**Net zero scenario**	**Current policies scenario**
Opportunities	Potential increase in demand for services that support low carbon economy such as Energy Transition, Net Zero facilities and communities, etc. • Our ability to innovate and expand our services that support the transition economy would improve our competitive position. • Increased opportunities and revenue from businesses and sectors which leading the energy transition or enabling low carbon future. • Integration of sustainable, resilient and low emission solutions in our projects will strengthen our market differentiation.	Potential increase in demand for services that support resilience to physical climate risks such as climate adaptation, environmental restoration, water optimization, resilient ports, etc. • Our ability to demonstrate integration of forward-looking climate resilience into our services (e.g., climate adaptation, water optimization, nature-based solutions, etc.), in our engineering and design services, will improve market position and competitive advantage
Risks	• Loss of clients based on the work or perceived work done with heavy emitting sectors, loss of revenue from clients who fail or contract as a result of the rapid transition. • Risk of growing our own services appropriately or fast enough to meet clients' needs, allowing existing or new competitors to take greater market share. • Not having enough resources to deliver services to support the transition could lead to a loss of market share and reputation and inability to sustain business growth.	• Loss of clients and revenue from clients who lose economic viability due to physical risks. • Not having enough resources and trained staff to deliver services to support climate resilience and physical risk adaptation services.

Reputation - Reputational Risks and Opportunities

Description - Reputational risks and opportunities related to our climate actions and commitments could impact our relationships with clients, investors and shareholders, communities, employees, and our ability to attract talent.

Potential financial impacts - Brand risks' and opportunities' impacts on revenues. Increased cost to attract and retain talent and turnover costs.

Time horizon with significant impact - Short to long term

Potential impact by scenario		
Scenario type	**Net zero scenario**	**Current policies scenario**
Resilience	• Our ability to meet our net zero targets and contribute to finding solutions and providing services to enable the net zero economy will either improve our brand and reputation or potentially damage it, impacting our client relations and talent retention.	• Our ability to demonstrate integration of forward-looking climate resilience into our advisory, engineering and design services (e.g., Climate adaptation, water optimization, nature-based solutions, resilient ports) will improve our brand and reputation.
Transition speed	• Risk of "greenwashing" if we do not deliver on our climate the commitments could impact our brand and revenue. Every 1% increase or reduction in global revenue is worth approximately 33.8 million based on 2021 revenues.	• Transition speed will not be a challenge under this scenario and not lead to exposure.
Revenue exposure	• Brand risks could arise from being associated with companies who are perceived as not taking appropriate climate action or not complying with climate disclosure rules.	• Under this scenario no additional pressure will develop to exit certain sectors.
Ability to deliver	• Delivering sustainability solutions has risen as an important topic among our employees and customers through our latest CX surveys. Our ability to attract and retain talent is critical to delivering our services. Risk exists under both scenarios.	• Delivering sustainability solutions has risen as an important topic among our employees and customers through our latest CX surveys. Our ability to attract and retain talent is critical to delivering our services. Risk exists under both scenarios.

Physical Climate Risks in more Detail

To understand the potential impact of climate change on its physical assets, Arcadis contracted a third party company specializing in climate risk analysis. The results of their analysis were then reviewed and synthesized by our Sustainability Advisory team.

The analysis was performed by looking at 124 Arcadis offices (all leased properties), selected based on highest number of FTEs, 44 offices in use by IBI, and 86 of the largest project sites, based on net revenues generated. In 2023, the remaining sites from new acquisitions were subjected to a similar analysis. Although our properties are all leased, the analysis identifies our potential vulnerabilities from an in-office business continuity standpoint. At the same time, Arcadis has clearly demonstrated throughout the two years of the COVID crisis that an office base is not a necessity for business continuity on the short term for our operations.

Analysis details include:

Climate scenarios	SSP1-2.6 (1.8°C)- Sustainable Development Scenario SSP2-4.5 (2.7°C)- Middle of the Road SSP5-8.5 (4.4°C)- Fossil Fuel Driven Scenario
Timescales	Historical Baseline + every 5 years, 2020-2100

In total, eight climate peril metrics were part of the analysis: wind, heat, flood, cold, precipitation, wildfire, convective storm, and drought.

Data refinement methodology:

- The data were filtered to include offices and projects that had an “All Peril Present-day Hazard Score” equal to or exceeding 50. This score is a composite and normalized globally.
- The peril scores and peril parameters (e.g., flood depth) were intersected to understand the level of mitigation that would be required.

Results of the analysis were used by members of our Environmental Management System team to address risk mitigation and business continuity issues for the Arcadis and IBI offices, that were identified as higher priority for further risk evaluation and potential mitigation.

Arcadis’ response

Arcadis supports the aims of the Paris Agreement and Glasgow accords and has committed to reduce Scope 1 and 2 GHG emissions by 90% vs 2019 by 2035 and 90% vs 2019 in scope 3 GHG emissions by 2035. Additionally, Arcadis committed to maintaining its annual sourcing of renewable electricity at 100%. The Arcadis Executive Leadership Team regularly reviews progress against these targets.

Arcadis is growing its global Sustainability Advisory and Energy Transition practices to accelerate our clients’ ambitions and address client’s needs resulting from climate change.

Sustainability and climate change risks and opportunities are regularly reviewed by the Arcadis Supervisory Board and Executive Leadership Team.

In addition to building a Sustainability Advisory practice to assist its clients in their ability to adjust to the changing climate, Arcadis itself has invested in its Global Sustainability team where it now has an Impact & Systems team that measures and reports Arcadis’ footprint and impacts; a Future Focus team which looks at keeping our core services fresh and relevant; a GBA Partners team focused on helping the business “embed sustainability in everything we do”; and an Education & Engagement team which helps Arcadians understand, apply, and communicate our sustainability ambition and capabilities. Meanwhile, the company scores highly in sustainability ratings, such as those performed by Sustainalytics and Ecovadis, and CDP.

Arcadis has a Global Crisis Response Plan which addresses business continuity with a specific methodology and with dedicated Crisis Response Teams (CRT) in the different regions. A crisis is defined as an emergency event or threat of such event that may cause immediate serious injury, death to employees or the public, property damage, damage to the company’s image, disruption to the organization or emotional harm and/or a threat to business continuity. This includes any climate-related topics of a short-term nature (floods, storms, wildfires etc.). The Crisis Response Plan aims to protect and preserve life and the safety of employees and the public, protect property and assets, retain client and employee relations, minimize business interruption, and return the company to normal business operations as soon as possible.

Other financial data

Quarterly financial data

	2023				2022			
in € millions unless otherwise stated	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Gross revenues								
In the quarter	1,218	1,260	1,237	1,289	879	968	1,003	1,178
Cumulative	1,218	2,477	3,714	5,003	879	1,847	2,851	4,029
In the quarter	24%	25%	25%	26%	22%	24%	25%	29%
Cumulative	24%	50%	74%	100%	22%	46%	71%	100%
Net revenues								
In the quarter	940	945	932	941	688	729	740	861
Cumulative	940	1,886	2,818	3,759	688	1,418	2,158	3,019
In the quarter	25%	25%	25%	25%	23%	24%	25%	29%
Cumulative	25%	50%	75%	100%	23%	47%	71%	100%
EBITA								
In the quarter	87	82	91	83	65	65	27	75
Cumulative	87	169	260	343	65	130	158	233
In the quarter	25%	24%	27%	24%	28%	28%	12%	32%
Cumulative	25%	49%	76%	100%	28%	56%	68%	100%
Operating EBITA[1]								
In the quarter	92	93	99	107	64	68	76	86
Cumulative	92	185	284	391	64	133	208	294
In the quarter	24%	24%	25%	27%	22%	23%	26%	29%
Cumulative	24%	47%	73%	100%	22%	45%	71%	100%

1 Excluding acquisition, restructuring and integration-related costs

Five-year summary

People and culture

	2023	2022	2021	2020	2019
Employee engagement					
Total number of employees at 31 December	35,999*	35,617*	29,236	27,939	27,875
Average total number of employees	35,363*	35,617*	28,588	27,907	27,615
Total number of FTEs in GECs at 31 December	4,214*	3,615	3,211	2,847	2,678
Total number of FTEs at 31 December (Arcadis only, incl. GECs)	34,124*	27,435	28,019	26,804	26,436
Employee engagement score[1]	52	39	30	27	19
Voluntary turnover rate (as % of total staff)	12.1%*	14.7%*	14.9%	8.7%	13.5%
Women in total workforce (as % of permanent employees)	38.4%*	38%*	38%	38%	38%
Total Recordable Case Frequency (TRCF)	0.13*	0.15	0.14	0.13	0.16
Lost Time Case Frequency (LTCF)	0.04*	0.05	0.05	0.05	0.09

* The figures of these KPI's include the 2022 acquisitions.

1 The engagement score does not include employees from our integrating companies (ie. A-IBI, A-DPS) given a separate survey was undertaken to inform specific integration activities.

Five-year summary

Sustainability

	2023	2022	2021	2020	2019
Arcadis Carbon Footprint for our material Scope 1, 2 and 3 emissions MT CO_2 per FTE[1]	7.6	8.6	7.7	not available	12
% of revenues that relate to relevant SDGs[3]	>80%	>80%	>80%	80%	79%
Number of identified environmental non-compliances[3]	none	none	1	none	1
Employees passing Code of Conduct training[2,3]	97%	98%	94%	91%	97%
Investigated AGBP alleged breaches[3]	100%	100%	100%	100%	100%
Number of appointed privacy officers under the privacy policy[3]	26	23	14	13	12

1 Comparative figures are restated following improved insights, methodologies and additional information on acquisitions, see further details in the Sustainability section
2 2022 is adjusted as for the use of the active employees definition, which is also applied to 2023
3 2022 figures do not include IBI Group and DPS Group

Digital & Innovation

	2023	2022	2021	2020	2019
Building Information Modeling BIM (as % of total projects)				78%	61%
EBITA/FTEs (in €)				8.5	8.2
Arcadis Way implementation progress (as % of net revenues)	71%	85%		82%	64%

As some of the above KPIs are newly defined, some previous years comparatives are not available

Focus & Performance

	IFRS16 2023	IFRS16 2022[3]	IFRS16 2021	IFRS16 2020	IFRS16 2019
Direct economic value generated					
Gross revenues	5,003	4,029	3,378	3,303	3,473
Net revenues	3,759	3,019	2,565	2,494	2,577
Direct economic value distributed					
Earnings per share (in €)	2.51	2.26	1.96	1.46	1.36
Dividend per share (in €)	0.85	0.74	1.30 [1]	0.6	0.56
Profit & loss performance					
Operating EBITA	391.1	294.5	246.4	225.7	212.6
Operating EBITA margin (in %)	10.4%	9.8%	9.6%	9.1%	8.2%
EBITDA	457.7	338.6	338.0	336.7	308.7
Net income from operations	225.8	202.3	175.4	130.4	119.8
Balance sheet performance					
Net working capital (in %)	9.3%	10.0%	10.7%	12.6%	16.6%
Days Sales Outstanding (DSO)	56	60	63	66	88
Return on Net Working Capital[2]	81.5%	57.7%	64.7%	54.5%	34.5%
Net debt to EBITDA ratio (average)[4]	2.2	1.6	0.8	1.3	1.4
Net debt to EBITDA ratio (end)[4]	1.7	2.2			
Cash flow performance					
Free cash flow	189.9	173.5	234.0	323.5	97.2

1 €0.70 per ordinary share plus an additional €0.60 per ordinary share
2 Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022.
3 Except for Gross revenues, Net revenues, Dividend per share, and Free cash flow, amounts were revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of acquired entities recognized as at 31 December 2022
4 For bank covenant purposes

Alternative Performance Measures

Arcadis uses throughout its financial publications, alternative performance measures (APMs) in addition to the figures which are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The purpose of the alternative performance measures is to provide greater insights into the financial and operating results of the company. These metrics are used to drive the business performance and should be viewed as complementary, rather than a substitute for, the figures determined according to IFRS. They are subject to the same internal control process as other reporting. These terms may be defined in a different way by other companies and are therefore not always comparable to similar measures used by other companies.

Net Revenues

The company analyzes the financial performance in relation to net revenues for the total business and Global Business Areas. Net Revenue reflects more closely the revenues generated by the fees received for our services and is defined as Gross Revenue (revenue per IFRS), minus materials, services of third parties and subcontractors.

In € thousands	2023	2022
Gross revenues	5,003,322	4,028,935
Materials, services of third parties and subcontractors	(1,244,074)	(1,010,258)
Net revenues	**3,759,248**	**3,018,677**

Organic growth

Organic growth represents comparable net revenue growth excluding the impact of acquisitions, divestments and currency translation. Organic growth is used as an indicator of the underlying change in the revenue performance of the Company and its Business Areas.

	Resilience		Places		Mobility		Intelligence		Total	
In %	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total Growth	**8.4%**	**19.0%**	**48.4%**	**15.7%**	**9.6%**	**15.1%**	**355.7%**	**0.0%**	**24.5%**	**17.7%**
(-) winddowns	(0.3%)	(0.5%)	(6.1%)	(4.0%)	(2.1%)	(1.6%)	0.0%	0.0%	(2.3%)	(2.0%)
Total Growth excluding winddowns	**8.7%**	**19.6%**	**54.5%**	**19.7%**	**11.7%**	**16.7%**	**355.7%**	**0.0%**	**26.9%**	**19.7%**
(-) acquisitions and divestments	0.8%	0.8%	54.3%	9.9%	2.4%	0.8%	248.7%	0.0%	20.4%	4.5%
(-) Currency effect*	(2.3%)	9.0%	(2.6%)	5.0%	(2.8%)	3.6%	(7.5%)	0.0%	(2.6%)	6.3%
(-) Other effect**	(0.4%)	(0.6%)	0.2%	0.6%	(1.1%)	(0.5%)	54.7%	0.0%	0.0%	0.0%
Organic growth	**10.6%**	**10.3%**	**2.7%**	**4.2%**	**13.3%**	**12.9%**	**0.0%**	**0.0%**	**9.0%**	**8.9%**

* FX effects
** Other effect – relates to reallocation or move of operations and projects between the business areas during the year. The organic growth is adjusted to show the underlying change in revenue within each Business area.

Operating EBITA

Operating EBITA is used by the Company as a measure of underlying profit/loss of business operations and is defined as Operating Income before Amortisation of intangible assets (EBITA) adjusted for non-recurring and non-operating items, such as restructuring of a business area or location, Merger & Acquisitions (M&A), costs related to integration of acquired entities and profit or loss on disposal of operations. Operating EBITA is one of the key decision metrics of the Group management.

	Resilience		Places		Mobility		Intelligence		Corporate		Total	
In € thousands	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating Income*	**142,663**	**119,503**	**61,913**	**68,430**	**81,209**	**49,390**	**3,690**	**(84)**	**(5,580)**	**(24,803)**	**283,896**	**212,436**
Amortisation of Intangibles*	5,226	3,974	44,399	11,812	3,695	2,590	6,025	1,808	-	-	59,345	20,184
EBITA*	**147,889**	**123,477**	**106,312**	**80,242**	**84,904**	**51,980**	**9,715**	**1,724**	**(5,580)**	**(24,803)**	**343,241**	**232,620**
Restructuring costs	3,614	2,485	20,814	4,284	2,338	1,462	477	29	-	1,548	27,242	9,808
Integration costs	3,364	164	5,172	48	1,701	-	430	-	-	-	10,667	212
M&A costs	1,492	4,932	3,562	7,406	667	4,706	268	123	-	2,766	5,990	19,932
Other	41	-	43	-	21	-	-	-	-	1,054	105	1,054
Dilapidation costs	14	2	-	-	-	-	-	-	-	-	14	2
Net effect of sale of assets	2,371	2,720	666	906	877	14,131	-	-	-	13,107	3,914	30,864
Operating EBITA	**158,785**	**133,780**	**136,569**	**92,886**	**90,509**	**72,278**	**10,890**	**1,876**	**(5,580)**	**(6,328)**	**391,173**	**294,492**

*Revised to reflect PPA adjustments

Days sales outstanding and net working capital

Days sales outstanding (DSO) represents the number of days by which the Company is paid for the services it has delivered. It is calculated by taking the Company's Net trade receivables position relative to its Gross Revenue expressed in number of days. Net trade receivables includes trade receivables as well as contract assets (revenue earned not billed) and contract liabilities (billings in excess of revenue on contracts) and provision for onerous contracts. Gross Revenue in this metric is based on trailing 3 months Gross Revenue (annualised) to reflect the most relevant revenue period in relation to the net trade receivables. The company use this to judge the level of capital tied up in its projects and the investment requirement for organic growth.

Net working capital % is defined as Net working capital divided by annualized gross revenues.

In € thousands	2023	2022 Revised
Reported 3 months gross revenue	1,288,905	1,178,133
Adjustments (Acquisitions and GBA moves)*	-	101,738
Adjusted 3 months gross revenue	1,288,905	1,279,871
Annualized Adjusted 3 months gross revenue	**5,155,620**	**5,119,485**

In € thousands	2023	2022 Revised
(+) Contract Assets	579,728	623,149
(+) Trade receivables**	728,555	726,847
(-) Contract Liabilities	503,271	481,872
(-) Provision for onerous contracts	12,732	24,228
Net trade receivables	792,280	843,897
Day Sales Outstanding (Net trade receivables/ Adjusted 3m gross revenue) *91	**56**	**60**

In € thousands	2023	2022 Revised
(+) Contract Assets	579,728	623,149
(+) Trade receivables**	728,555	726,847
(-) Contract Liabilities	503,271	481,872
(-) Provision for onerous contracts	12,732	24,228
(-) Account payable	312,641	334,110
(+) Inventories	234	265
Net Working Capital	**479,873**	**510,051**
Net Working Capital %	**9.3%**	**10.0%**

* Adjustments related to acquisitions in 2022 relates to DPS Ltd that was acquired in December 2022 with full amount of working capital in balance sheet but only one month Gross revenue. Adjustment to bring in proforma 3 months gross revenue to give correct NWC% at period end.

** Trade receivables presented in the consolidated statement of financial position includes receivable from associates but it is excluded from net working capital calculation.

Free cash flow

The Company reports on Free cash flow (FCF) and it is used to evaluate cash available for financing activities, including shareholder distributions and debt servicing, after investment in maintaining and growing the business. This measure is derived from the financial statements with a reconciliation below.

In € thousands	2023	2022
Net cash from operating activities	**309**	**284**
(-) Capital expenditure	(40)	(39)
(-) Lease payments	(79)	(71)
Free cash flow	**190**	**173**

Net Debt to Operating EBITDA

Net Debt to Operating EBITDA reflects the most recent leverage position of the company as it measures the operating income before amortization and depreciation relative to its net debt position. Net Debt is calculated in accordance with note 31 in the consolidated financial statements. Operating EBITDA is Operating EBITA adjusted for depreciation.

In € millions	2023	2022 Revised
Net debt	873	1,012
Operating EBITDA*	506	464
Net debt to Operating EBITDA	**1.7**	**2.2**

*2022 Operating EBITDA reflects pro forma IBI group and DPS Group results.

Return on Net Working Capital

Return on Net working capital measures the return we generate on the capital we have invested in Net working capital. It is measured as a % of Operating EBITA over Net working capital.

In € millions	2023	2022 Revised
Operating EBITA	391.2	294.5
Net Working Capital	480.0	510.0
Return on Net Working Capital (%)	**81.5%**	**57.7%**

Non-Financial Reporting People Metrics

In € millions	Total Arcadis	Mobility	Places	Resilience	Intelligence
Workforce					
Headcount as of 31st of December 2023					
Total Workforce	**35,999**	**7,018**	**12,505**	**11,368**	**1,063**
Permanent	32,324	6,408	10,692	10,375	1,000
Temporary	1,701	375	691	448	63
Contingent Workers (CWK)	1,974	235	1,122	545	
Gender					
% distribution of Gender Permanent and Temporary Employees					
Women	38.4%	27.8%	39.6%	38.1%	25.8%
Men	61.2%	72.0%	60.2%	61.3%	73.9%
Undisclosed	0.3%	0.2%	0.1%	0.6%	0.3%
Turnover Rate					
Turnover computed by number of leaves within 2023 divided by average headcount for 2023 for permanent employees only					
Voluntary Turnover Rate	12.1%	11.6%	14.7%	10.7%	12.0%
Involuntary Turnover	4.8%	2.6%	6.2%	4.9%	3.4%
Overall Turnover	16.8%	14.2%	20.9%	15.6%	15.3%
Engagement (core Arcadis business only)	+52				

The following people metrics relate to Arcadis companies excluding the acquisition of Arcadis IBI and Arcadis DPS

	Total Arcadis
People and Culture	
% of Employees Covered	
Share of women in STEM-related positions (as % of total STEM positions)	35.5%
Age % distribution	
Under 30	24.8%
30-50	55.9%
51 and above	19.3%
Undisclosed	0.1%
New Hires	
Number of Permanent and Temporary employees hired within 2023	
Total New Hires	7,302
New Hire Gender % Distribution	
Women	39.2%
Men	59.7%
Undisclosed	1.1%
New Hire Age % Distribution	
Under 30	50.4%
30-50	41.0%
51 and above	8.3%
Undisclosed	0.3%
Turnover Rate	
Turnover, computed by number of leaves within 2023 divided by average headcount for 2023 for permanent employees only	
Voluntary Turnover Rate - Senior	5.5%
Voluntary Turnover Rate - Middle	7.8%
Voluntary Turnover Rate - Non-Management	14.5%

	Total Arcadis
Voluntary Turnover Rate By Gender	
Women	11.5%
Men	12.4%
Undisclosed	15.1%
Voluntary Turnover Rate By Age	
Under 30	16.1%
30-50	12.0%
51 and above	7.7%
Performance Development	
Employees who had performance conversation/touchpoint within 2023	
Performance Development by Gender	
% employees that received a Performance and Career Development Discussion - Overall	77.2%
% employees that received a Performance and Career Development Discussion - Women	78.9%
% employees that received a Performance and Career Development Discussion - Men	76.3%
% employees that received a Performance and Career Development Discussion - Undisclosed	60.2%
Performance Development by Employee Level	
% employees that received a Performance and Career Development Discussion - Senior	92.7%
% employees that received a Performance and Career Development Discussion - Middle	68.9%
% employees that received a Performance and Career Development Discussion - Non-Management	79.4%
Performance & Training	
% of the total employees across all locations who received career- or skills-related training	74.0%
Average Hours of Training Per Employee - Overall	48 hours
Average Hours by Gender	
Average Hours of Training per Employee - Women	48 hours
Average Hours of Training per Employee - Men	48 hours
Average Hours of Training per Employee - Undisclosed	96 hours

Non-Financial Reporting People Metrics 2023

	Total Arcadis
Average Hours by Employee Level	
Average Hours of Training per Employee - Senior	9 hours
Average Hours of Training per Employee - Middle	23 hours
Average Hours of Training per Employee - Non-Management	57 hours
Average training cost per employee	€252
Diversity of Employees	
% of Employees Covered	
Employee by Level	
Senior	1.7%
Middle	23.0%
Non-Management	75.3%
Employee by Level - Gender	
Senior - Women	24.0%
Senior - Men	75.5%
Senior - Undisclosed	0.6%
Middle - Women	26.8%
Middle - Men	72.8%
Middle - Undisclosed	0.4%
Non-Management - Women	41.9%
Non-Management - Men	57.7%
Non-Management - Undisclosed	0.4%
Employee by Level - Age	
Senior - Under 30	0.0%
Senior - 30-50	27.5%
Senior - 51 and above	72.5%
Middle - Under 30	0.5%
Middle - 30-50	55.0%
Middle - 51 and above	44.5%
Non-Management - Under 30	31.9%
Non-Management - 30-50	53.9%
Non-Management - 51 and above	14.2%
Freedom of Association	
% of the Company's employees covered by collective bargaining agreements	23.2%
Diversity of Employees	
% of Employees Covered	
Compensation for extra or atypical working hours (e.g. overtime pay, night work pay or related allowance/s)	98.2%
Additional leave beyond standard vacation days (e.g. parental leave, sick/personal leave, volunteer leave, study leave)	99.0%
Policy on flexible organization of work available to employees (e.g. telecommuting, variable schedules)	96.5%
Childcare services or allowance	56.3%
Health care coverage of employees	93.1%
Measures promoting career mobility (e.g. Promotions Policy, Career Framework)	95.6%

Parental Leave	Number of Employees	% of Employees Covered
Total number of employees that were eligible to parental leave	33,525	98.5%
Number of employees that were eligible to parental leave - Women	12,946	99.0%
Number of employees that were eligible to parental leave - Men	20,479	98.3%
Total number of employees that took parental leave	1,328	3.9%
Number of employees that took parental leave - Women	621	4.7%
Number of employees that took parental leave - Men	693	3.3%

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Glossary non-financial & financial indicators

The selected indicators that fall within the scope of limited assurance by our external auditor are summarized on the ‘2023 at a glance page’ on pages 2, 3 and 4 as marked with the symbol ✓.

Only the 2023 numbers for these indicators are assured under the Assurance report. These indicators are amongst the most material indicators for Arcadis. The indicators with limited assurance are based upon group consolidated numbers. Next to having these indicators in the ‘2023 at a glance page’ they can also be found throughout this Annual Integrated Report. See page 265 and further for the Assurance report of the independent auditor, which includes details on the scoping and outcomes.

The boundary setting of the indicators is based on Arcadis NV and its consolidated subsidiaries (‘Arcadis’, ‘the Group’ or ‘the Company’), aligned with the financial statements scope. For people related metrics, the 2022 acquisitions and divestments have been considered per the dates of becoming effective as far as possible. For eNPS A-IBI and A-DPS have not been included in the scope. For GHG reporting, acquisitions are taken into full year account in the GHG footprint for current year, as well as for 2022 and before. Where necessary, a footnote about the scope of the calculations of the KPI’s is added across the total Annual Integrated Report. For a description of the definitions of these indicators (and some others used in this Annual Integrated Report), as well as relevant accounting considerations, please refer to the following sections.

	Term	Definition
Non-financial	Workforce	Workforce is defined as individuals and companies that have an employment agreement with Arcadis, according to national law or its application (i.e. employees and contingent workers). The workforce is measured in an absolute number at the balance sheet date.
	Employees	Individuals that are in an employment agreement with Arcadis, according to national law or its application (i.e. employees). Employees exclude contingent workers, such as consultants and agency workers.
	Active employees	Active employees are individuals that are in an employment agreement with Arcadis, according to national law or its application (i.e. employees). Active employees exclude i) contingent workers, such as consultants and agency workers, ii) employees still on long term leave of absence on 31 December, and iii) employees who have left the organization before 31 December in the relevant year.
	FTE	Workforce expressed in FTE (Full Time Equivalent).
	Permanent Employees	This includes everybody on the payroll with an employment agreement that is not temporary in nature. This is measured in an absolute number at the balance sheet date.
	Temporary Employees	This includes individuals on the payroll with an employment agreement that is temporary in nature. This is measured in an absolute number at the balance sheet date.
	Contingent Workers	These are individuals that are hired for a service from other companies for a limited duration such as consultants and agency workers. This is measured in an absolute number at the balance sheet date.
	Voluntary Turnover rate	Voluntary termination of permanent employees (see definition above) divided by the average number of permanent employees during the period. A termination is voluntary when the decision for termination is made by the employee. People going on retirement are not seen as ‘voluntary’ as it is initiated by local legislation. The rate is calculated as a percentage covering the calendar year.
	Involuntary Turnover rate	Involuntary termination of permanent employees (see definition above) divided by the average number of permanent employees during the period. A termination is involuntary when the decision for termination of an employee is initiated by the employer, local legislation and/or unforeseen circumstances. The rate is calculated as a percentage covering the calendar year.
	Women participation rate	Number of permanent and temporary women employed at Arcadis as a % of total permanent and temporary employees. This calculation is based on absolute numbers and where the gender is not disclosed the denominator will not be the same as the total number of permanent and temporary employees reported.

Glossary non-financial & financial indicators

	Term	Definition
Non-financial	Employee Engagement	The eNPS (Employee Net Promoter Score) measures our employee engagement. On a scale of -100 to +100, the eNPS score determines to what extent employees promote Arcadis as a place to work and therefore helps us ascertain how we are progressing on our journey to be a best place to work The eNPS is only measured for permanent employees and is calculated by subtracting the percentage of detractors (scores between 0 and 6) from the percentage of promotors (scores of 9 and 10). Our final score is based on four quarterly engagement surveys throughout the year, with our last survey in December 2023. The engagement score does not include employees from our integrating companies (ie. A-IBI, A-DPS) given a separate survey was undertaken to inform specific integration activities.
	Top Management	Employees on job level 12 to maximum of 14 with people management responsibility.
	Middle Management	Employees on job level 9 to 11 with people management responsibility.
	Junior Management	Employees on job level 5 to 8 with people management responsibility.
	Age	Is calculated based on the recorded legal birth date of permanent employees (see definition above). In some cases birth dates were not disclosed or recorded and have been labelled unspecified.
	Performance Development	Permanent employees (see definition above) who received a performance and career development discussion during the reporting period.
	Training	Refers to time or expenditure spent preparing and attending training events, E-learning, mentoring, coaching and internal/ external conference.
	STEM (Science, Technology, Engineering and Math)	STEM participation will consist of the Arcadis job families with STEM related positions.
	Share of women in STEM-related positions	Share of women in STEM-related positions in a job family as a percentage from total STEM positions in a job family.
	Number of appointed privacy officers under the Privacy policies	This is the absolute number of Privacy Officers at Arcadis per each relevant business unit who will report to the Global Privacy Officer in accordance with the Arcadis Privacy Standards.
	Arcadis' carbon footprint (MT CO_2 per FTE)	Arcadis' carbon footprint consists of the total metric tons of CO_2 equivalents from material scope 1, 2 and 3 emissions, including the methodology used to calculate greenhouse gas (GHG) emission inventories. Our scope 1 includes company owned vehicles (purchased or leased for > 6 months) and stationary energy consumption at the offices (e.g., natural gas for heating) and emissions from refrigerants due to releases from air conditioners. Our scope 2 includes electricity and district heating/cooling if used in the respective office. Our scope 3 GHG emissions includes all categories 1 to 7, as described under "Scope 3 definition and boundary setting" in this glossary. The general carbon accounting policies and emission factors are described below.
	General carbon accounting policies and emission factors	Our emissions calculations are based on the GHG Protocol "A Corporate Accounting and Reporting Standard" (World Resources Institute and World Business Council for Sustainable Development, March 2004), as well as the "GHG Protocol Scope 2 Guidance" and the "Corporate Value Chain (Scope 3) Accounting and Reporting Standard". The organizational boundaries of Arcadis are based on the 'Operational control approach'. This means that Arcadis takes responsibility for the emissions of the business units over which it has operational control. In 2023, we added the emissions of the companies we acquired in 2022 for all years for which we report our emissions. For the same years, we as well subtracted the emissions of those parts of the company we divested from. As emission factors, the factors from Defra v11 (09/2023) have been used and for electricity, the factors from IEA v5 (12/2022) have been applied for scope 2 (location-based). For the market-based scope 2 footprint, our renewable electricity purchases via direct contracts or (i)RECs/GOs have been taken into account with a factor of 0. For scope 3 categories 1,2 and 4, spend-based US EPA EEIO v1.2 emission factors have been used, as well as supplier emissions from 37 of our biggest suppliers, collected through a third-party supply chain management program called CDP. The latter covers about 10% of our spend-based calculations for scope 3 category 1.
	Scope 3 definition and boundary setting	In our scope 3 we currently include Category 1: Purchased Goods and Services, Category 2: Capital goods, Category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2), Category 4: Upstream Transportation and Distribution, Category 5: Waste generated in operations, Category 6: business travel (including airplanes, private vehicles, short-term hired vehicles, taxi, and public transportation), and Category 7: Employee commuting (also including emissions from working from home (WFH)). Any other scope 3 categories are not reported because previous screenings showed that these are not material to our footprint. This means we do include also indirect emissions in our carbon footprint over which Arcadis has limited influence. To illustrate: employees have the choice to meet their business mobility needs in different ways, for example with their private car. Arcadis is responsible for the emissions but has no direct influence on the choice which type of car that the employee drives. For scope 3 category 3 - Fuel-and-energy-related activities (not included in scope 1 or 2), consumption is captured in our NFR platform by each country and calculated according to the mapped emission factors. Scope 3 category 5 is calculated applying an industry assumption for weight of waste created by a person to the Arcadis full time employee (FTE) amount. The in-office days per year for all Arcadis employees is determined by using the employee commuting survey results from the category 7 data collection process. For scope 3 category 6 - Business travel, data is retrieved by our travel agency, and then handed over to a third party that calculates our business travel related emissions. For scope 3 category 7 - Employee commuting including working from home (WFH), data was collected via a global employee survey (overall response rate of 25% that was scaled based on headcount).

	Term	Definition
Non-financial	Estimates	As we published this report early in the year, we don't have all final emissions data points by the date of publication, e.g., electricity consumptions for November and December at most locations. Therefore, we work with estimates based on historical data for these missing data points and publish an update on our webpage. For consumptions not depending on the climate (like office electricity for workstations and lighting), we use the consumption of the same month of the previous year for the missing month. In case the office size (floor area) changed since then, we use the % change to scale the consumption for the estimate. If historical data from the previous year is not available, we calculate the average monthly electricity consumption considering the previous months where data is available. In rare cases where also previous year's data is not available, a global average of 25 kWh/m2year in electricity and 0.8 m3/m2year in natural gas is applied (if applicable for that office). These global standardized numbers may be replaced by a better local average (e.g., from the same climate zone) when correct documentation can be provided (source, conversion factor, etc.). The use of climate-dependent energy (e.g., natural gas, heat (district heating), electricity for heating or cooling if measured separately) is calculated in proportion to the number of heating or cooling degree days. We have calculated our scope 3 category 1 emissions for 2023 using prorated data from January to October. The supplier data portion of this calculation is estimated based on the data collected for 2022, as this data is only available each year in August for the previous year. We use our suppliers' scope 1+2, and additionally the scope 3 intensity of our suppliers if they pass our quality assurance check for scope 3 reporting. In case a supplier fails to pass the QA check, we estimate their scope 3 emissions based on their scope 1+2 using the upstream multipliers that CDP provides per sector.
	Number of identified environmental non-compliances	Environmental violations or notices of violations from a regulatory environmental authority where a monetary civil penalty of an amount higher than €10,000,- was imposed on Arcadis. The identified environmental non-compliances are measured in absolute numbers.
	Investigated AGBP alleged breaches	Number of assessed and, as needed, investigated AGBP alleged breaches, as part of the Arcadis AGBP Issue Reporting & Handling Procedure.
	Employees passing Code of Conduct training (as % of active employees)	Percentage of employees that have successfully passed training on Arcadis' General Business Principles and code of conduct, including anti-corruption, bribery, conflicts of interest, anti-competitive practices, and other risks. From 2023 onwards each active employee must pass the training every year. The number is expressed as percentage, calculated by diving the number of active employees that successfully passed the training by the total number of active employees.
	Lost Time Case Frequency (LTCF, per 200,000 work hours)	The Lost Time Case Frequency (LTCF) is calculated as a ratio of cases per 200,000 worked hours using the formula LTCF = (LTI x 200,000 hrs)/ Work Hours. The cases are calculated as LTI (Lost Time Injuries) = PTD + LWC using the following abbreviations: PTD (Permanent Total Disability) = Number can be taken from injury/occupational illness logs or investigation sheets. LWC (Lost Workday Cases) = Number can be taken from injury/ occupational illness logs or investigation sheets. Note that cases are only recorded for Arcadis employees, not for contingent workers nor subcontractors. Hours are based on Arcadis employees as well.
	Total Recordable Case Frequency (TRCF, per 200,000 work hours)	Lagging performance indicator, like TRCF, are indicators mirroring past occurrences. TRCF is one of the indicators that is generally used by Arcadis clients to qualify or monitor the H&S performance of Arcadis. In some countries, the law requires companies to use different definitions as well as different measuring and calculation methods for reporting H&S Performance data. Arcadis companies shall comply with these requirements. For reporting H&S data for the global organization, Arcadis countries apply and report the parameters and performance indicators according to OSHA requirements. The Total Recordable Case Frequency (TRCF) is calculated as a ratio of cases per 200,000 worked hours using the formula TRCF = (TRC x 200,000 hrs)/ Work Hours. The cases are calculated as TRC (Total Recordable Cases) = F + PTD + LWC + RWC + MTC using the following abbreviations: F (Fatalities) = Number can be taken from injury/occupational illness logs or investigation sheets. PTD (Permanent Total Disability) = Number can be taken from injury/occupational illness logs or investigation sheets. LWC (Lost Workday Cases) = Number can be taken from injury/ occupational illness logs or investigation sheets. RWC (Restricted Work Cases) = Number can be taken from injury/occupational illness logs or investigation sheets. MTC (Medical Treatment Cases) = Number can be taken from injury/occupational illness logs or investigation sheets. Note that cases are only recorded for Arcadis employees, not for contingent workers nor subcontractors. Hours are based on Arcadis employees as well.
	Revenues that relate to relevant SDGs as % of net revenues	Revenues of Solutions were determined applicable and mapped to SDGs after consultation with leaders and sustainability specialists. Solutions revenues are tracked within countries that have Oracle Cloud as accounting system. The revenue of business parts not on Oracle has been assumed to contribute with similar percentages as the countries with Oracle Cloud in place.

	Term	Definition
Financial	Gross revenues	The gross inflow of economic benefits during the period arising in the course of ordinary activities. Gross revenues of Arcadis consist of external revenues net of value-added tax, rebates and discounts and after eliminating sales within the Arcadis Group.
	Net revenues	Gross revenues minus materials, services of third parties and subcontractors, which are project-related costs of materials and services charged by third parties, including cost of subcontractor. Net revenues entail revenues produced by the activities of Arcadis own staff.
	Dividend per share	Dividends issued by Arcadis for every outstanding ordinary share.
	EBITA	Earnings Before Interest, Taxes, and Amortization/Impairment of goodwill and/or identifiable assets.
	EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization/Impairment of goodwill and/or identifiable assets.
	Operating EBITA	EBITA excluding restructuring, integration, disposal and acquisition related costs and net result from divestments.
	Operating EBITA margin	Operating EBITA as percentage of net revenues
	Net Income from Operations	Net income before non-recurring items (e.g. valuation changes of acquisition-related provisions, disposals and M&A costs, net result from divestments, expected credit loss on shareholder loans and corporate guarantees and one-off pension costs), the impairment/amortization of goodwill/identifiable assets, and share-based compensations related to the Lovinklaan Foundation share purchase plan.
	Net Income from Operations per share	Net Income from Operations in the year, divided by the average number of ordinary shares in the year.
	Net Working Capital	Sum of Contract assets (unbilled receivables), Inventories and Trade receivables minus Accounts payables, Contract liabilities (billing in excess of revenue) and Provision for onerous contracts.
	Net Working Capital as % of gross revenues	Net Working Capital/Gross revenues of last three months of the year * 4.
	Return on Net Working Capital	The Operating EBITA for the year divided by the Net Working Capital at year-end.
	Days Sales Outstanding	(Trade receivables + Unbilled receivables – Billings in excess of cost – Loss provision) x 91 days)/Gross revenues of last three months of the year.
	Return on invested capital (ROIC)	The sum of earnings before interest after taxes and income from associates divided by average group equity, amortized goodwill and net debt.
	Net debt to EBITDA ratio (average)	Average net debt ultimo for the year/EBITDA. A measure of a Company's ability to pay off its incurred debt. This ratio gives the investor the approximate amount of time that would be needed to pay off all debt, excluding interest, taxes, depreciation and amortization.
	Net debt to operating EBITDA ratio (average)	Average Net Debt (average of end of first half of year and end of second half of the year) / Operating EBITDA
	Free cash flow	Cash flow from operating activities minus (dis)(in)vestments in (in)tangible assets and including lease payments.
	Integration costs	Costs specifically related to the reorganization and onboarding of acquired entities. These costs include but are not limited to onboarding and streamlining of technology platforms and operations, reorganization of operating model, associated activities and personnel costs directly linked to integration activities.
	Backlog	Backlog is defined as the value of work contracted, but not completed as at the reporting date. Net backlog or backlog net revenues excludes sub-contractor and third party costs i.e the future revenue to be executed by Arcadis staff.
	Order intake	Order intake reflects the amount of new projects for which contracts have been signed or variations agreed. The value in order intake reflects the scope of our services and excludes Sub consultant and third party costs and will convert into Net Revenue when executed. The management consider this an important measure in order to track future revenue development.
	Net Order intake	Order intake less cancellations during the period.

Other

AARC: Arcadis Audit and Risk Committee

ARC: Arcadis Risk & Control Framework

ASC: Arcadis Selection Committee

AGBP: Arcadis General Business Principles. A set of working ethics for our employees

BIM: Building Information Modelling. A collaborative way of working, underpinned by digital technologies

CGUs: Cash Generating Units

Cash Flow Operating Activities: Profit for the period adjusted for non-cash items and cash flow from working capital

Defined Benefit: When the benefit on retirement from a pension fund to its participants is fixed

Defined Contribution: When the value of the contribution to the pension fund made by the company is fixed

ELT: Executive Leadership Team

ESG: Environmental, Social and Governance

GBA: Global Business Area

GEC: Global Excellence Centers

Goodwill: The difference between the costs of an acquisition over the fair value of the identifiable net assets acquired

IFRS: International Financial Reporting Standards

Impairment test: An assessment on the value of an asset in use, whereby estimated future cash flows are discounted to reflect market conditions and the risks specific to the asset

Net cash position: Cash and cash equivalents minus Bank overdrafts

Net debt: Interest bearing debt minus all cash and cash equivalents

Operating income: Earnings before interest and taxes

Peer group: Group of listed companies that is comparable to Arcadis both in size and activity

Percentage-of-completion: Method to recognize revenue and expenses in an Income statement in proportion to the percentage of completion of the contract

Proxy solicitation: Means to provide shareholders the opportunity to vote without being present at the shareholders meeting

RemCo: Arcadis Remuneration Committee

SusCo: Arcadis Sustainability Committee

Total shareholder return: Stock price appreciation plus dividend yield

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