



Supervisory Board report

This Supervisory Board report provides the manner in which the duties and responsibilities of the Board were fulfilled in 2021, taking a closer look at the Supervisory Board Priorities 2021 and how these were addressed; it discusses the annual assessment of the functioning of the Supervisory and Executive Board, and the Supervisory Board's compliance with the Dutch Corporate Governance Code. Additionally, a detailed account is given 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.

2021 was the first year of the implementation of the 'Maximizing our Impact' strategy; a strategy that we are confident will help the Company's clients navigate the complex and varied palette of challenges and opportunities they are facing. It was also a year in which COVID-19 continued to transform the world as we know it. Nevertheless, thanks to the remarkable dedication, focus and resilience demonstrated by Arcadians around the globe, the Company can look back on a strong year and look to the future with confidence. And finally, it was a year of transition for Arcadis itself, during which we oversaw the gradual shift to a Global Business Area structure – Resilience, Places and Mobility, which became effective January 1, 2022.

Like every year, at the outset of 2021 the Supervisory Board, in coordination with the Executive Board, identified six topics which would become the SB priorities for the year. Needless to say, health and safety and the continued impact of COVID-19 on the Company, its people and its performance also remained a top priority. This Report by the Supervisory Board sets out the way the Supervisory Board fulfilled its duties and responsibilities and describes progress made against the SB priorities 2021 (priorities in bold below).

Priorities 2021 and Our Role as Supervisory Board

The Supervisory Board followed the implementation of the **preparation for the shift to the Global Business Area structure** very closely. At each meeting of the Supervisory Board, progress was discussed and challenges were addressed. Considering the magnitude of the program and its far-reaching ripple effects, a wide variety of topics were discussed including the (early) identification and ownership of risks, the impact on People & Culture, how to address resistance to change, the need for transparency and the implementation of detailed engagement plans. Also discussed were the close involvement of the finance function in the strategy implementation effort, progress on the alignment of the Company's ERP system, how to measure success of the program, the importance of gathering and incorporating feedback,

the importance of a gradual change of command to the GBAs, and the importance of keeping client focus and collaboration front and center.

Great progress was made to **lead the sustainability agenda**, as was also demonstrated by the Company's excellent ESG rankings in 2021. ESG best practices are embedded into the operations of Arcadis around the globe, and the company has worked hard on putting a comprehensive and transparent non-financial reporting system in place. The Supervisory Board is impressed with the Company's bold commitment to sustainability and to ESG standards more broadly.

The Company delivered strong financial performance across the board in 2021 and was able to **make strong progress on its Capital Markets Day commitments**. Despite challenging circumstances, Arcadis maintained the confidence of its investor base by delivering predictable performance with healthy organic growth, solid margins, efficient working capital and cash flow management and a strong balance sheet. This performance was the result of a relentless focus of Arcadians around the globe on working together to deliver exceptional outcomes for clients, often working in a virtual environment – a truly remarkable achievement.

The fourth priority of the Supervisory Board was the **stabilization and improvement of the performance of CallisonRTKL**. Organic net revenues of CallisonRTKL remained under pressure in 2021 due to COVID-19, in particular in the retail and commercial sectors. The Supervisory Board discussed CallisonRTKL's performance during each meeting, and an extra deep dive session was organized in November 2021. Topics of the deep dive included team dynamics, addressing accountability in the leadership structure, restructuring costs, project reviews, collaboration with the rest of the Arcadis group, voluntary turnover, people, the risk of disengagement, in particular in the virtual environment, the need for a strategy that focuses on where CallisonRTKL has a right to win, and a view on 2022-2023 performance from the bottom-line perspective. The Supervisory Board is encouraged by the strategic transformation process initiated by CallisonRTKL's new leadership team.

Great strides were made in 2021 to **develop the company's M&A strategy**. The Supervisory Board regularly discussed the M&A landscape and the optimal strategy to expand the Company's global footprint aligned to its strategic priorities. The Supervisory Board fully supports the appointment of Willem Baars as Global Financing and M&A Director, with more than 20 years of experience as Investment Banker at Goldman Sachs and a Master of Sciences in Engineering and Economics.

Although the Supervisory Board is encouraged by the work done in 2021 on the People topics of talent management, diversity and inclusion, containing and reducing of attrition levels and **succession planning**, it also recognizes that a lot of work remains to be done. The Supervisory Board received regular updates on voluntary turnover and the Company's attrition action plan and will remain closely involved with this topic in the coming years.

Regarding health and safety, apart from the obvious attention for the COVID-19 pandemic, we continued to start each meeting with an update on a Health & Safety topic or statistics and/or a Health & Safety moment, with special attention for the mental health of Arcadians in these challenging times. By sharing experiences and suggestions the Supervisory Board continues its stewardship of the topic and contributes to further awareness and improvement. The Supervisory Board is pleased with the Company's H&S performance for 2021.

The Supervisory Board remains impressed with the way Arcadians around the globe responded with determination, agility and resilience to the many challenges posed by the COVID-19 pandemic.

Attendance Supervisory Board meeting

In 2021, the Supervisory Board held five regular scheduled meetings. All our meetings were attended by the members of the Executive Board and various members of the Executive Leadership Team (ELT). We also had five 'Supervisory Board-only' meetings, as per our regular schedule.

Considering the challenges Arcadis continued to face in 2021, the Supervisory Board felt the need to be even more engaged with and available to the Company than in previous years. In addition to the regular scheduled meetings, four intermediate calls were therefore scheduled, focusing on, inter alia, the challenges posed by the pandemic, CallisonRTKL, Capital Allocation and M&A.

All meetings of the Supervisory Board took place fully virtually.

In our scheduled meetings we discussed progress against the SB priorities listed earlier in this Report, as well as topics that we address every year, including financial performance, governance (including the composition of the Supervisory Board and related (re-)nominations, remuneration of the Supervisory Board, Executive Board and Executive Leadership Team, and the preparation of the annual shareholders meeting), Internal Audit and Risk Management. In 2021, the Supervisory Board conducted with the Risk Management function an in-depth risk review of Arcadis Gen. Furthermore, legal developments, Claims and Claim related trends, Integrity, Compliance and the Integrity and Anti-Corruption program, Privacy topics, People topics (including attrition, succession planning, talent management and the global engagement score), IT and Information Security, developments in the organization, M&A policy and opportunities, and important project wins were discussed. To mirror the Client and Project focus of Arcadis, business leaders were regularly invited to present on the work performed for key clients.

The attendance percentage for the full Supervisory Board meetings in 2021 was 100% (2020: 98%), for Supervisory Board-only meetings 100% (2020: 100%), for Audit and Risk Committee meetings 100% (2020: 100%), for Remuneration Committee meetings 100% (2020: 100%), for Selection Committee meetings 100% (2020: 100%) and for meetings of the Sustainability Committee also 100% (2020: 100%).

Next to interaction during Supervisory Board meetings, interaction between Supervisory Board members and members of the Executive Board, the Executive Leadership Team and other senior leaders and functional heads also took place during one-on-one discussions.

Finally, we like to mention that all Supervisory Board members and Executive Board members, as well as one Executive Leadership Team member, are members of the board of the Priority Foundation. 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 meets at least twice a year to discuss Arcadis affairs. Reference is made to note 26 of the Consolidated financial statements for further information on the Priority Foundation and the Bellevue Foundation.

Functioning of the Supervisory Board, the Executive Board and the Executive Leadership Team

At the end of each scheduled Supervisory Board meeting, the 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 2021, we performed these assessments with two structured questionnaires prepared in co-ordination with the Company. The assessment of the functioning of the Chair of the Supervisory Board was led by the Vice-Chair of the Supervisory Board outside the presence of the Chair. In conclusion, we noted that the Supervisory Board creates a safe environment for open and sufficiently critical discussion. We see great value in the extra, intermediate calls with EB and ELT members and these will remain a fixture on our rolling agenda going forward. That said, we look forward to the return of in-person meetings when the time is right, as we miss informal, face-to-face exchanges among SB members and between SB members and Arcadis staff. We are pleased with the (quality of the) information we receive from the Company. We noted that for 2022, our focus areas will include attrition, Arcadis Gen and CallisonRTKL. The further implementation of the strategy will also be high on our agenda in 2022. The Supervisory Board identified the need to further bolster its knowledge of IT and Information Security matters. This will be a continued attention item for the Supervisory Board in 2022.

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 ELT members are encouraged to reach out to 'their' SB member proactively throughout the year.

In February 2021 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 2022 we assess the performance of the Executive Board, the two Executive Board members and the Executive Leadership Team in 2021. Following the discussions during the year, and following the assessments early 2022, we have provided or will be providing feedback to all involved. The Supervisory Board has concluded that its relationship with the Executive Board and ELT is an open and constructive one, whilst remaining sufficiently critical. This is considered essential to having the EB, ELT and SB function properly.

Composition Executive Board, Supervisory Board and Executive Leadership Team

On 31 December 2021, the Supervisory Board consisted of six members, the Executive Board of two members and the Executive Leadership Team of six members, including the two Executive Board members.

For information about diversity targets 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 157 and 158 of this Annual Integrated Report. For the current composition of the Supervisory Board, its Committees, and information about its members, please refer to pages 159 and 160 of this Annual Integrated Report.

In 2021, Ms. Markland stepped down as member of the Supervisory Board and as Chair of the Remuneration Committee and Selection Committee, after a 12-year term. The Supervisory Board thanks Ms. Markland for her dedication to Arcadis and her valuable contribution to the Supervisory Board during the past 12 years. The Board will miss her broad knowledge and experience, her sharp mind as well as her British wit.

During the General Meeting in 2021, Mr. Ang was re-appointed for a period of four years. Mr. Hoek was re-appointed for a period of two years. Mr. Hoek has been a member of the Supervisory Board since 2013. 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. Hoek has performed his role of Chair of the Supervisory Board and the Selection Committee as well as a member of the Audit and Risk Committee, the Remuneration Committee and the Sustainability Committee. Mr. Hoek's extensive experience in the supervision of management of multinational businesses, his international business acumen as well as 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. Hoek be re-appointed for a two-year term until the end of the General Meeting in 2023.

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. During 2021, no material transactions involving conflict of interest occurred for Executive or Supervisory Board members and no material related party transactions as referred to in section 2:169.1 Dutch Civil Code were entered into.

Supervisory Board Committee reports

Audit and Risk Committee report

M. Lap (Chair), N. Hoek, M. Putnam, D. Goodwin

In 2021, the Audit and Risk Committee (AARC) met six times. There were four regular meetings and two intermediate 'deep dive' calls. Each regular meeting was attended by the CEO, the CFO and the internal and external auditors. Two intermediate calls were added, one attended by the CEO and the CFO, and one attended by the CFO, to allow for deep dives into certain priority topics.

This year, the topics of the deep dives were Information Security, enterprise risk and project risk appetite, and the governance and recording of major contract risk. These deep dives have proven very effective and insightful and will therefore remain a fixture on the AARC's agenda going forward. All meetings of the Audit and Risk Committee took place fully virtually.

The Chair of the Committee had regular contact with the CEO and the CFO, but also with the external auditor and the Head of Internal Audit, the Head of Risk Management, the Chief Compliance Officer and the 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.

To allow for close monitoring and follow-up on potential Information Security issues, the Company's new Chief Information Security officer has been providing, and will continue to provide, quarterly updates to the AARC alongside the Chief Technology Officer. Information Security topics discussed in 2021 include the Information Security roadmap, key risks, systems and processes, culture and behavior, crown jewels, and business continuity plans. Although continued vigilance and focus will be required, the transparent, diligent and coordinated approach provides reassurance that this important topic is well managed.

In each meeting, in the presence of the Head of Internal Audit the past quarter's main internal audit findings were discussed and progress made against the annual internal audit plan was discussed. This year, particular areas of focus included Information Security and the progress with the strategic implementation which was announced in November 2020. The Head of Internal Audit also presented the Committee with the positive outcome of a self-assessment on compliance with the requirements that the Dutch Corporate Governance Code imposes on the Internal Audit function.

Also, in each meeting, in the presence of the Chief Risk Officer, the meeting dedicated time to discuss various Risk management topics, including a quarterly update on Key Risk Indicators, the identification and mitigation of risks posed by the shift to global business areas, and attrition.

The meeting also regularly discussed, and reported to the Supervisory Board on, the Arcadis Risk Assurance Program. The main findings of this annual assessment cycle are discussed in AARC and SB meetings each year. As an overall conclusion for the year, the meeting confirmed that further progress was made on firmly embedding Risk management into the way Arcadis works. Arcadis leaders take ownership of the key risks, their management and, where necessary, mitigation, and promote an appropriate balance between risk appetite and perceived risk exposure.

Further work remains to be done, inter alia, to implement Information Security's strategic roadmap, to further mature supplier processes in various Arcadis jurisdictions, and to further bolster project and contract execution, in particular regarding effective handovers, project plans, risk registers, and project reviews. Other areas for further improvement include the embedding of the global innovation process and the effective operation of core people processes in the face of increasing competition for key talent.

Financial performance of the Company remained the common thread of the Committee's discussions and activities throughout 2021. Special attention was given in each meeting to the continued impact of the global COVID-19 pandemic on Arcadis, its clients and its people. The AARC frequently discussed DRO (in particular in the Middle East), DRO targets, and how to sustain the increased focus on cash collection as part of the Arcadis culture. The utilization of the Global Excellence Centers, employee attrition as a risk factor, order intake and pricing, the growth of pipeline and backlog remained recurring agenda items.

Particular attention was given throughout the year to the performance of CallisonRTKL and Arcadis Gen, to non-financial reporting, to the implementation of the Arcadis Way (in particular at Arcadis Netherlands and Germany), and to the topic of Information Security.

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 2021, 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 2021 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 CallisonRTKL's performance and working capital, the continued implementation of the Arcadis Way and the valuation of unbilled receivables. Throughout the year, the Committee discussed and assessed with PwC the progress made regarding its key audit findings.

In its October session the Committee evaluated the performance, independence and financial literacy of the Committee and its members, with a positive conclusion. Identified areas of attention are (i) to build a more detailed understanding of cyber security and related risks, either through further education or by adding a new committee member with Information Security expertise and (ii) the use of risk-related frameworks, to be further addressed in additional deep dive calls.

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. The Committee also discussed assumptions used for impairment testing. There were presentations by the Global Head of Tax on the Arcadis tax position and tax trends, and by the Corporate Insurance Manager on the Arcadis insurance program (with special attention for the (financials of the) captive layer) and developments in the insurance market.

The Committee was kept closely informed on the embedment of the Company's Privacy program in the business and on the continued actions identified by the Task Force Privacy Shield to mitigate the risks that come with personal data transfers out of the EU since the European Court of Justice ruling determined that the EU-US Privacy Shield is invalid as a transfer mechanism for EU originating personal data. In 2021 the actions identified by the Task Force have been incorporated into one of the transformation programs dedicated to global personal data transfer of the transformation engine portfolio which is driving the implementation of the new strategy. The committee furthermore discussed the importance of proper management of data and data flows, also in light of the transformation, 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 2021.

Finally, in the context of the annual results 2020, the meeting discussed and reconfirmed the Company's dividend policy and recommended the dividend proposal of EUR 0.60 per ordinary share to the Supervisory Board. The meeting also fully supported the share repurchase program 2021 as well as the cancellation of shares.

Remuneration Committee report

R. Markland (Chair until May 2021), C. Mahieu (Chair as of May 2021), N. Hoek, W.G. Ang

In 2021, the Arcadis Remuneration Committee met three times. The Chief Executive Officer, the Chief People Officer and the Chief Financial Officer were invited to attend (parts of) the meetings.

In the first quarter, the RemCo assessed the performance of the Executive Board and Executive Leadership Team. Based on this assessment, the RemCo advised the Supervisory Board with regard to the STI payout. In addition, the RemCo advised the SB regarding the remuneration of the ELT members, based on a benchmark analysis performed.

Other topics that were discussed and advised upon during the RemCo meetings in 2021 include the VWAP calculation methodology, the STI metrics for the following year and the requirements for the Annual Remuneration report as part of Arcadis Annual Integrated Report.

Selection Committee report

N. Hoek (Chair), R. Markland (until May 2021), C. Mahieu (as of May 2021), W.G. Ang

In 2021, the Arcadis Selection Committee (ASC) met two times. The Chief Executive Officer and the Chief People Officer attended (parts of) these meetings. In the first quarter of 2021, the Executive Board and Executive Leadership Team succession planning was discussed. During the ASC meeting in February the annual performance of the Executive Board and the Executive Leadership Team and succession planning was discussed. During the meeting in April, the committee continued the discussion on the succession planning of the Executive Board and the Executive Leadership Team. The committee also discussed and agreed on the nomination of Mr. M. Putnam for re-appointment as member of the Supervisory Board for a period of four years, which re-appointment will be on the agenda of the General Meeting in May 2022.

Sustainability Committee report

M. Putnam (Chair), D. Goodwin, N. Hoek

With sustainability now at the core of our strategy, the Sustainability Committee of the Supervisory Board met four times during 2021. The first meeting was used to present and confirm the overall ambition and strategy with regards to sustainability, which was also the basis to propose the Global Sustainability Team structure, priorities, operating model, and investment case.

The second meeting addressed the high-level commitment towards Net Zero and discussed the key performance indicators for non-financial reporting to monitor strategy implementation. In this meeting, the Committee was also introduced to the Education and Engagement Program concept, which is one of the pillars of the sustainability strategy and aims at upskilling and empowering Arcadians to lead and accelerate the transition to a Net Zero world.

In the third meeting, the Committee reviewed and discussed the Global Sustainability implementation pace and was presented the content of the Climate Emergency Workshop, held with the Executive Leadership Team and GBA leadership to reflect on the sense of urgency around climate change. In that context, the Sustainability Committee discussed the outcomes of the Arcadis Sustainability Day and the approach for COP26, the United Nations Climate Change Conference, held in Glasgow, UK in November 2021. In this third Committee meeting, the improvement plan for continuous performance enhancements with regards to sustainability was also reviewed. As a positive outcome of the actions taken throughout the year, rating agencies such as Sustainalytics and EcoVadis reflected these enhancements in better performance from Arcadis.

In the fourth and last meeting of the year, the Committee reflected on the key takeaways from COP26, presented the implementation roll-out of the Non-Financial Reporting system and retrospectively reviewed the advances of the year and presented the plan for 2022, in terms of priorities and general outlook.

2021 financial statements and dividend

The Executive Board has prepared this Annual Integrated Report, including the 2021 financial statements. PricewaterhouseCoopers, the external auditor, has issued its auditor report which can be found starting on page 292 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 2021 Financial Statements, (ii) approve the proposal to distribute a dividend of €[.] per ordinary share and (iii) discharge the members of the Executive Board for their management of the Company and its affairs during 2021, and the members of the Supervisory Board for their supervision over said management.

Concluding remarks

2021 was another year of unprecedented challenges, yet the Company's performance exceeded expectations. We are very pleased to see that the Company's focus on resilience and providing continuity of services to its clients and their communities paid off. We thank the Executive Board, the Executive Leadership Team and the entire Arcadis staff around the globe for their flexibility, loyalty and commitment to performance throughout the year. We look forward to another good year in 2022.

Amsterdam, the Netherlands, 16 February 2022

On behalf of the Supervisory Board
Niek W. Hoek, Chair

Relevant documents on our corporate website

1. Profile Supervisory Board
2. Regulation Supervisory Board
3. Diversity Policy for the Supervisory Board
4. Remuneration policy for the Supervisory Board
5. Re-appointment schedule Supervisory Board
6. Arcadis Remuneration Committee Charter
7. Arcadis Audit & Risk Committee Charter
8. Arcadis Selection Committee Charter
9. Arcadis Sustainability Committee Charter

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