CREATING A SUSTAINABLE FUTURE

Annual Integrated Report 2017
CREATING A SUSTAINABLE FUTURE

"Over the coming years we will foster a strong culture which will allow our passionate people to blossom, exceed our clients’ expectations and create growth by focusing on our strengths.

Creating a sustainable future is all about enabling this growth in Arcadis and by expanding horizons so that, together, we will look forward to a bright future for our Company... and for you."

Peter Oosterveer, CEO
Connecting the city and the suburbs, bridging the gap between Parisians.

To be completed: 2023

1000 ARBRES

REINVENTING PARIS WITH A THOUSAND TREES

Arcadis to design the bridge building above the ring road.

Improving the city climate and living environment.

Bringing life back to this forgotten area.

Connecting the city and the suburb, bridging the gap between Parisians.

BE INSPIRED, WATCH THE VIDEO:

© Compagnie de Phalsbourg - Ogic
In 2017, we worked together with our clients to deliver exceptional and sustainable outcomes, and create value for all stakeholders.

**PEOPLE & CULTURE**

- **Number of employees** (headcount as at 31 December): 27,327
- **Employee engagement score**: 3.03 (on a scale of 0-4)
- **Voluntary turnover rate**: 16.3%
- **Females in total workforce**: 36%
- **Total recordable case frequency (TRCF)** per 200,000 work hours: 0.26
- **Employees passing code of conduct training**: 97%
- **Arcadis’ carbon footprint** (MT CO₂ per FTE): 3.34
- **Number of identified environmental non-compliance** cases: none
- **Free cash flow** in € millions: 98
- **Arcadis way implementation progress**: 31%
  - 2016: 6%
  - 2015: 17%

**INNOVATION & GROWTH**

- **Organic revenue growth at net revenues**: 1%
- **Book-to-Bill ratio**: 1.02
- **Revenue growth key clients** (as % of total revenues): 17%
- **Operating EBITA margin** (as % of net revenues): 7.6%
- **Return on invested capital (ROIC)**: 7.3%
- **Dividend per share**: 0.47

**FOCUS & PERFORMANCE**

- **Gross revenues** in € millions: 3,219
- **Net income from operations per share**: 1.18
- **Operating EBITA margin** as % of net revenues: 7.1%
- **Operating EBITA margin** as % of gross revenues: 16.9%
- **DAYS SALES OUTSTANDING**: 88
- **Number of employees** (headcount as at 31 December): 27,080
- **Days sales outstanding (DSO)**: 91
- **Net debt to EBITA ratio** (average): 2.3
- **Operating EBITA margin** as % of gross revenues: 17.5%
- **Operating EBITA margin** as % of net revenues: 17.1%

**Key Clients**

- **Number of key clients** (as % of total revenues): 6%
- **Organic revenue growth** (net revenues): -4%
- **Employees passing code of conduct training**: 97%
- **Arcadis’ carbon footprint** (MT CO₂ per FTE): 3.34
- **Number of identified environmental non-compliance** cases: none

**For definitions and methods of measure for the indicators included on this spread, please refer to page 251. The indicators that fall within the scope of limited assurance of our external auditor can started within the scope of limited assurance (2017 only). See page 243 for the assurance report of the independent auditor, which includes details on scope and outcomes.**
Dear stakeholders,

Welcome to our first fully Annual Integrated Report. The simplification of the organizational structure combined with our increased focus on our clients, both initiated early in the year, contributed to the improvement of our performance. We reviewed our strategy whereby we received input from fellow Arcadians, clients, shareholders, and other stakeholders. In November, we presented our new strategy entitled ‘Creating a sustainable future’, which fully capitalizes on global trends like climate change, sustainable industries, and livable cities. This strategy builds on our strong legacy in Water, Infrastructure, Environment, and Buildings, and further advances Arcadis towards a highly innovative industry-leading Design & Consultancy.

PEOPLE FIRST AS NEW CORE VALUE

After my appointment to the Executive Board by shareholders late April, I visited all regions in which we have activities. I familiarized myself with the great projects we do around the world and met with a large number of clients. Most memorable on these visits, however, were the meetings with our people. I have gained tremendous admiration for the capabilities, knowledge, and passion of our people. They have a level of pride in their work that is contagious and makes me proud to be an Arcadian. At the same time, our people have been clear to me about opportunities for improvement, and we have taken this input on board as we developed our new strategy. Among other things, this led to the introduction of a new core value: People First. This supports our ambition to be the employer of choice for our people. People First means we care for each other and we create a safe and respectful working environment where our people can grow, perform, and succeed. We have changed our value ‘Client Focus’ to ‘Client Success’ to reflect our ambition to impact our clients’ results. Our other core values – Integrity, Collaboration, and Sustainability – remained unchanged and are as relevant as ever.

FINANCIAL PERFORMANCE IMPROVED AS THE YEAR PROGRESSED

We improved our financial performance as the year progressed. Organic net revenue growth moved into positive territory, while operating EBITA was higher than prior year. We had a strong cash flow and reduced our debt. Moreover, we see a positive business sentiment in many of the markets in which we operate, which has contributed to a corresponding improvement in our performance.

MESSAGE FROM THE CEO

Peter Oosterveer, CEO

After my appointment to the Executive Board, I visited all our regions, meeting clients, and Arcadians.

These are my key take-aways:

- Connected people
- Strong client relationships
- Deep market sector insights & expertise
- Focus & project delivery
- Opportunities for growth

They have a level of pride in their work that is contagious and makes me proud to be an Arcadian. At the same time, our people have been clear to me about opportunities for improvement, and we have taken this input on board as we developed our new strategy. Among other things, this led to the introduction of a new core value: People First. This supports our ambition to be the employer of choice for our people. People First means we care for each other and we create a safe and respectful working environment where our people can grow, perform, and succeed. We have changed our value ‘Client Focus’ to ‘Client Success’ to reflect our ambition to impact our clients’ results. Our other core values – Integrity, Collaboration, and Sustainability – remained unchanged and are as relevant as ever.

FINANCIAL PERFORMANCE IMPROVED AS THE YEAR PROGRESSED

We improved our financial performance as the year progressed. Organic net revenue growth moved into positive territory, while operating EBITA was higher than prior year. We had a strong cash flow and reduced our debt. Moreover, we see a positive business sentiment in many of the markets in which we operate, which has contributed to a corresponding improvement in our performance.

“Returning to organic growth and improving our financial performance in the second half of the year.”

CREATING A SUSTAINABLE FUTURE

Peter Oosterveer, CEO

MESSAGE FROM THE CEO

After my appointment to the Executive Board, I visited all our regions, meeting clients, and Arcadians.

These are my key take-aways:

- Connected people
- Strong client relationships
- Deep market sector insights & expertise
- Focus & project delivery
- Opportunities for growth

They have a level of pride in their work that is contagious and makes me proud to be an Arcadian. At the same time, our people have been clear to me about opportunities for improvement, and we have taken this input on board as we developed our new strategy. Among other things, this led to the introduction of a new core value: People First. This supports our ambition to be the employer of choice for our people. People First means we care for each other and we create a safe and respectful working environment where our people can grow, perform, and succeed. We have changed our value ‘Client Focus’ to ‘Client Success’ to reflect our ambition to impact our clients’ results. Our other core values – Integrity, Collaboration, and Sustainability – remained unchanged and are as relevant as ever.

FINANCIAL PERFORMANCE IMPROVED AS THE YEAR PROGRESSED

We improved our financial performance as the year progressed. Organic net revenue growth moved into positive territory, while operating EBITA was higher than prior year. We had a strong cash flow and reduced our debt. Moreover, we see a positive business sentiment in many of the markets in which we operate, which has contributed to a corresponding improvement in our performance.

“Returning to organic growth and improving our financial performance in the second half of the year.”
Our strategy builds on our strong legacy and further advances Arcadis towards a highly innovative industry-leading Design & Consultancy.

More challenging business conditions persisted in Latin America as the region struggled with available public-sector work, which impacted our performance. The Brazilian economy is gaining traction as evidenced by good order intake at the end of the year. The ongoing pace of investment slowed due to government budget reductions in several countries. Our architecture activities had a slow start to the year but picked up in the fourth quarter, with improving margins.

IMPROVING OUR BUSINESS MODEL

Organizations from our simplification initiative created a more streamlined organization. Our architecture activities had a slow start to the year but picked up in the fourth quarter, with improving margins.

HEALTH & SAFETY

Health & safety remains central in everything we do. For the sixth year in a row, Arcadis Total Recordable Case Frequency (TRCF) for 2017 (0.29) as well as in 2016 remains the lowest level since Arcadis began collecting global H&S data in 2004, when it was 1.13. Our Lost Time Case Frequency (LTCF) for 2017 (0.11) increased by 0.21 compared to 2016 (0.10). Arcadis’ injury rates continue to remain well below the average injury rates of the publicly available US benchmarks for the Architecture and Engineering Industry, which were 0.70 (TRCF) and 0.20 (LTCF) for the most recent reporting period (2016).

STEP-UP INVESTMENTS IN DIGITALIZATION

While our focus is on organic growth, we continue to look for opportunities to further expand our service offering and invest in digitalization. We announced the acquisition of E2 ManageTech, an enterprise technology solution firm providing IT and business services for the Environmental, Health and Safety (EHS) information market. E2 ManageTech, with its employees largely based in the United States and Canada, was established in 1998.

Early 2018, we also announced the acquisition of 4SAPi, a UK-based software and analytics firm, further growing our digital and data expertise. This will enable us to provide clients with a unique blend of expert technical and asset knowledge combined with advanced software and analytics. Arcadis’ acquisition of 4SAPi, established in 2002, will address an increasingly critical business need for energy providers and operators of infrastructure, which is to improve affordability and customer satisfaction, whilst maintaining high levels of service.

CLEAR CHOICES WITH A FOCUS ON PEOPLE, INNOVATION, AND PERFORMANCE, DRIVING PROFITABLE GROWTH

On 21 November, we used our Capital Markets Day to launch the update of our strategy, with long-term value creation being the start point. Our strategy for the coming three years includes making clear choices and focusing on where we can lead, and invest where we can see.

The strategy is based on three strategic pillars:

- People & Culture - We are convinced that creating an environment for people to grow, perform, and succeed will be vital to attract, develop and retain the workforce of the future. We will be the employer of choice through continued investment in our people and actively capitalizing on our capabilities for future needs.

- Growth & Innovation - To capture the opportunities provided by global mega trends, Arcadis will step up investments in digitalization to become a digital frontrunner in our industry. In addition, we will further leverage our global experience and deep client relationships to create organic, green growth.

- Focus & Performance - We will focus where we can lead based on relevance for clients, local markets, and global positions, and we will prioritize businesses that fail to meet our criteria for profitable growth. Decisive client and project selection and improved project execution will be key to the consistent use of the Arcadis Way.

Our competitiveness will be further improved by expanding the GEs. We remain committed to the UK’s Total Plan and its ten principles, and in 2017, as part of our strategy, also made a commitment to significantly improve Arcadis’ Compliance and EHS performance on our global applicable standards. We are convinced that achieving these goals will be instrumental in the future and the growth of Arcadis. However, in 2017, Arcadis’ Total Recordable Case Frequency (TRCF) for 2017 (0.29) as well as in 2016 remains the lowest level since Arcadis began collecting global H&S data in 2004, when it was 1.13. Our Lost Time Case Frequency (LTCF) for 2017 (0.11) increased by 0.21 compared to 2016 (0.10). Arcadis’ injury rates continue to remain well below the average injury rates of the publicly available US benchmarks for the Architecture and Engineering Industry, which were 0.70 (TRCF) and 0.20 (LTCF) for the most recent reporting period (2016).

MARKET CONSULTATION IN PROGRESS

An important announcement in 2017 was the decision to perform a strategic review of CallisonRTKL, our architectural business, that represents approximately 10% of our global revenues. This review is part of our effort to sharpen our strategic focus.

We evaluated a range of strategic options to optimize the value of CallisonRTKL, either within or outside of Arcadis, to provide the best prospects for our people, clients, and shareholders. While a final decision has not been made yet, the process is on track, and a market consultation is in progress, allowing us to assess the viability of a sale.

RENIER VREE LEAVES ARCADIS AFTER EIGHT YEARS AS CFO AND MEMBER OF THE EXECUTIVE BOARD

Early January 2018, we announced the resignation of Renier Vree, Chief Financial Officer (CFO) and Member of the Executive Board, with effect from 1 March 2018. Renier has accepted the position of CFO at AkzoNobel Specialty Chemicals. We are extremely grateful for Renier’s contribution to Arcadis as CFO and Member of the Executive Board. Renier has been integral to the significant growth that Arcadis has achieved over the past eight years. He has played an instrumental role in the strategy with an efficient and robust capital structure, and has maintained low levels of service.

The Company is well positioned to realize both revenue growth and operating EBITA margin improvements in the period 2016 - 2020. Our guidance accompanying this strategy is for organic net revenue growth of 4-5%, a margin improvement of 0.20 (LTCF) for the most recent reporting period (2016). Arcadis’ injury rates continue to remain well below the average injury rates of the publicly available US benchmarks for the Architecture and Engineering Industry, which were 0.70 (TRCF) and 0.20 (LTCF) for the most recent reporting period (2016).

We remain committed to the UK’s Total Plan and its ten principles, and in 2017, as part of our strategy, also made a commitment to significantly improve Arcadis’ Compliance and EHS performance on our global applicable standards. We are convinced that achieving these goals will be instrumental in the future and the growth of Arcadis. However, in 2017, Arcadis’ Total Recordable Case Frequency (TRCF) for 2017 (0.29) as well as in 2016 remains the lowest level since Arcadis began collecting global H&S data in 2004, when it was 1.13. Our Lost Time Case Frequency (LTCF) for 2017 (0.11) increased by 0.21 compared to 2016 (0.10). Arcadis’ injury rates continue to remain well below the average injury rates of the publicly available US benchmarks for the Architecture and Engineering Industry, which were 0.70 (TRCF) and 0.20 (LTCF) for the most recent reporting period (2016).

The Company is well positioned to realize both revenue growth and operating EBITA margin improvements in the period 2016 - 2020. Our guidance accompanying this strategy is for organic net revenue growth of 4-5%, a margin improvement of 0.20 (LTCF) for the most recent reporting period (2016). Arcadis’ injury rates continue to remain well below the average injury rates of the publicly available US benchmarks for the Architecture and Engineering Industry, which were 0.70 (TRCF) and 0.20 (LTCF) for the most recent reporting period (2016).

Our guidance accompanying this strategy is for organic net revenue growth of 4-5%, a margin improvement of 0.20 (LTCF) for the most recent reporting period (2016). Arcadis’ injury rates continue to remain well below the average injury rates of the publicly available US benchmarks for the Architecture and Engineering Industry, which were 0.70 (TRCF) and 0.20 (LTCF) for the most recent reporting period (2016).
FOCUS AREAS FOR THE SUPERVISORY BOARD IN 2017

The Supervisory Board believes that focus is key to achieving the Company strategy, and to creating long-term value for all stakeholders. In exercising its task in 2017, the Supervisory Board, in coordination with the Executive Board, focused on the following topics:

- Additionally, we put special emphasis on further Health & Safety improvements, on stimulating the roll-out of the Arcadis Way to align business processes globally, and on investing in digitalization to defend and then expand our market position.

MESSAGE FROM THE CHAIRMAN

STRONG FOUNDATION FOR CONTINUOUS IMPROVEMENT

I am pleased with the progress made by Arcadis in 2017, and believe we have achieved balance in our organization, laying the foundation for continuous improvement for the foreseeable future.

In the Annual General Meeting of Shareholders end of April 2017, Peter Oosterveer was appointed member of the Executive Board and CEO. He succeeded interim CEO Renier Vree, also our CFO, who successfully launched the simplification program during his tenure, reducing costs and making our business processes more efficient. In that same meeting, Mary Ann Hopkins was appointed to the Executive Board. Mary Ann had been recruited as Executive responsible for the Americas back in August 2016. She successfully worked with the team in North America on a turnaround of that business, which led to growth in 2017.

With the completed Executive Board, we were able to finalize our strategy for 2018 - 2020, and presented this during the Capital Markets Day in London end of November. With the new CEO came more stability, and with the new strategy came more focus, providing us a good starting point for 2018 and beyond. Early 2018, Renier Vree announced his departure from Arcadis. We are grateful for his contribution during his eight years as CFO, and as member of our Executive Board. The search for a successor is progressing.

On behalf of the Supervisory Board

Niek W. Hoek
As a result of this diversity in our portfolio, we are able to balance our performance over time, and are less vulnerable to adverse developments in individual markets, activities or client sectors.

SERVICES
In most major markets we offer our clients full lifecycle solutions comprising business advisory services, consulting, program, project & cost management, and design & engineering. We often develop client relationships that span the entire lifecycle of their assets.

SEGMENTS
Our diversified portfolio is based on a global presence, with leading positions in Europe & Middle East, the Americas, Asia Pacific, and through CallisonRTKL. In every location, we pair our deep global market sector knowledge with a strong understanding of local market conditions.

As a result of this diversity in our portfolio, we are able to balance our performance over time, and are less vulnerable to adverse developments in individual markets, activities or client sectors.

SERVICES
In most major markets we offer our clients full lifecycle solutions comprising business advisory services, consulting, program, project & cost management, and design & engineering. We often develop client relationships that span the entire lifecycle of their assets.

SEGMENTS
Our diversified portfolio is based on a global presence, with leading positions in Europe & Middle East, the Americas, Asia Pacific, and through CallisonRTKL. In every location, we pair our deep global market sector knowledge with a strong understanding of local market conditions.
Arcadis’ value creation process is geared towards maximizing the outcome of our business processes for all of our stakeholders through the efficient use of the capitals which are at our disposal. While our overall focus is on long-term value creation, our three-year strategy cycle allows us to update our market relevance regularly to keep in tune with stakeholder interests.

**Inputs using all resources wisely**

**Human and intellectual capital**
- Our 27,327 talented and professional employees provide their expertise and competencies to make a difference for our clients at every stage of the lifecycle of natural and built assets.

**Social and relationship capital**
- Exceptional and sustainable results are achieved by collaboration with our clients. Our success is dependent on good relationships with key stakeholders, such as our employees and clients.

**Financial capital**
- Equity and loans help us to invest in the growth of our business and global footprint, which enables us to serve our local and global clients.

**Natural capital**
- To maintain our offices around the world, and travel to client sites as required, we consume energy and water.

**Value creation process**

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

- **Infrastructure**
  - Consultancy
  - Architecture/design
  - Design & engineering
  - Program, project & cost management

- **Water**
  - 40% Net revenue breakdown by expertise

- **Environment**
  - 22% Net revenue breakdown by expertise

- **Buildings**
  - 13% Net revenue breakdown by expertise

Underpinned by

- **Shared values**: The Arcadis Way
- **Global footprint and expertise**: Technological capabilities
- **Internal capital**: Value creation process

**Outputs created per capital**

**Human and intellectual capital**
- High levels of employee engagement:
  - Improvement in human and intellectual capital demonstrated by:
    - High participation rates Your Voice Survey for all employees (69%)
    - Successfully on-boarding over 6,000 talents in 2017
    - Continued investment in training & development for our employees
    - Continued commitment to Diversity and Inclusion
    - Continued investments in Health & Safety, and promoting the appliance of TRACK (see page 47)

**Social and relationship capital**
- High level of client satisfaction demonstrated by repeat business:
  - ~70% of 2016 projects involved work with clients who had worked with Arcadis before
  - Brand awareness score (from 2018 onwards)
  - Client experience score (from 2018 onwards)

**Financial capital**
- Strong balance sheet and profit & loss performance:
  - Organic net revenue growth positive at 1% (year-on-year)
  - Operating EBITA margin improving to 7.6%
  - Net working capital percentage improving to 16.9%
  - Net debt to EBITDA ratio (average, for bank covenant purposes) improving to 2.3

**Natural capital**
- Through our projects we assist clients in building a Sustainable Future by providing integrated and sustainable solutions. For example:
  - Many existing projects revolve around improving quality and supply of water for the community
  - At Alcacer do Sal onshore windfarm in Portugal, which requires effort and resources

**Outcomes for our stakeholders**

**Employees**
- Pride, satisfaction and a great place to work.
- Employee engagement score of 3.03 (on a scale of 0 - 4)
- Decreased voluntary turnover rate, now 14.6%
- Increased identified leadership potential rate, now 94%
- Health & Safety indicators remaining at lowest level since Arcadis began collecting H&S data

**Clients**
- Top-quartile performance for Client experience:
  - Scaled existing technologies, and exploration of new technologies through co-creation
  - Utilization of local market knowledge, and deep client relationships
  - Leverage global experience for best-in-class solutions

**Investors**
- Competitive and sustainable returns:
  - Proposed dividend of €0.47 per share
  - Improved return on invested capital, now 7.3%

**Civil society**
- Assisting clients in dealing with the effects of climate change
- Good health & wellbeing in our own operations, and in contribution to the realization of Health & Safety targets of our clients
- Continued contribution to seven relevant SDGs (see page 10)
GLOBAL SOLUTIONS

In 2017, a simplification process took place which has brought several changes to our organizational model. One of these changes has been the replacement of our four Global Business Lines into one Global Solution organization, consisting of fourteen Global Solutions.

Our clients are at the center of our organization. Everything we do is ultimately about delivering the best of Arcadis to our clients. We serve our clients through our seven Regions and CallisonRTKL. These Regions can draw on support from Global Client Development and Global Solutions when a global involvement is beneficial.

Global Client Development supplies global knowledge about our global key clients. Global Solutions provides support for solutions we offer to our clients.

This support is delivered through four main activities:

1. Global knowledge and capabilities: provide market insights and knowledge-sharing to our regions using communities of practice (CoP). Be the thought leader to leverage and differentiate our position as market leaders.
2. Strategic pursuits: support our regions with strategic pursuits that drive value to our business. We bring our global knowledge and market insights to secure strategic projects and drive the development of marketing collateral.
3. Collaboration and strategy: work with regions to build global capability and project teams, according to the collaboration guidelines.
4. Joint development of (new) propositions: support regions to align solutions to market opportunities. Develop joint propositions (together with Client Development) to add value and drive growth.

A total of fourteen Global Solutions have been selected through which we can leverage our global knowledge and capabilities. Each Global Solution has a Global Leader, a role combined with a role in the Region. Each Global Leader provides the Regions with global knowledge and capabilities, support on strategic pursuits, collaboration/coordination and joint development of (new) propositions.

GLOBAL INFRASTRUCTURE SOLUTIONS
Infrastructure focuses on sustainable infrastructure solutions for efficient transportation by road, rail, air, and over water, and creating reliable energy supply systems. By assisting in smart planning and finding the right balance between ecology and economy, Arcadis’ specialists enable cities to not only be livable but also to be connected and allow mobility across cities.

GLOBAL WATER SOLUTIONS
Water focuses on the entire water cycle, from source to tap and then back to nature. Through our wealth of experience in the water sector, Arcadis’ specialist teams of engineers, scientists, and consultants are uniquely positioned to provide safe and secure water technology and innovations that are built to withstand the demand of a rapidly changing world. Arcadis is a global top-five player in water services.

GLOBAL ENVIRONMENT SOLUTIONS
Environment focuses on improving the sustainability of natural and built assets. Arcadis combines environmental innovation, engineering, consulting, and construction services, and develops successful and sustainable solutions for our clients. We are proud to be the leading global environmental solutions provider to private industry, and deliver projects that protect the earth’s resources while meeting our clients’ economic objectives.

GLOBAL BUILDINGS SOLUTIONS
Buildings focuses on delivering world-class master-planning, architectural design, engineering design, consultancy, project, program and cost management for all types of buildings and cities. We are partnering with our clients to plan, create, operate, and regenerate their built assets. We create a balance of form, functionality, and environmental stewardship.

OUR FOURTEEN GLOBAL SOLUTIONS PER EXPERTISE AREA

GLOBAL INFRASTRUCTURE SOLUTIONS
GLOBAL WATER SOLUTIONS
GLOBAL ENVIRONMENT SOLUTIONS
GLOBAL BUILDINGS SOLUTIONS

INTRODUCTION | OUR BUSINESS AND PASSION
OUR BUSINESS AND PASSION | INTRODUCTION

Arcadis Annual Integrated Report 2017

16 17
OUR PASSION
IMPROVING QUALITY OF LIFE

At Arcadis, we rely on our core values to guide us in everything we do, while we base business decisions on our vision and strategy. Our primary aim is long-term development and value creation, and our focus is to deliver exceptional and sustainable solutions to our clients, while pursuing new opportunities that fit our capabilities. In doing so, we contribute by sustainably solving the challenges that clients and communities face around the world.

We differentiate ourselves through our talented and passionate people, our unique combination of capabilities covering the whole asset lifecycle, our deep market sector insights, and our ability to seamlessly integrate health and safety and sustainability 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.

CLIENT SUCCESS
We are passionate about our clients’ success and bring insights, agility, and innovation to co-create value.

INTEGRITY
We always work to the highest professional and ethical standards and establish trust by being open, honest and responsible.

SUSTAINABILITY
We base our actions for clients and communities on environmental responsibility and social and economic advancement.

COLLABORATION
We value the power of diversity and our global capabilities and deliver excellence by working as One Arcadis.

OUR RE-DEFINED VALUES

ARCADIS IN PERSPECTIVE

Countries with offices
40+

Local strength, global reach

Number of employees
5,197
North America

Number of employees
4,434
Linked Kingdom

Number of employees
6,264
Continental Europe

35,000+
Employees worldwide

Number of projects
70+
Countries where Arcadis has completed projects

Number of employees
1,712
Middle East

Number of employees
1,276
Australia Pacific

Number of employees
2,175

70+

1,438
Latin America

4,304

4,434

4,304

6,264

27,327

5,197

1,438

6,264

27,327

1,276
Arcadis founded in the Netherlands as the association for wasteland redevelopment, promoting agricultural productivity of Dutch heather lands.

Arcadis ventured into rural development in 1739.

Arcadis started exporting water and infrastructure services to developing countries in 1888.

Association (KNHM) and Company (Heidemij) were separated in 1925.

Arcadis branched into urban development in 1959.


Arcadis introduced its brand name and logo in 1990.

Arcadis acquired RTKL bringing high-quality architectural design in US, UK, and Asia in 1993.

Arcadis acquired Malcolm Pirnie creating a leading global position in water in 1997.

Arcadis acquired EC Harris bringing a stronger position in UK, and growth in Middle East and Asia in 2007.

Arcadis acquired Langan & Seach creating a leading position in cost and project management in Asia in 2009.

Arcadis acquired John Pinto & Company creating a leading position in environmental and sustainable design in Asia in 2011.

Arcadis acquired Hyder Consulting and Callison bringing further strength to engineering and architecture in 2012.

Arcadis acquired Hyder Consulting creating a leading position in cost and project management in Asia in 2014.

Arcadis acquired Hyder Consulting and Callison bringing further strength to engineering and architecture in 2015.

Arcadis acquired Hyder Consulting and Callison bringing further strength to engineering and architecture in 2020.

Arcadis achieved a one global brand in 2030.
Arcadis is exploring how technology and digitalization can be used in the next generation of garden settlements. The aim is to improve quality of life for residents by creating up to 12,000 new homes an hour’s train ride from London and by using smart cities technology to drive more efficient local services.

Otterpool Park is a new garden town in Shepway, Kent, proposed by landowners Shepway District Council and Cozumel Estates. Launched by the UK Government’s Housing Minister in 2016, the project is pioneering the next generation of garden settlements, with the aim of truly improving quality of life for its residents.

This Executive Board Report describes how we have come to our new strategy, how we took into consideration our strategic context and operating environment, and how we translated this into three strategic pillars with corresponding targets. It explains our performance across the strategy pillars, as well as our operating segments. The Report includes information on governance and compliance, and provides insight on changes resulting from the update of the Corporate Governance Code.
In November 2017, we presented our strategy update ‘Creating a Sustainable Future’. The new strategy enables us to fully capitalize on global mega trends, outcomes of stakeholder dialogues, Sustainable Development Goals relevant for Arcadis, and our competitive landscape. In doing so, we have made clear choices to focus on areas where we can lead, and to invest where we can win.

OUR NEW STRATEGY
FOR FUTURE SUCCESS

Situational awareness, a thorough understanding of how global trends and developments impact our clients and stakeholders, and corporate agility are important ingredients to keeping ourselves relevant. We continuously develop our organization and client solutions to create greater value for our clients and other stakeholders. Our focus is on the longer-term sustainability of our business. Therefore we review our strategy every three years to ensure that our interests are aligned with those of our stakeholders. The 2017 strategy review involved a comprehensive analysis of factors in four broad areas:

1. MEGA TRENDS
Understanding the world around us is the foundation for everything we do. We consider the following key trends shaping our operating environment; urbanization & mobility, sustainability & climate change, globalization and digitalization (see page 26).

2. STAKEHOLDER DIALOGUE
At Arcadis, we strive to create value for all our stakeholders, and aspire to understand and act upon the most material matters for our business, stakeholders and society. Based on our stakeholder engagement, we identified key messages and material topics from our stakeholders that served as input for our new strategy (see pages 27, 28 and 29).

3. UN SUSTAINABLE DEVELOPMENT GOALS
In 2015, the Sustainable Development Goals (SDGs) were launched by the United Nations. Arcadis’ passion to improve quality of life aligns well with the SDGs, and therefore we aim to contribute to these goals by integrating the most relevant ones into our strategy and operations (see pages 30 and 31).

4. COMPETITIVE LANDSCAPE
Developments in the industry and competitive landscape are relevant for how we want to position ourselves as Arcadis. Our view on changing client patterns, the shift to digital, the increased need for sustainable solutions, industry consolidation, and scarcity of qualified people have therefore been considered in preparing the new strategy (see page 32).

STRATEGIC PILLARS
The main findings of these analyses and studies were used as a basis for our strategy development process, which, in a broad consultation with our corporate departments and regional representations, led to the development of three strategic pillars with corresponding priorities (see page 33).

OUR STRATEGIC FRAMEWORK 2018 - 2020
A clear and focused strategy requires clear targets. With the new strategy, Arcadis commits to reach performance targets during the strategy period, as outlined on page 34. In addition to financial targets, which were already communicated in earlier strategic periods, we have now also introduced non-financial targets.

CONNECTIVITY MATRIX
In order to bring all information together, we present a connectivity matrix on pages 35 and 37. This depicts the value creation process from beginning to end, also showing how Arcadis used its strategic context to get to an update of its strategy, with three strategic pillars, corresponding risks, material topics, key performance indicators and strategic targets for a selection of these indicators.

OVERVIEW
Trends in our operating environment, messages from our stakeholders, the Sustainable Development Goals, and our competitive landscape all provided us input for our new strategy, which translates into three strategic pillars.
Understanding the world around us is the foundation for everything we do. We continuously develop our organization and value propositions to benefit from changing conditions in our external landscape, and use them to create greater value for our clients. To ensure our strategic direction remains aligned to the latest developments in our markets, we consider the following key trends shaping our operating environment: urbanization & mobility, sustainability & climate change, globalization and digitalization.

**Global population growth and migration have led to rapid urbanization and increased congestion of transportation infrastructure.**

**Urbanization & Mobility**
- Multinational companies require support wherever they operate and look for providers they can work with seamlessly around the world.
- New services through human-centered design supported by digital technology.
- Design sustainable and resilient cities and industries.
- Use of global network to support operations around the world.

**Sustainability & Climate Change**
- Demand for solutions that preserve and protect natural resources has never been greater. Rising sea levels and increased congestion of transportation infrastructure have led to rapid urbanization and increased demand for solutions that preserve and protect natural resources.
- Digital technologies open new possibilities to serve our clients and are changing the way we work and providing opportunities for different business models.
- Use of global network to support operations around the world.

**Globalization**
- Digital technologies open new possibilities to serve our clients and are changing the way we work and providing opportunities for different business models.
- Use of global network to support operations around the world.

**Digitalization**
- Digital technologies open new possibilities to serve our clients and are changing the way we work and providing opportunities for different business models.
- Use of global network to support operations around the world.

**TREND-DRIVEN OPPORTUNITIES**
- Leverage global expertise and partnerships to grow the business.
- New services through human-centered design supported by digital technology.
- Design sustainable and resilient cities and industries.
- Use of global network to support operations around the world.

**OUR POSITIONING**
- LEADING DESIGN AND CONSULTANCY FOR:
- LEADING DESIGN AND CONSULTANCY FOR: SUSTAINABLE AND RESILIENT CITIES SMART INFRASTRUCTURAL SOLUTIONS FUTURE-PROOF INDUSTRIES

**STAKEHOLDER DIALOGUE**

At Arcadis, we strive to create value for all our stakeholders, and aspire to understand and act upon the most material matters for our business, stakeholders and society. Based on our stakeholder engagement and a materiality assessment, we identified key messages from our stakeholders that served as input for our new strategy.

**STAKEHOLDER DIALOGUE ACTING ON MATERIAL MATTERS**

At Arcadis, we seek to engage in and create dialogues with stakeholders, to shape our insights into their needs and expectations, and to develop sustainable solutions which serve them better in the short, medium and longer term. In addition, stakeholder engagement helps us to manage risks and opportunities in our operations.

**Dutch Association for Investors for Sustainable Development (VBDO)**
- On a daily basis, stakeholder dialogues take place in a formal and informal manner, and involve all Arcadians. During 2017, in addition to the regular dialogues, an in-depth stakeholder engagement process was initiated in cooperation with the Dutch Association for Investors for Sustainable Development (VBDO). This included a global and a materiality survey that was sent out to all our key stakeholder groups, including Arcadis Leadership Council (top 150 leaders). In total, approximately 200 stakeholders responded to our request. The outcomes of regular dialogues and the materiality survey were discussed by the Executive Board, and were translated into key messages from our stakeholders.

**Global Materiality Survey**
- Arcadis uses the concept of materiality as defined by the Global Reporting Initiative. And considers economic, social, environmental and governance impacts that cross a threshold in affecting the ability to meet the needs of the present without compromising the needs of future generations.

**Materiality Survey**
- Arcadis uses the concept of materiality as defined by the Global Reporting Initiative. And considers economic, social, environmental and governance impacts that cross a threshold in affecting the ability to meet the needs of the present without compromising the needs of future generations.

**Materiality Matrix**
- The materiality matrix can be found on the next page, and recognizes two axes: Value. A topic is relevant for stakeholders if it reflects the view of employees, clients, suppliers, civil society and investors. If a topic is significant in light of economic, social, environmental, and governance impacts, it reflects the view of the Executive Board and Arcadis Leadership Council.

**As the matrix shows, from the 27 potentially material topics, twenty were considered material by both stakeholders and management. These twenty topics are listed and described on page 25.**

**The key step in our strategic process is to link each of our material topics to corresponding key performance indicators and targets defined by strategy. In doing so, we monitor our progress and make ourselves accountable to our stakeholders in a transparent way. The outcome of this connectivity exercise is to be found on pages 36 and 37.**

**The most relevant material topics for our business are those of greatest importance to our stakeholders and leadership team. These twenty topics are visible in the materiality matrix on the next page. They are positioned in the top right-hand section of the boxed grid that also lists our respective categories below the matrix.**
## MATERIALITY MATRIX

### ECONOMIC
- Direct economic value generated
- Direct economic value distributed
- Profit & loss performance
- Organic revenue growth
- Balance sheet performance
- Cash flow performance
- Innovation & digitalization
- Indirect economic impact
- Portfolio management
- Share dilution
- Share buy-backs
- Dividend policy
- Cash flow performance
- Share buy-backs
- Dividend policy

### SOCIAL
- Employee engagement
- Business ethics
- Diversity and inclusion
- Human rights
- Political contributions
- Health and safety
- Talent management & learning and development
- Employee engagement
- Business ethics
- Diversity and inclusion
- Human rights
- Political contributions
- Health and safety
- Talent management & learning and development

### ENVIRONMENTAL
- Use of materials
- Energy and emissions – carbon footprint
- Water use
- Treatment of waste
- Circular economy
- Biodiversity impact
- Environmental non-compliance
- Climate change
- Use of materials
- Energy and emissions – carbon footprint
- Water use
- Treatment of waste
- Circular economy
- Biodiversity impact
- Environmental non-compliance
- Climate change

### GOVERNANCE
- Risk management framework
- Tax policies and compliance (paying fair taxes)
- Privacy (and personal data protection)
- Environment & business ethics
- Tax policies and compliance (paying fair taxes)
- Privacy (and personal data protection)
- Environment & business ethics

### RELEVANCE FOR STAKEHOLDERS
- HIGH IMPACT
  - Client Experience
  - Management, employees
  - Civil society
  - Management, employees

- SIGNIFICANCE OF ECONOMIC, SOCIAL, ENVIRONMENTAL, AND GOVERNANCE IMPACTS

### ARCADIS’ MATERIAL TOPICS

<table>
<thead>
<tr>
<th>MATERIAL TOPIC</th>
<th>DESCRIPTION</th>
<th>MOST RELEVANT FOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct economic value generated</td>
<td>The Company’s ability to generate revenues</td>
<td>Management, employees</td>
</tr>
<tr>
<td>Direct economic value distributed</td>
<td>The Company’s financial return to society (employee wages and benefits, dividends, taxes, etc.)</td>
<td>Management, civil society</td>
</tr>
<tr>
<td>Profit &amp; loss performance</td>
<td>The Company’s ability to generate profits (net income)</td>
<td>Investors, management</td>
</tr>
<tr>
<td>Organic revenue growth</td>
<td>The Company’s ability to grow revenue organically from its existing business activities (excluding acquisitions)</td>
<td>Investors, employees</td>
</tr>
<tr>
<td>Balance sheet performance</td>
<td>The Company’s ability to maintain its leverage covenants ratios below maximums set by Investors</td>
<td>Investors, management</td>
</tr>
<tr>
<td>Cash flow performance</td>
<td>The Company’s ability to manage working capital and generate cash flows</td>
<td>Investors, employees</td>
</tr>
<tr>
<td>Innovation &amp; digitalization</td>
<td>The Company’s ability to provide innovative solutions, and its ability to develop and apply technological solutions</td>
<td>Clients, employees</td>
</tr>
<tr>
<td>Brand awareness</td>
<td>Refers to the extent to which customers are able to recall or recognize our brand</td>
<td>Client, management</td>
</tr>
<tr>
<td>Client experience</td>
<td>The outcomes of the interaction between Arcadis and its customers over the duration of their relationship</td>
<td>Client, management</td>
</tr>
<tr>
<td>Employee engagement</td>
<td>The Company’s ability to engage and retain high-quality staff</td>
<td>Employee, management</td>
</tr>
<tr>
<td>Talent management &amp; learning and development</td>
<td>The Company’s ability to attract and develop high quality staff</td>
<td>Employee, management</td>
</tr>
<tr>
<td>Diversity and inclusion</td>
<td>The diversity of the Company’s governance bodies, employee base, and project teams</td>
<td>Employee, management</td>
</tr>
<tr>
<td>Health and safety</td>
<td>The actual performance of the Company in regard to health and safety of personnel</td>
<td>Employee, management</td>
</tr>
<tr>
<td>Energy and emissions – carbon footprint</td>
<td>The direct (scope 1) energy consumption in the Company’s own activities and direct (scope 2) emissions of greenhouse gases caused by the Company’s own activities (scopes 1 and 2), and the indirect emissions of greenhouse gases caused by the Company’s own activities (scope 3)</td>
<td>Civil society, employees</td>
</tr>
<tr>
<td>Environmental non-compliance</td>
<td>The extent to which the Company complies with environmental laws and regulations</td>
<td>Civil society, employees</td>
</tr>
<tr>
<td>Climate change</td>
<td>The extent to which the Company designs strategies and solutions to deal with the impact of climate change on businesses and projects</td>
<td>Civil society, employees</td>
</tr>
<tr>
<td>Environment &amp; business ethics</td>
<td>The way the Company approaches business ethics and acts with integrity, both internally and towards its stakeholders</td>
<td>Employees, suppliers</td>
</tr>
<tr>
<td>Tax policies and compliance (paying fair taxes)</td>
<td>The Company’s approach to paying fair taxes across the globe, and adherence to local tax laws and regulations (paying fair taxes)</td>
<td>Employees, suppliers</td>
</tr>
<tr>
<td>Privacy (and personal data protection)</td>
<td>The Company’s approach to safeguarding (stakeholder) data, and adherence to privacy laws and regulations</td>
<td>Employees, management</td>
</tr>
<tr>
<td>Risk management framework</td>
<td>The quality of the Company’s control framework, designed to identify and manage risk exposure</td>
<td>Suppliers, civil society</td>
</tr>
</tbody>
</table>
In 2015, the United Nations launched the Sustainable Development Goals (SDGs), a set of seventeen goals and 169 associated targets directed at sustainable development around the world. These goals were developed and agreed upon by all governments in an inclusive process with the participation of non-governmental organizations and 1,500 companies from around the world. The SDGs are a set of 17 goals and 169 targets designed to promote prosperity while protecting the planet. Each goal is broken down to represent a specific area of development and action, making it easier for businesses to align their strategies with the SDGs.

In 2017, Arcadis initiated a further assessment on where we can make a positive impact to the realisation of the SDGs, which outcome is outlined in the table on the right. Per this assessment, we carefully considered all SDGs at target level, and determined where we can have the greatest positive impact which is outlined in our new strategy. The outcome of this exercise provided valuable input for our new strategy.

As part of our new strategy we made a commitment to significantly contribute to the advancement of several selected UN Sustainable Development Goals.
Developments in the industry and competitive landscape are relevant for how we want to position ourselves as Arcadis. Our view on changing client patterns, the shift to digital, the increased need for sustainable solutions, industry consolidation, and scarcity of qualified people have therefore been considered in preparing the new strategy.

Arcadis operates in a global addressable market of US$500 billion, growing fast with GDP. We are a global top ten player with a top three position in Design & Consultancy, and our business is well diversified between emerging and mature markets, public and private sector clients, and service areas. This balanced approach is the best guarantee of our ability to benefit from the long-term growth drivers and key client trends in our markets.

In the market there are several global players and many local ones. The global players mainly compete with each other based on brand, knowledge, and cost efficiency. Arcadis is considered to be one of the global players, with the advantage of a global network with local presence. The combination of global presence, strong local positions, and our expertise of infrastructure, water, environment, and buildings gives us the ability to provide the best value-added solutions and technology to both our global and local clients.

‘Creating a Sustainable Future’ comprises three strategic pillars focused on People & Culture, Innovation & Growth, and Focus & Performance, that drives profitable growth and value creation in the short, medium, and long term.

**Global Players**

Arcadis will focus on sustainability as a core value in all we do. In doing so, we will prioritize businesses that fail to meet our criteria for profitable growth. We will apply the Arcadis Way to everything we do. Furthermore, we will become more competitive by expanding the Global Excellence Centers. This is expressed through the following principles:

**FOCUS WHERE WE CAN LEAD**

Arcadis will focus where it can lead based on relevance for clients, local markets, and global position. This also means we must de-prioritize businesses that fail to meet our criteria.

**CLIENT & PROJECT EXCELLENCE**

Arcadis will scale our existing technologies and explore new technologies in co-creation with clients.

**DIGITAL INNOVATION**

Arcadis will become a digital frontrunner in our industry. We will step up investments in digitalization to help our clients make faster, more effective, and more efficient decisions for their own productivity and profitability. In addition, we will further leverage our global experience and deep client relationships to create organic growth. This is expressed through the following principles:

**ADVISE & DELIVER SUSTAINABLE SOLUTIONS**

Arcadis will develop a balanced culture that is driven by our core values, while creating businesses that grow, perform, and succeed.

**LIVING OUR VALUES**

We will foster a balanced culture that is driven by our core values, while creating businesses that grow, perform, and succeed.

**DEVELOP AND RETAIN THE WORKFORCE OF THE FUTURE**

Arcadis is convinced that creating an environment for people to grow, perform, and succeed will be the key to retain and attract the workforce of the future. We believe the employer of choice through continued investment in people and by attracting capabilities for future needs.

**PEOPLE FIRST**

Arcadis will step up investments in digitalization to become a digital frontrunner in our industry. We will help our clients make faster, more effective, and more efficient decisions for their own productivity and profitability. In addition, we will further leverage our global experience and deep client relationships to create organic growth. This is expressed through the following principles:

**PEOPLE & CULTURE**

**FOCUS & PERFORMANCE**

Arcadis will focus on sustainability as a core value in all we do. In doing so, we will prioritize businesses that fail to meet our criteria for profitable growth. We will apply the Arcadis Way to everything we do. Furthermore, we will become more competitive by expanding the Global Excellence Centers. This is expressed through the following principles:

**PEOPLE & CULTURE**

We will scale our existing technologies and explore new technologies in co-creation with clients.

**INNOVATION & GROWTH**

Arcadis will focus where it can lead based on relevance for clients, local markets, and global position. This also means we must de-prioritize businesses that fail to meet our criteria.

**COMPETITIVE DELIVERY MODELS**

We will optimize delivery across the entire value chain, partnering closely with architects, contractors, and engineers. We will also increase the utilization of our Global Excellence Centers.

**LOCAL STRENGTH, GLOBAL REACH**

At a local level, we will use our deep-rooted market knowledge and client relationships, while leveraging our global experience for best-in-class solutions.

**COMPETITIVE DELIVERY MODELS**

We will focus on sustainability as a core value in all we do. In doing so, we will prioritize businesses that fail to meet our criteria for profitable growth. We will apply the Arcadis Way to everything we do. Furthermore, we will become more competitive by expanding the Global Excellence Centers.

**LEADING THE BATTLE FOR PROFITABLE GROWTH**

We will optimize delivery across the entire value chain, partnering closely with architects, contractors, and engineers. We will also increase the utilization of our Global Excellence Centers.

**DEVELOP AND RETAIN THE WORKFORCE OF THE FUTURE**

Arcadis is convinced that creating an environment for people to grow, perform, and succeed will be the key to retain and attract the workforce of the future. We believe the employer of choice through continued investment in people and by attracting capabilities for future needs.

**PEOPLE FIRST**

We will foster a balanced culture that is driven by our core values, while creating businesses that grow, perform, and succeed.

**LIVING OUR VALUES**

We will foster a balanced culture that is driven by our core values, while creating businesses that grow, perform, and succeed.

**DEVELOP AND RETAIN THE WORKFORCE OF THE FUTURE**

Arcadis is convinced that creating an environment for people to grow, perform, and succeed will be the key to retain and attract the workforce of the future. We believe the employer of choice through continued investment in people and by attracting capabilities for future needs.
The new Arcadis’ strategy includes a revised target framework. Our new financial guidance is as follows:

- Organic revenue growth to surpass GDP growth in our markets.
- Revenue growth for our key clients to be twice the overall growth.
- Operating EBITA margin trending to 8.5% - 9.5% of net revenues by 2020 (2017: 7.6%).
- Net working capital as percentage of gross revenues lower than 17.0% (2017: 16.9%), and Days Sales Outstanding (DSO) below 85 days (2017: 88 days).
- Return on invested capital (ROIC) to exceed 10% (2017: 7.3%).
- Net debt/EBITDA ratio between approximately 1.0 and 2.0 (2017: 2.3).

Arcadis will execute its new strategy with an efficient and robust capital structure and has fully embedded risk management in its operations. The strategy also entails that it will review its portfolio of activities regularly.

Furthermore, Arcadis’ aims to significantly contribute to the United Nations Sustainable Development Goals (SDGs). Already in 2016, Arcadis made an initial assessment where it can best contribute to the seventeen SDGs, which assessment was further refined in 2017 by specifically looking into the relevance of SDGs on target level.

For a summary of the strategy implementation in Europe & Middle East, Americas, Asia Pacific, and CallisonRTKL, see the regional pages (page 84 up to 115).

More information can be found on pages 30 and 31.

CALLISONRTKL STRATEGIC REVIEW

The strategic review process of CallisonRTKL is progressing well, and we expect to conclude in the first half of 2018.

FINANCIAL GUIDANCE 2018 - 2020

The new Arcadis’ strategy includes a revised target framework. Our new financial guidance is as follows:

- Organic revenue growth to surpass GDP growth in our markets.
- Revenue growth for our key clients to be twice the overall growth.
- Operating EBITA margin trending to 8.5% - 9.5% of net revenues by 2020 (2017: 7.6%).
- Net working capital as percentage of gross revenues lower than 17.0% (2017: 16.9%), and Days Sales Outstanding (DSO) below 85 days (2017: 88 days).
- Return on invested capital (ROIC) to exceed 10% (2017: 7.3%).
- Net debt/EBITDA ratio between approximately 1.0 and 2.0 (2017: 2.3).

Arcadis will execute its new strategy with an efficient and robust capital structure and has fully embedded risk management in its operations. The strategy also entails that it will review its portfolio of activities regularly.

Furthermore, Arcadis’ aims to significantly contribute to the United Nations Sustainable Development Goals (SDGs). Already in 2016, Arcadis made an initial assessment where it can best contribute to the seventeen SDGs, which assessment was further refined in 2017 by specifically looking into the relevance of SDGs on target level.

The Sustainable Development Goals to which Arcadis’ contribution is most material are:

More information can be found on pages 30 and 31.
THE STRATEGIC CONTEXT

MEGA TRENDS
- Urbanization & mobility
- Sustainability & climate change
- Shift to digital
- Industry consolidation
- Changing client patterns
- Scarcity of qualified people

PERSONALITY
- Connect all our people where they can be at their best
- Grow through providing integrated and sustainable solutions to our clients
- Focus on where we want to lead

STAKEHOLDER DIALOGUE
- Grow through partnering with architects, contractors, and engineers in the future

SDGs RELEVANT FOR ARCADIS
- Focus on where we can lead
- Deliver client and project excellence

COMPETITIVE LANDSCAPE
- Change client patterns
- Shift to digital
- Increase industry consolidation
- Scarcity of qualified people

CONNECTIVITY MATRIX

PEOPLE CULTURE
- People first
- Connect all our people where they can be at their best
- Grow through partnering with architects, contractors, and engineers in the future

ADVICE & DELIVER SUSTAINABLE SOLUTIONS
- Be a digital front runner
- Deliver client and project excellence

FOCUS WHERE WE CAN LEAD
- Build leadership positions based on relevance for clients, local presence, and global position
- Be an integrator of businesses that fit our criteria

RELEVANCE
- Maintain a relevant offer
- Be a digital front runner

STRATEGIC MESSAGES
- Delivering our new strategy
- Our new strategy
- Sustainability & climate change
- Urbanization & mobility
- Scarcity of qualified people
- Industry consolidation
- Shift to digital
- Changing client patterns

STRATEGIC PILLARS
- People & culture
- People first
- Connect all our people where they can be at their best
- Grow through partnering with architects, contractors, and engineers in the future

PRINCIPLES
- People first
- Connect all our people where they can be at their best
- Grow through partnering with architects, contractors, and engineers in the future

LEGALITY
- Be an integrator of businesses that fit our criteria
- Maintain a relevant offer
- Be a digital front runner

PEOPLE FIRST
- Delivering our new strategy
- Our new strategy
- Sustainability & climate change
- Urbanization & mobility
- Scarcity of qualified people
- Industry consolidation
- Shift to digital
- Changing client patterns

LIVING OUR VALUES
- Foster a balanced culture that is driven by our core values
- Build leadership positions based on relevance for clients, local presence, and global position
- Be an integrator of businesses that fit our criteria

ATTEND, DEVELOP, AND RETAIN THE WORKFORCE OF THE FUTURE
- Be a digital front runner
- Deliver client and project excellence

MEGA TRENDS
- Urbanization & mobility
- Sustainability & climate change
- Shift to digital
- Industry consolidation
- Changing client patterns
- Scarcity of qualified people

OUR NEW STRATEGY
- People first
- Connect all our people where they can be at their best
- Grow through partnering with architects, contractors, and engineers in the future

RELATED RISKS
- Reputation risk
- People risk
- Capabilities risk
- Sustainability risk
- Compliance risk
Arcadis’ passion, improving Quality of Life, is put into practice by providing sustainable and innovative solutions to our clients and giving our people the opportunity to succeed by putting them first. A clear example is the Shelter program, our partnership with UN-Habitat.

In September 2017, a team of four Brazilian and one Dutch Arcadians traveled to the remote African islands São Tomé and Príncipe to support a UN-Habitat project aimed at better housing for a poor community on a former plantation. In close cooperation with the local community, the Shelter experts provided UN-Habitat with advice on drinking water, flood management, civil engineering, and environmental issues.

Julia Saito Di Tullio, environmental expert from Brazil, commented on this memorable experience as quoted above.

“I felt very honored and grateful for the opportunity to participate on this mission. The most challenging part was changing the final outputs according to the actual demands of the project. What I learned most was how to integrate different visions and expectations to accomplish a common goal, and the best part about being on this mission was working with several people from various parts of the world.” – Julia Saito Di Tullio, Arcadis Ambiental.

MEETING LONG-TERM NEEDS FOR WATER

The West Gate Tunnel Project is a proposed tunnel and elevated motorway that connects the West Gate Freeway with the Port of Melbourne, CityLink, and the CBD, providing an alternative river crossing and easing pressure on the West Gate Bridge.

• Arcadis will provide independent review and environmental auditing services (IREA) during the Planning phase as well as the Design and Construction phases. Arcadis is the project lead for auditing services and will deliver in collaboration with WSP and APP.

• The West Gate Tunnel Project will create a critical piece of linking infrastructure, providing commuters with faster and safer travel routes and removing thousands of trucks from residential streets.

• These services commenced in June 2017.

SÃO TÔMÉ AND PRÍNCIPE

Through the Shelter program, Arcadis provides pro bono technical support to UN-Habitat in locations where this is needed, using the expertise of our people with the humanitarian goals of UN-Habitat.

Since 2010, Arcadis supported in over 100 development and disaster recovery projects all over the world in cooperation with UN-Habitat, an annual Academy for knowledge transfer, and sponsored the UN-Habitat Urban Compass. The Shelter program is supported by the Lovinklaan Foundation.

IMPACT

• Arcadis will provide independent review and environmental auditing services (REAs) during the Planning phase as well as the Design and Construction phases. Arcadis is the project lead for auditing services and will deliver in collaboration with WSP and APP.

• The West Gate Tunnel Project will create a critical piece of linking infrastructure, providing commuters with faster and safer travel routes and removing thousands of trucks from residential streets.

• These services commenced in June 2017.

West Gate Tunnel Project – Independent Reviewer and Environmental Auditor (REAs) Services

Melbourne, Australia
## Performance & Developments

### People & Culture

**Create an Environment Where All Our People Can Be at Their Best and Attract, Develop, and Retain the Workforce of the Future**

At Arcadis, we take an integrated approach towards developing engaged and competent people, and continue to work with our partners and clients to increase the understanding of our social impact. With the launch of our new strategy, in which ‘People & Culture’ is one of the three strategic pillars, we are reinforcing our commitment to our people.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>27,080</td>
<td>27,327</td>
<td>27,327</td>
</tr>
<tr>
<td>Employee engagement score</td>
<td>3.07</td>
<td>3.03</td>
<td>3.03</td>
</tr>
<tr>
<td>Voluntary turnover rate as % of total staff</td>
<td>15.0%</td>
<td>14.6%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Identified leadership potential rate retention %</td>
<td>90%</td>
<td>94%</td>
<td>94%</td>
</tr>
<tr>
<td>Females in total workforce as % of total staff</td>
<td>36%</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>Total recordable case frequency (TRCF) per 200,000 work hours</td>
<td>0.26</td>
<td>0.11</td>
<td>0.11</td>
</tr>
<tr>
<td>Lost time case frequency (LTCF) per 200,000 work hours</td>
<td>100%</td>
<td>97%</td>
<td>97%</td>
</tr>
<tr>
<td>Employees passing code of conduct training of all employees in 2017</td>
<td>100%</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td>Number of AGBP alleged breaches</td>
<td>100%</td>
<td>76</td>
<td>76</td>
</tr>
<tr>
<td>Investigated AGBP alleged breaches</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

For definitions and methods of measure for these indicators please refer to page 251. The indicators that fall within the scope of limited assurance of our external auditor are marked with the symbol (2017 only). For explanations on the scoping and outcomes, please refer to the independent auditor’s report, which includes details on all topics and outcomes.
Diverse, talented, and engaged people are key to our business success, and make Arcadis a great place to work at. Living our core values, our employees underline the successful implementation of our culture and the way we take care of people, both within and outside the organization.

Mary Ann Hopkins, Executive Board member, has been leading the working group which is looking to embed our values and behaviors into our everyday business. We strongly believe that fostering an open and inclusive culture will contribute significantly to our people’s sense of well-being and job fulfillment. In 2018, a blueprint plan to bring the values and behaviors to Life will be implemented across all regions.

The number of employees increased from 27,080 as at the end of 2016 to 27,327 by year-end 2017, with the split in geography presented in the graph to the right. As approximately 30% of our employees are younger than 30 years, we believe we need to continuously invest in millennials to sustainably develop our future leaders and capture their creativity. The strategy update, announced in November 2017, specifically has team engagement, which allows for action planning at team level. Each manager with seven or more direct reports received a report on team engagement, which allows for action planning at team level.

Being able to give and receive feedback is vital to creating an engaging work environment. Therefore, senior employees are invited to participate in our annual engagement program called ‘Your Voice’. In 2017, 69% of our employees took part in the survey.

The employee engagement score (a score from 0–6) did not improve compared to the previous survey. Our people provided feedback about what they like and find challenging about working at Arcadis. They indicated that the level of transformation is felt throughout the organization. The messages behind the survey results indicate strong progress in the way we focus on clients and put their success at the heart of everything we do. At the same time, there is a room for improvement in terms of how senior leaders connect our strategy and purpose to the day-to-day work for all employees.

Enabling employees to continuously give feedback to their employers is an area for improvement and our new performance management framework will help to build this capability. Necessary action is being taken at all levels (global, regional, local, and team-based) to ensure that our people feel that their voice is being heard. Each manager with seven or more direct reports received a report on team engagement, which allows for action planning at team level.

The strategy update, announced in November 2017, specifically has ‘People & Culture’ as one of its three strategic pillars. To further enhance our commitment to People & Culture, People First has been added as one of our core values.

The value of our employees is made up of their talent, skills, and knowledge. The learning and development opportunities they pursue enhance their value – also referred to as human capital. As such, the talent, skills, and knowledge of our employees not only benefit Arcadis and the individual colleague, but also society at large. We are continuously looking to further increase our people’s value through learning and development.

As part of our efforts to grow our people, we look internally first to promote people into executive level. In 2017, the percentage of people being promoted internally to executive level rose to 94% (up 10% from 2016). In 2017, our overall employee turnover rate was 21%, while the voluntary turnover rate was 14.6% (down 40 basis points from 2016). The retention rate of identified leadership talent increased to 94% (versus 90% in 2010). The retention of identified female leadership talent in 2017 was 100% (2016: 67%). The retention of identified female leadership talent in 2017 was 100% (2016: 67%).
CREATING DIGITAL LEADERSHIP

DEVELOPMENT STAGES

Digital Leadership

Innovation

Data Literacy

Technology Literacy

Digital Asset Lifecycle & BIM

DATA ANALYTICS & VISUALIZATION

Providing a framework for implementing the transformed digital strategies for our business in our digital reality.

Design Thinking & KPIs

Integrating business value

Executive level leadership talent

Providing working experience to emerging leaders

Executive level leadership talent

Enhancing executive & leadership in emerging jobs for our business.

We successfully on-boarded over 6,000 talents in 2017. Most new colleagues come to us via employee referrals (29.8%), or via online job boards (24.5%). We have been able to successfully build our brand awareness through our campaigns and activities on social media, via LinkedIn and through campaigns, and we managed to increase the number of company followers on LinkedIn from 110,000 in 2016 to 190,000 by the end of 2017. Next to LinkedIn, we are successfully promoting our brand and vacancies in these markets.

We believe the most effective way to learn and develop new skills is to apply and practice them on the job and in real-life situations. In our employee engagement survey, Your Voice, our people indicated that they have good opportunities to learn and grow (2.89 in 2017 – equal to 2015).

In 2017, we introduced our new Grow Perform Succeed performance management framework, which complements our core values and our global leadership model. Together they provide clarity of expectations for managers and provide the opportunity to assess and build targeted development plans for our leaders. In line with the new performance management framework, we have developed a campaign for managers that enables them to take the new framework and use it within their areas of responsibility.

The Arcadis Academy is our global hub for learning and development and gives employees access to Program Management, Project Management, Leadership Development, and Client Focus programs. In 2017, the Digital Academy was added to this suite of academies. Setting up the Digital Academy proves our commitment to put People First. The world is becoming increasingly digitized, and our Digital Academy strengthens our people’s competencies at a fast pace to further enhance our competitive edge. As a whole, the Arcadis Academy offers development opportunities that match business and individual needs. In 2017, our overall investment in people development amounted to €9.8 million. This was less than 2016, due to our increased focus on clients and our simplification efforts in 2017.

In 2017, we have raised the number of program participants. 31 people enrolled on Practitioner course – accreditation for MSP license. We exceeded target audience by 113%.

We believe that it is important for our management teams to reflect the diversity of our overall employee base. We know that diverse and inclusive teams better understand client demands and make our organization more innovative. Having the right people in the right jobs, with the right capabilities, helps us to build a stronger business.

In 2017, our leadership has committed to increasing awareness around our gender diversity ambitions – a clear indication of the Company’s commitment to gender equality. Females currently make up 37% of our total workforce. This is a 4% up from 2016, and our focus for 2018 is to increase the further. As part of our talent management efforts we were able to exceed our ambition to increase the percentage of female executives with 4% instead of 2% last year, resulting in 15% female executives in 2017 (11% in 2016, whereby 13% was our ambition for 2017). Next to that, the percentage of female executive leadership has increased from 23% in 2016 to 25% in 2017 (2% above our ambition). As we have seen mixed results in terms of reaching our gender diversity ambitions, which is for instance exemplified when we look at the gender equality pay graph on the next page, as well as the female: male ratio overall (graph next page), we have made it a priority in our strategy to further embed diversity across our businesses.

Based on the input we get from the regions, we have taken the average of salary female management, salary female non-management, and compared that to the average of salary male management and salary of male non-management.

DIVERSITY AND INCLUSION


...
**Health and Safety**

The health, safety, and well-being of employees and stakeholders is central to everything we do at Arcadis. The Health and Safety (H&S) Global Vision and Policy focuses on a culture that strives for zero injuries and illness at work and at home. Best practices and training (through internal and external seminars, amongst others) 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 illnesses 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 looking up with an outside travel safety, security, and health services company, employees have information available to them at all times regarding the preventive measures available to eliminate or minimize risk on our projects.

The Executive Board, Senior Leadership, and all Arcadis staff understand, believe in, demonstrate, and communicate the H&S commitments and engage in continuous improvement under the auspices of the Global H&S Management System standard, which is designed to track Arcadis H&S processes across the company. It focuses on proactive hazard recognition, risk assessment, and risk control to prevent accidents, and 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 illnesses 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 looking up with an outside travel safety, security, and health services company, employees have information available to them at all times regarding the preventive measures available to eliminate or minimize risk on our projects.

**KEY PERFORMANCE INDICATORS**

<table>
<thead>
<tr>
<th>PERFORMANCE &amp; DEVELOPMENTS</th>
<th>Arcadis Annual Integrated Report 2017</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>% of female executive potentials</th>
<th>23%</th>
<th>23%</th>
<th>25%</th>
<th>25%</th>
<th>26%</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of female executives</td>
<td>9%</td>
<td>11%</td>
<td>13%</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>90%</td>
<td>89%</td>
<td>89%</td>
<td>76%</td>
<td>73%</td>
<td>73%</td>
</tr>
<tr>
<td>48%</td>
<td>64%</td>
<td>55%</td>
<td>63%</td>
<td>65%</td>
<td>71%</td>
</tr>
<tr>
<td>52%</td>
<td>36%</td>
<td>45%</td>
<td>37%</td>
<td>35%</td>
<td>29%</td>
</tr>
<tr>
<td>Male</td>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>2015</td>
<td>2016</td>
<td>2017</td>
<td>2017</td>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

**DIVERSITY AND INCLUSION**

**KEY PERFORMANCE INDICATORS**

<table>
<thead>
<tr>
<th>PERFORMANCE &amp; DEVELOPMENTS</th>
<th>Arcadis Annual Integrated Report 2017</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>GENDER PAY GAP</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2017</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2016</td>
<td>2017</td>
<td>2017</td>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

**HEALTH AND SAFETY**

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

1. Prioritization and action plans with quantified targets for Regional CEOs and Leadership.
2. Discussions of work-related risks documentation between H&S leadership and business unit managers on a regular basis, as well as between H&S leadership and Regional Executive Management on at least a quarterly basis.
3. Review of work-related incidents (see step six of the principles as described on the previous page).
4. Conducting internal inspections and consultations by H&S specialists.
5. Independent external verification of health, safety, and well-being.
6. H&S targets being embedded in performance appraisals and remuneration of management, which supports a health and safety culture through behavior-based observations and shared information, celebrating successes through safety competition, recognition, and rewards.

The Global H&S Management System identifies and tracks work-related risks through annual risk identification and assessment at business level (e.g., training and consultation program for each region is captured in a consolidation tool), and reported on a quarterly basis to Arcadis’ headquarters. Designed to stand aside from company-defined 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, which is included in quarterly reporting to the Executive Board and Supervisory Board. This review includes comparisons to other Operating Companies, historical performance, and targets/objectives.

The six fundamental health and safety principles:

1. Demonstration & Health & Safety ownership – Make sure that you and every member of your team gives home safety every day, no matter what your role is in the company.
2. Use TRACK - APPLY every day when planning basic and before starting any task, and use TRACK again when conditions change. Our employees use the TRACK & proceed to:
   - Think through the task
   - Recognize the hazards
   - Access the risk
   - Control the risk
   - Keep health and safety first on 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?’ – 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.
5. Undertake Health & Safety Planning – and remains a critical component of the Continuously improves our performance, which supports a health and safety culture through behavior-based observations and shared information, celebrating successes through safety competition, recognition, and rewards.
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.
Today’s complex business environment demands that we firmly embed integrity in our daily business practices. Integrity means that we always work to the highest professional and ethical standards and establish trust with our clients, shareholders, business partners and employees, the public, and to governments and the laws and cultures of the countries in which we operate.

The Arcadis General Business Principles (AGBP) further define our interpretation of business ethics. The AGBP set guidance for our business decisions and actions throughout the world and apply equally to company actions and to individual behavior of all our employees in conducting Arcadis’ business.

GOVERNANCE

The Compliance function resides since 2017 with the Enterprise Risk Management, as well as the Chief Compliance Officer. The Compliance function is composed of a Compliance Officer and a Compliance Committee. Each Compliance Committee includes the Compliance Officer as well as Legal and Human Resources experts.

The Enterprise Risk Management, as well as the Chief Compliance Officer, is responsible for the development and implementation of the AGBP and the AGBP training.

Every Arcadis employee has equal opportunity for personal recognition, advancement, career development, and compensation, regardless of background or beliefs. The same policy applies to recruitment. No form of discrimination or harassment is tolerated.

MONITORING AND ACCOUNTABILITY

We report all our people to sign off and comply with the AGBP. In addition, every two years Arcadis complete online compliance training aimed at increasing awareness of our AGBP and culture, and makes the training available on the global Integrity Phone Line. This tool is available 24 hours/7 days a week to our employees. Reports of suspected misconduct can be made in native languages.
PERFORMANCE & DEVELOPMENTS

COMMITMENT TOWARDS SOCIETY

- We operate in many countries, and we comply with national laws and respect the culture, integrity in question and we subscribe to the ten principles set out in the United Nations Global Compact.
- We endeavor to adjust ourselves to local situations by building strong client relationships and to choose a proper approach in coping with dilemmas within the bounds of applicable law and ethical responsible business conduct.

Please refer to the section on Enterprise Risk Management for details.

COMMITMENT TOWARDS EMPLOYEES

- Arcadis values its employees as a key asset and respects their human and labor rights so they may work in a safe, healthy, professional, and supportive environment.
- A culture where colleagues collaboratively nurture a caring and respectful working environment where everyone can succeed and bring our values to life in the workplace and in the way Arcadis does business.

Please refer to the Connectivity matrix on pages 37 to 39.

DISCLOSURES RELATED TO EMPLOYEE MATTERS

Arcadis has a set of Global Business Principles through which in relation to employee matters, the company commits to the following:

- Every employee has an equal opportunity for personal recognition and career development, regardless of personal background or belief.
- The same policy applies to recruitment of employees. No form of discrimination or harassment will be tolerated.
- Arcadis people are encouraged to participate in community activities unless such participation conflicts with employment duties to Arcadis.

Please refer to the section on Enterprise Risk Management for details on risk mitigation on respect of this topic (page 130 to 135). For key performance indicators, please refer to the Connectivity matrix on page 37.

DISCLOSURES RELATED TO SOCIAL MATTERS

Arcadis has a set of Global Business Principles through which in relation to social matters, the company commits to the following:

- Arcadis is committed to making contributions to society, supporting behavioral change in operations and the outlooks of clients, suppliers, and stakeholders. These principles include: Brand/Values, Performance, Integrity, Collaboration, and Sustainability – and show to the world who demonstrate the Arcadis values – People First, Client Success, Integrity, Collaboration, and Sustainability – and show individual initiative in combination with a high degree of knowledge and experience of the services, local market, and culture.

Please refer to the section on Enterprise Risk Management for details on risk mitigation on respect of this topic (page 130 to 135). In general, for key performance indicators, please refer to the Connectivity matrix on page 37.

DISCLOSURES RELATED TO COMPETITION MATTERS

Arcadis seeks to create a workplace and collaborative environment which:

- Is a source of competitive advantage for the business
- Reflects the Arcadis brand and core values
- Shapes engagement with and perception by our clients, markets and stakeholders
- Makes Arcadis people proud and enables them to operate in a progressive manner

Eleven key principles have been identified to enable the transformation of the Arcadis workplace. These principles frame how the workplace should be used as a vehicle for asset-driven transformation while supporting behavioral change in operations and the outlooks of clients, leadership, and people. These principles include:

- Brand/Values
- Connectivity
- Personal Mobility and Flexibility
- Collaboration
- Productivity, Leadership and Mentoring
- People, Knowledge, Sustainability, Asset Flexibility, Affordability

Please refer to the section on Enterprise Risk Management for details on risk mitigation on respect of this topic (page 130 to 135). In general, for key performance indicators, please refer to the Connectivity matrix on page 37.

ARCADIS HAS A GLOBAL SUSTAINABILITY POLICY THROUGH WHICH, IN RELATION TO EMPLOYEE MATTERS, COMMITS TO THE FOLLOWING:

- We empower and encourage our people, through training and our senior leaders, to embrace sustainable practices in everything we do.

Please refer to the Connectivity matrix on page 37.

ARCADIS HAS A GLOBAL REAL ESTATE GUIDELINE WHICH, IN RELATION TO EMPLOYEE MATTERS, COMMITS TO THE FOLLOWING:

The Arcadis CRE (Corporate Real Estate) Guidelines reflect our belief that physical space is a strategic asset that provides the organization with a source of competitive advantage.

The Arcadis CRE (Corporate Real Estate) Guidelines reflect our belief that physical space is a strategic asset that provides the organization with a source of competitive advantage.

The Arcadis CRE (Corporate Real Estate) Guidelines reflect our belief that physical space is a strategic asset that provides the organization with a source of competitive advantage.

The Arcadis CRE (Corporate Real Estate) Guidelines reflect our belief that physical space is a strategic asset that provides the organization with a source of competitive advantage.

Please refer to the Connectivity matrix on page 37.

TAX POLICIES AND COMPLIANCE (PAYING FAIR TAXES)

Tax policies and compliance (paying fair taxes) was identified as a material topic as per the Stakeholder Dialogue (see page 27 to 29). In this regard, Arcadis’ tax principles are based upon and informed by the same core values encoded in the Arcadis General Business Principles (AGBP) and our codes of conduct, as discussed with the Audit Committee in 2016.

Throughout the year, (potential) tax risks are identified, monitored, and acted upon, to mitigate and preemptively avoid said risks. All material corporate income tax returns are reviewed by an external tax firm.

Taxable profits are recognized in countries in which value is created in accordance with domestic and international tax rules and standards (such as OECD Guidelines) and applying the arm’s length principle.

Arcadis does not seek to avoid tax using secrecy jurisdictions, or so-called tax havens, without commercial substance.

Arcadis complies with its statutory obligations, pays tax on time, and builds and maintains a good, honest, and open working relationship with tax authorities. In this respect, Arcadis agreed on a horizontal monitoring covenant with the Dutch tax authorities. Arcadis aims to comply with the letter and spirit of the law and makes tax-related disclosures in accordance with the relevant domestic regulations, as well as applicable reporting requirements and standards (such as IFRS).

Information with respect to the reconciliation of the effective tax rate to statutory tax rate can be found on page 179.

Please refer to the section on Enterprise Risk Management for details on risk mitigation on respect of this topic (page 130 to 135). In general, for key performance indicators, please refer to the Connectivity matrix on page 37.

See our overview of material topics on page 37.
Building on work in previous years, in 2017 we worked on developing a global privacy program. As part of this effort, we submitted Privacy Codes (Binding Corporate Rules) which were approved by the European Data Protection Authorities in 2018. We also performed Privacy Impact Assessments as well as various training and awareness sessions, and we established a governance structure with privacy officers in all regions, which was concluded with the appointment of a Chief Privacy Officer at global level. In 2018, we will continue to implement the global privacy program within Arcadis worldwide.

**RISK MANAGEMENT FRAMEWORK**

Our brand strategy is one of differentiation and focus. We seek to differentiate Arcadis from our competitors through our ability to improve quality of life, whilst delivering exceptional and sustainable outcomes for our clients in the natural and built environment. We measure our brand performance across a wide scope of criteria and have set specific KPIs around our ability to deliver: firstly, our brand differentiation; secondly, our brand position; and finally, our ability to convert both awareness and strong position into genuine business results. A series of hard and soft metrics sets under each of these three pillars, which are measured both globally and within our regional businesses.

In 2017, we started to enhance how we listen and respond to the voice of our clients and measure client experience. The program was initiated as part of the Arcadis Way design to be even closer to our clients and markets, and to progress sustainable long-term client partnerships across Arcadis.

**CLIENT EXPERIENCE (CX)**

In 2016, Arcadis developed and issued a Human Rights and Labor Rights Policy to address human rights and further support our position as an employer of choice. At Arcadis, we recognize the human rights of all people as outlined in the Universal Declaration of Human Rights, the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights.
Create today Through a range of one-day activities, Arcadis provide hands-on assistance, such as help with home improvements, and the clean-up of public spaces for disadvantaged groups, including elderly and disabled people in 2017, 112 projects were performed in the area.

Create tomorrow is about helping local communities, by sharing our knowledge and experience to improve their quality of life. Our support consists of process consulting, technical advice, and access to our extensive network.

Shelter is a good intentional example in 2017, 75 projects were geared towards supporting the program line.

Create the future is all about nurturing future talent. We bring together present-day experts and the talents of the future. For example, the Arcadis Challenge, an annual competition created to spark interest in present-day experts and the talents of the future. We bring together

CREATE TODAY
During the night and day challenge in the UK, a walk/cycle/run event, CREATE TODAY is all about nurturing future talent. We bring together present-day experts and the talents of the future. We bring together

CREATE THE FUTURE
In 2017, Arcadis across Europe and the UK, ran several programs directed at helping young refugees. These programs were partly funded by the Executive Board. Our Dutch colleagues, for example, participated in the Future2Future program with an aim of helping young refugees with an interest in engineering are inspired to invest in their own future in a two-year course learning about construction management services, cost management services, labor rights issues related to our business where appropriate, taking

COMMUNITY ENGAGEMENT
Arcadis people dedicate time, expertise, and money to many local community involvement initiatives. We encourage our people to participate in these activities, and in a growing number of regions time was made available for our people to do so on company time. In 2017, a total of 218 initiatives were recorded in our social programs, we perform our-based activities and projects in the following areas.

Every day, 3,382 tons of food is disposed of at Hong Kong landfill sites, across the region in conjunction with local municipalities.

In 2017, Arcadis supported the Food Carnival program at St. James’ Settlement, which is facilitating food donation in a more efficient way. The festival included the surplus food buffet, green workshops, and family games.

In 2017, Arcadis supported the Food Carnival program at St. James’ Settlement, which is facilitating food donation in a more efficient way.

Arcadis operated through the projects it performs on behalf of its clients. We are committed to engaging in dialogue with stakeholders on human rights and labor rights issues related to our business where appropriate, taking the view that local issues are most appropriately addressed at local level. Please refer to the section on Enterprise Risk Management for details on risk mitigation on respect of this topic (page 130 to 139).

Also, we are involved in a training and educational model in the Penalo area – near Santiago. It functions as a kind of learning program. The curriculum featured environmental topics, building-related issues, water knowledge, and soft skills. Some of the participants already have working experience, others were forced to give up their studies as they fled their country of origin. The goal of the program is to provide the refugees the opportunity to build up a business network in the Netherlands, thus improving their chances for employment. Arcadis people open their business networks in support of these initiatives, who participate in the program during their school period.

In 2017, Arcadis supported the Food Carnival program at St. James’ Settlement, which is facilitating food donation in a more efficient way.

value of community engagement activities
In all, Arcadis' and employee donations, work and contributions, sponsoring, and funding for community engagement activities amounted to €50,123 in 2017. This includes the company’s own funding for the Shelter program, the cooperation with KNHM, and countless regional and local initiatives.

In 2017, Arcadis supported the Food Carnival program at St. James’ Settlement, which is facilitating food donation in a more efficient way. The festival included the surplus food buffet, green workshops, and family games.

In 2017, Arcadis supported the Food Carnival program at St. James’ Settlement, which is facilitating food donation in a more efficient way. The festival included the surplus food buffet, green workshops, and family games.

In 2017, Arcadis supported the Food Carnival program at St. James’ Settlement, which is facilitating food donation in a more efficient way. The festival included the surplus food buffet, green workshops, and family games.

In 2017, Arcadis supported the Food Carnival program at St. James’ Settlement, which is facilitating food donation in a more efficient way.
This year, the Global Shapers focused on two key strategic imperatives: sustainability and digital. Under the umbrella theme of #sustainabillity4impact – digital solutions to improve quality of life, Global Shapers worked on four assignments to further improve the awareness of our sustainability and digital solutions both within the organization and externally. The end result: a sustainability platform that allows one to search all sustainability tools within and outside the organization; a suite of digital solutions, ranging from interactive case studies and customer journey experience to an Augmented Reality model of one of our landmark projects in Kuala Lumpur; a roadmap to embed sustainable and digital solutions across our business by 2025; and advice on the key behaviors that underpin our Arcadis values.

All of these deliverables were presented successfully to members of the Arcadis Executive Board, the Arcadis Asia Leadership Team, and the colleagues of the Arcadis Malaysia office during the grand finale of the face-to-face program. 30% of our employee base is below the age of 30 – they are the leaders of the future.

Since its launch in 2011, Global Shapers has become a powerful network of more than 1,500 young professionals. Together they create a ripple effect throughout the organization by using their generation’s strengths, such as being tech savvy and collaborative minded.

If you want to know more about the Global Shapers program, go to: www.arcadisglobalshapers.com

Global Shapers is our annual program that offers 100 early career professionals from around the world the opportunity to grow their network internationally, share knowledge, and collaborate on business-driven projects. Global Shapers is sponsored by the Lovinklaan Foundation – Arcadis’ largest shareholder. The program focuses on learning through working together in an international group, in both a virtual and a face-to-face phase. This year’s face-to-face program took place in Kuala Lumpur, Malaysia.

“Being part of Global Shapers: Generation 2017 was one of the most incredible things I’ve done as an Arcadian. It was a wonderful way to experience the diversity of people and capabilities that we have within the business. I developed some really strong relationships during the program and will be using these to help bring international best practice to my projects.”

Jack Scott, Consultant, Business Advisory

“Participating in Global Shapers widened my view of the world, inside and outside of Arcadis. I’ve never experienced something more energizing or motivating than spending time with 98 of my successful peers from around the globe, learning, sharing, and working to move our business forward. It’s unforgettable.”

Lisa Campbell, Global Brand and Content Strategy Manager

“Being part of Global Shapers: Generation 2017 was one of the most incredible things I’ve done as an Arcadian. It was a wonderful way to experience the diversity of people and capabilities that we have within the business. I developed some really strong relationships during the program and will be using these to help bring international best practice to my projects.”

Jack Scott, Consultant, Business Advisory
Innovation & Growth

At Arcadis, the focus on innovation and growth helps us to create the best sustainable outcomes for our clients and society, while improving our financial performance. We scale existing technologies and explore new ones in co-creation with clients, and we apply integrated thinking to solve complexity. We utilize our local market knowledge and leverage our global experience for best-in-class solutions.

GROW THROUGH PROVIDING INTEGRATED AND SUSTAINABLE SOLUTIONS TO OUR CLIENTS, AND BE A DIGITAL FRONTRUNNER

ORGANIC REVENUE GROWTH

- Net Revenues
  - Organic net revenue growth in 2017, overall Arcadis
  - Organic net revenue growth in key clients in 2017, net revenues

BOOK-TO-BILL RATIO

- Net Revenues
  - Book-to-bill ratio

REVENUE GROWTH KEY CLIENTS

- Net Revenues
  - Revenue growth key clients in 2017, net revenues

REVENUE GROWTH BIG URBAN CLIENTS

- Net Revenues
  - Revenue growth big urban clients in 2017, net revenues

% OF REVENUES USING BIM LEVEL 2

- Net Revenues
  - % of revenues using BIM Level 2 from 2018 onwards

% OF REVENUES INVESTED IN DIGITAL TECHNOLOGIES

- Net Revenues
  - % of revenues invested in digital technologies from 2018 onwards

ARCADIS' CARBON FOOTPRINT

- MT CO2 per FTE
  - Carbon footprint per FTE

NUMBER OF IDENTIFIED ENVIRONMENTAL NON-COMPLIANCES

- None
  - Number of identified environmental non-compliances

% OF REVENUES THAT RELATE TO RELEVANT SDGS

- Net Revenues
  - % of revenues that relate to relevant SDGs from 2018 onwards

For definitions and methods of measure for these indicators please refer to page 251. The indicators that fall within the scope of limited assurance of external auditors are marked with the * symbol (2017 only). Further information on the indicators and details on the assumptions and outcomes can be found in the Assurance report of the independent auditor, which includes details on the scope and outcomes.
While our primary focus is organic growth, we also look for opportunities to further expand our digital and data expertise, as evidenced by the recent acquisitions of E2 ManageTech and SEAMS. It is one of our strategic priorities to become a digital frontrunner in the industry, while our primary focus is organic growth, we also look for opportunities to further expand our digital and data expertise as evidenced by the recent acquisitions of E2 ManageTech and SEAMS. It is one of our strategic priorities to become a digital frontrunner in the industry.

Innovation and growth have been key focus areas in 2017. We have seen great success and growth performance where we have focused our efforts and attention, and that inspiring insights with key clients around the globe co-create innovative solutions, whether it is smart factories, use of artificial intelligence, electrification and connectivity, or mobility and innovative resiliency solutions. We will continue these initiatives and prioritization of client focus going forward, nurturing our long-term, sustainable partnerships with selected clients.

The global client team comprises two sector experts and city executors who actively keep up with the fast-paced market conditions and trends, and form deep sector and market insights. Together with our local experts, this forms the foundation of our global knowledge and thought leadership, which we share globally for best practice local delivery and to help our clients to better understand their position and benchmark themselves against others in the market.

To ensure best-practice behavior and delivery, we also have a strong focus on continuous skills and people development through our dedicated Client Focus (CoF) Academy.

Deep market insight, our strong client relationships, and continuous people development create the key components of both programs and set us apart in the marketplace.

Our business development efforts are guided by a robust strategic pursuits program, where we bring the best of Arcadis together to meet the complex challenges of the markets and clients we serve. Our key client programs are guided by a dedicated team of people and teams who work closely with our clients to understand their complex challenges and what matters most to them.

Our strong relationships with leading global contractors and investors have enabled us to work in diversified markets and geographies. This has created the opportunity for Arcadis and our contractor partners to team up on many mega-projects across the world. Working in collaboration with our clients, we have helped them to differentiate themselves and deliver iconic structures.

Global Excellence Centers (GECs) contribute to our competitive advantages. They bring experience, innovation, and agility to local markets, delivering consistent quality and cost-efficiency while remaining responsive to local needs. We will continue to partner with our contractor clients on the world’s biggest and most complex projects, all while managing expectations and increasing the experience and expertise of our colleagues around the world.

Manufacturing & Technology

The sector is transforming; industry 4.0, additive manufacturing, digitalization, and mobility are forcing clients to review current operations and ways of working. Our clients continue to embed sustainability into their global operations, as they redefine supply chains and centralize capital investment. As a result, the way goods are being manufactured is shifting and the focus is now on what the ‘factory of the future’ will look like for our clients in this sector.

We are positioned well, on the one hand, we are involved in the development of new data-driven, efficient, and agile manufacturing sites, and on the other, we advice on optimising the older or redundant sites and how they can be redeveloped.

Our Pharmaceutical clients are continuing to invest in research & development, manufacturing, and due to market demand. Companies are always looking for a new pipeline of products to secure future revenues and alternative routes to produce them at a lower cost to improve their bottom line.

Our Chemical clients are specializing in areas where they can achieve higher margins and where they can identify efficiency savings around lower capital expenditure. We recently partnered with a global corporation to develop efficiencies in their water, energy, and maintenance programs and saved them €10 million as a result.

Our key client programs are guided by a dedicated team of people and teams who work closely with our clients to understand their complex challenges and what matters most to them.

We create value for clients by helping manage complex programs, getting new products to the market at speed, consulting on operational efficiency, and reaching sustainability targets.

Our Pharmaceutical clients are continuing to invest in research & development, manufacturing, and due to market demand. Companies are always looking for a new pipeline of products to secure future revenues and alternative routes to produce them at a lower cost to improve their bottom line.

Our Chemical clients are specializing in areas where they can achieve higher margins and where they can identify efficiency savings around lower capital expenditure. We recently partnered with a global corporation to develop efficiencies in their water, energy, and maintenance programs and saved them €10 million as a result.

Our key client programs are guided by a dedicated team of people and teams who work closely with our clients to understand their complex challenges and what matters most to them.

We create value for clients by helping manage complex programs, getting new products to the market at speed, consulting on operational efficiency, and reaching sustainability targets.

Our Chemical clients are specializing in areas where they can achieve higher margins and where they can identify efficiency savings around lower capital expenditure. We recently partnered with a global corporation to develop efficiencies in their water, energy, and maintenance programs and saved them €10 million as a result.

Our key client programs are guided by a dedicated team of people and teams who work closely with our clients to understand their complex challenges and what matters most to them.

We create value for clients by helping manage complex programs, getting new products to the market at speed, consulting on operational efficiency, and reaching sustainability targets.

Our Chemical clients are specializing in areas where they can achieve higher margins and where they can identify efficiency savings around lower capital expenditure. We recently partnered with a global corporation to develop efficiencies in their water, energy, and maintenance programs and saved them €10 million as a result.

Our key client programs are guided by a dedicated team of people and teams who work closely with our clients to understand their complex challenges and what matters most to them.

We create value for clients by helping manage complex programs, getting new products to the market at speed, consulting on operational efficiency, and reaching sustainability targets.

Our Chemical clients are specializing in areas where they can achieve higher margins and where they can identify efficiency savings around lower capital expenditure. We recently partnered with a global corporation to develop efficiencies in their water, energy, and maintenance programs and saved them €10 million as a result.

Our key client programs are guided by a dedicated team of people and teams who work closely with our clients to understand their complex challenges and what matters most to them.

We create value for clients by helping manage complex programs, getting new products to the market at speed, consulting on operational efficiency, and reaching sustainability targets.

Innovation and growth have been key focus areas in 2017. We have seen great success and growth performance where we have focused our efforts and attention, and that inspiring insights with key clients around the globe co-create innovative solutions, whether it is smart factories, use of artificial intelligence, electrification and connectivity, or mobility and innovative resiliency solutions. We will continue these initiatives and prioritization of client focus going forward, nurturing our long-term, sustainable partnerships with selected clients.

The global client team comprises two sector experts and city executors who actively keep up with the fast-paced market conditions and trends, and form deep sector and market insights. Together with our local experts, this forms the foundation of our global knowledge and thought leadership, which we share globally for best practice local delivery and to help our clients to better understand their position and benchmark themselves against others in the market.

To ensure best-practice behavior and delivery, we also have a strong focus on continuous skills and people development through our dedicated Client Focus (CoF) Academy.

Deep market insight, our strong client relationships, and continuous people development through our dedicated Client Focus (CoF) Academy.

Our business development efforts are guided by a robust strategic pursuits program, where we bring the best of Arcadis together to meet the complex challenges of the markets and clients we serve. Our key client programs are guided by a dedicated team of people and teams who work closely with our clients to understand their complex challenges and what matters most to them.

We create value for clients by helping manage complex programs, getting new products to the market at speed, consulting on operational efficiency, and reaching sustainability targets.
Furthermore, with the increase of technology in society we have seen the demand for data- and distribution centers continuing to rise globally. In 2017, we were awarded the Best Industrial Logistics and Distribution Awards in Cannes, for a Nike Distribution Store in Belgium where we used our breadth of services to address global issues at a local scale. We will continue to evaluate their assets and liabilities.

Our skilled financial experts strive to stay attuned to our clients’ requirements with a quick and agile response, using our breadth of coverage to address global issues at a local scale.

AUTOMOTIVE

The automotive industry is in the midst of transformative change. Manufacturing is under ever-increasing cost pressures and tightening environmental regulations, and consumers expect the ultimate experience to be delivered across multiple channels, in new retail models. Squeezed from both ends of the value chain and faced with having to adapt and to embrace a new paradigm of connectedness, electrification, sharing, and autonomous driving, our clients look to us for innovative, integrated solutions that embrace digital technologies.

Our highly customized propositions, which include best-in-class facilities, environmental leadership, brand and digital experience for retail, and sustaining the mobility ecosystem to improve efficiency and reduce risk.

BIG URBAN CLIENTS

Both developed and emerging cities are facing expanding urbanization and sustainability challenges. The results in trends that affect urban environments around the world, such as rapid urban growth; increased complexity in urban development; the need to enhance livability and accessibility, and addressing aging infrastructure and real estate. To ensure a good return, clients need to be agile between asset classes and geographies that they are investing in, so we are seeing development capital becoming increasingly important.

During 2017, we expanded our productivity offering across upstream, midstream, and downstream assets, resulting in significant efficiency gains and cost savings for many of the largest integrated global energy companies. This included helping one of the largest historical operators in the North Sea develop a safe and efficient project delivery model. We continue to provide managed services to project and cost management for a portfolio of projects with over €10 billion in total asset value.

For innovative, integrated solutions that embrace digital technologies, our clients look to us for our expertise to improve efficiency and reduce risk.

Our skilled financial experts strive to stay attuned to our clients’ requirements with a quick and agile response, using our breadth of services to address global issues at a local scale.

Through ongoing growth and application of our Arcadis FieldTech Solutions service model, we have been able to help companies effectively manage their portfolio of redundant sites and minimize their ongoing site maintenance costs, while maximizing their return upon ultimate transfer of the property. Our service model also provided a competitive advantage by combining best-in-class local skills with the scalability and consistency of Global Excellence Centers, in North America, Europe, and the UK.

In the year ahead, we anticipate market conditions to stabilise in commodity pricing and expect an increase in activity for projects supported by these economic conditions. Our ability to increase efficiency, achieve cost savings, and extract greater value from a changing asset portfolio directly links to our clients’ needs as they continue to transform their businesses through these uncertain times.

For innovative, integrated solutions that embrace digital technologies, our clients look to us for our expertise to improve efficiency and reduce risk.

Our skilled financial experts strive to stay attuned to our clients’ requirements with a quick and agile response, using our breadth of services to address global issues at a local scale.

COMMERICAL DEVELOPERS

2017 was a year of transition for Commercial Developers across the globe. To ensure a good return, clients need to be agile between asset classes and geographies that they are investing in, so we are seeing development capital becoming increasingly important. Investors are more willing to invest outside of their core country for new opportunities.

Clients recognize that they cannot grow just by taking market share— you need to go elsewhere to get it, either to new markets or new asset types. We have had a successful year following the highly dynamic market of development capital and supporting our clients’ migration to new opportunities.

Over the course of 2017, we have matched our support to clients to suit this fast-changing scene, providing master planning and design services for booming areas, and our consulting and asset optimization offering for pressured markets. Looking ahead to 2018, we maintain our focus on mixed-use development, and also keep pace with the rising demand for retail space, particularly in the multi-occupancy segment, as urbanization continues.

For innovative, integrated solutions that embrace digital technologies, our clients look to us for our expertise to improve efficiency and reduce risk.

Our skilled financial experts strive to stay attuned to our clients’ requirements with a quick and agile response, using our breadth of services to address global issues at a local scale.

Clients recognize that they cannot grow just by taking market share— you need to go elsewhere to get it, either to new markets or new asset types. We have had a successful year following the highly dynamic market of development capital and supporting our clients’ migration to new opportunities.

Over the course of 2017, we have matched our support to clients to suit this fast-changing scene, providing master planning and design services for booming areas, and our consulting and asset optimization offering for pressured markets. Looking ahead to 2018, we maintain our focus on mixed-use development, and also keep pace with the rising demand for retail space, particularly in the multi-occupancy segment, as urbanization continues.
DEEP ORANGE

Deep Orange is a co-creation innovation program based on the fundamental principles of thinking for natural and built assets. In the program, multidisciplinary professionals from client organizations, ecosystem partners, and Arcadis identify innovative digital opportunities for key public and private organizations.

DIGITALIZATION

Digital is everywhere, and it is a big deal. It is changing the way companies and people work, and it ultimately transforms industries. Architecture, Engineering, and Construction (AEC) is one of the last industries to go through a digital transformation but Arcadis is acting to lead digital transformation in the industry. As Arcadis, we are reimagining ourselves for a digital world and the way to do it is radical, outside-in, and together.

The focus is on a three-hour timespan innovation process preparing us for today, tomorrow, and after tomorrow. By implementing the strategy, we will scale our existing technologies and explore new technologies in co-creation with clients.

Early 2017, a new digital leadership team was presented and a Chief Digital Officer (CDO) was appointed. A multidisciplinary team was formed to build a digitally-enabled business by further defining the agenda and establishing areas of client-led priorities to focus and invest in. The core team—which will work closely with the office of the Chief Information Officer—comprises the CDO and leaders in BIM/digital asset lifecycle, digital innovation, data analytics, and ecological partnerships, marketing & communications, and human capital.

Arcadis offers a range of digitally-enabled services throughout the asset lifecycle, including digital engineering and AR/VR simulations, advanced analytics of asset operations (recently accelerated with the acquisition of SEAMS), and user-centric solutions, such as mobility as a service.

As part of our digital strategy, from 2016 onwards, we will track two performance indicators, being ‘percentage of revenues using BIM level 2’ and ‘percentage of revenues invested in digital technologies’, with no numbers currently available for 2017. Over time, our intention is to develop and track outcome-driven indicators.
During 2017, Arcadis also focused priorities on the digital asset lifecycle and the extensive roll-out of BIM. The global BIM program enhances and digitizes the processes and collaboration for all stages of the asset lifecycle and changes the way assets are designed, built, and managed. To strengthen and expand the worldwide BIM-capability, Arcadis entered into a global partnership with Autodesk. Also in 2017, workshops were held to define, amongst others, how we can collaborate within Arcadis to make the digital transformation successful. This included defining the roles in the Sustainability Excellence Centers in this transformation in 2018, as we continue with the digital transformation to make Arcadis a digital front-runner.

THE ARCADIS WAY

The Arcadis Way is our harmonized way of working, which provides us with a true competitive edge. The elements of the Arcadis Way are linked with each strategic pillar, for example with Innovation & Growth. To gain further involvement of our employees with the theme of sustainability, one of our financial reporting experts from our head office in Amsterdam, joined the WBCSD Leadership Program together with 32 other high potential leaders from other industries, focusing on integrating strategic sustainability into business decision making.

WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT

During the World Circular Economy Forum in June, the Business guide to circular water management - spotlight on reduce, reuse, and recycle, was written by Arcadis as an assignment from WBCSD written by Arcadis. This guide was designed to stimulate the circular economy in which we collaborate with other businesses, governments, NGOs, and society. It is an observer of the process and one of the pilot testing companies.

THE UN GLOBAL COMPACT

We have been a member of the UN Global Compact (UNGC) since 2009, and are committed to its objectives and to the ten universal principles regarding human rights, labor standards, environmental stewardship, and anti-corruption. As part of this commitment, we launched our Human Rights and Labor Rights Policy in 2016. Our values, mission, and strategy are fully aligned with the UNGC principles, and our signing of these principles reflects our ambition to be a sustainability leader.

The shocks, but also the stresses that weaken the fabric of a city. In 2015, Arcadis joined the initiative as a Platform-Partner to help cities around the world prepare for, withstand and bounce back from the shocks (i.e., catastrophic events like hurricanes, fires, and floods) and stresses (i.e., slow-moving disasters like water shortages, homelessness, and unemployment) of the 21st century.

To date, we have worked with cities, including Pittsburgh, Virginia, Brussels, Norfolk, and New Orleans, on improving their flood resiliency, by creating resilient roadmaps – making them more resilient and finding ways to finance climate adoption. In 2017, Arcadis conducted a workshop in Bristol and representative also participated in the Norfolk Vision 2100 Workshop the city’s long-term land use vision to mitigate the impacts of sea level rise, with the goal to develop a set of resilience standards that can be incorporated into the city’s current zoning ordinance. The 100 Resilient Cities Project (100RC) is dedicated to helping cities around the world become more resilient to the physical, social, and economic challenges of the 21st century. 100RC supports the adoption and incorporation of a vision of resilience that includes not just the shocks, but also the stresses that weaken the fabric of a city. In 2015, Arcadis joined the initiative as a Platform-Partner to help cities around the world prepare for, withstand and bounce back from the shocks (i.e., catastrophic events like hurricanes, fires, and floods) and stresses (i.e., slow-moving disasters like water shortages, homelessness, and unemployment) of the 21st century.
Energy consumption continued to decrease from 2016 to 2017 as we continue to seek out more energy-efficient buildings and optimize building space. Paper consumption remained relatively constant while the amount of paper waste consumed per employee decreased, likely the result of our continuous improvement efforts, we will continue to investigate these matters to ensure present-day and historical figures accurately reflect improvements resulting from our sustainability initiatives.

We are committed to making progress annually, through the continuous improvement of our program elements and by the refinement of our policies, procedures, and guidelines that affect our carbon footprint. Given the various challenges and priorities in our regional operations, Arcadis has a preference to set regional targets for certain parts of our operations on direct and indirect greenhouse gas emissions and the environment as a whole. We continue to sharpen our approach to understand the full impact of our operations and how to do business rather than a change in methodology or business acquisition. The result helps track our reduction efforts more closely, allowing us to identify improvement areas.

Since 2010, Arcadis has been following a standardized approach in reporting data that is consistent with the World Resources Institute General Reporting Protocol (GRI). In doing so, our carbon footprint reflects the way we do business rather than a change in methodology or business acquisition. The result helps track our reduction efforts more closely, allowing us to identify improvement areas.

For measuring, managing, and reporting on greenhouse gases, we follow methodologies outlined in the Greenhouse Gas (GHG) protocol, as well as the World Business Council on Sustainable Development (WBCSD). Arcadis applies a consistent approach to reporting data that is reported by the operating companies to environmental non-compliance issues were reported within Arcadis in 2017, none of which remain in these projects. Finally, compliance with environmental health and safety standards is greatly reduced. Arcadis has a strong preference to identify new areas where data estimation techniques and key assumptions can be improved. In 2017, property management companies and electric utilities continued to provide more accurate usage numbers and emission factors based on geographic location. In Europe, Arcadis’ focus on increasingly improving quality of life in the communities in which we operate.

We are committed to making progress annually, through the continuous improvement of our program elements and by the refinement of our policies, procedures, and guidelines that affect our carbon footprint.
Arcadis has broad consulting capabilities related to climate change. These range from strategic development activities to providing its clients with consulting on preventing or reducing the causes of climate change. The Paris Agreement presents a significant opportunity for Arcadis, as it requires both governments and private companies to take steps to significantly reduce carbon outputs and increase climate resilience over the next decades.

Our strength in climate change consulting mainly lies in helping clients address the climate issue in their operations to create a lasting positive impact. We do this mainly for urban clients, either creating resilient adaptation strategies or developing resilient infrastructure to withstand the impacts of climate change. We work with our clients on climate change adaptation strategies. Additionally, we assist in the development of material topics and practices for extracting, processing, and recycling water, while recovering resources and replenishing water supply chains and energy solutions in industrial processes, all while minimizing negative impacts.

In 2017, Arcadis developed the Business Guide to Circular Water Management for the World Business Council for Sustainable Development (WBCSD). The principle of this approach is to minimize water waste through the ‘5Rs’ approach: reducing, reusing, and recycling water, while recovering resources and replenishing water. In 2017, Arcadis developed the Business Guide to Circular Water Management for the World Business Council for Sustainable Development (WBCSD). The principle of this approach is to minimize water waste through the ‘5Rs’ approach: reducing, reusing, and recycling water, while recovering resources and replenishing water. Underpinned by a transition to renewable energy sources, the circular economy is restorative and regenerative by design. Relying on system-wide innovation, it aims to redefine products and services to design waste out, while minimizing negative impacts. Looking beyond the current ‘take, make and dispose’ extractive industrial model, the circular economy is restorative and regenerative by design. Relying on system-wide innovation, it aims to redefine products and services to design waste out, while minimizing negative impacts.

CLIMATE CHANGE

CONNECTED

33 employees

Civil society,

Important to

on page 29, and

of material topics

36 and 37.

on page 29, and

of material topics

36 and 37.

CIRCULAR ECONOMY

Looking beyond the current ‘take, make and dispose’ extractive industrial model, the circular economy is restorative and regenerative by design. Relying on system-wide innovation, it aims to redefine products and services to design waste out, while minimizing negative impacts. Underpinned by a transition to renewable energy sources, the circular economy is restorative and regenerative by design. Relying on system-wide innovation, it aims to redefine products and services to design waste out, while minimizing negative impacts.

Arcadis has a Global Sustainability Policy through which, in relation to environmental matters, the company commits to the following:

- Work with our suppliers and partners to select products and services which are socially, economically and environmentally responsible.
- Empower and encourage our people, through training and our senior leaders, to embrace sustainable practices in everything we do.
- As a minimum, comply with legislation and regulatory requirements that apply to our operations and our project activities.
- Set appropriate targets and strive for continuous improvement.
- Where possible, avoid or reduce negative impacts from our own activities and operations.
- Where appropriate, monitor and report on our performance and progress.
- Empower and encourage our people, through training and our senior leaders, to embrace sustainable practices in everything we do.
- As a minimum, comply with legislation and regulatory requirements that apply to our operations and our project activities.
- Set appropriate targets and strive for continuous improvement.
- Where possible, avoid or reduce negative impacts from our own activities and operations.
- Where appropriate, monitor and report on our performance and progress.

In 2017, Arcadis worked on the development of its first circular economy strategy. Identifying opportunities where it can help its clients develop a vision, strategy or action plan related to circular thinking and working. At a tactical level, Arcadis can provide clients with advice on how to incorporate circular thinking into policies and how it relates to sustainability programs. Operationally, Arcadis plays a role in designing circular solutions for construction projects, area development, reuse of buildings and many other concepts.

In 2017, Arcadis developed the Business Guide to Circular Water Management for the World Business Council for Sustainable Development (WBCSD). The principle of this approach is to minimize water waste through the ‘5Rs’ approach: reducing, reusing, recycling and consuming water, while recovering resources and replenishing water. This includes but is not limited to the issues of energy, water, waste and carbon.

This policy is implemented at a regional level to reflect the varying challenges and priorities in different localities. Performance is reported to the Executive Board and made available to our stakeholders as appropriate.

OUTCOMES OF THE POLICY

In 2017, Arcadis NV opted for the implementation of a certified Energy Management System in accordance with ISO 50001, working towards a structural improvement of its energy performance. As a result, Arcadis NV is compliant with local regulations, and formulates tailormade measures that contribute to energy savings. For example, Arcadis NV’s carbon reduction goal is to reduce 30% MT CO2 per FTE and 20% energy (GJ) per FTE in 2025 compared to 2015. To achieve this target, the program will mainly focus on reducing travel by plane, the biggest source of carbon dioxide. Our renewed Travel Policy discourages air travel in favor of virtual meetings. At the same time, short distance travel is replaced by alternative travel methods with less carbon impact, such as train travel. The program also foresees certified green energy to be introduced to the Amsterdam offices of the company during 2018.

In North America, Arcadis is in the process of refurbishing its office portfolio to align it with our sustainable corporate real estate guidelines. During the program in 2017, the company has been able to reuse, repurpose, or repurpose almost one million pounds of used but functional office furniture and products. Through the ‘5Rs’ approach: reducing, reusing, recycling, and consuming water, while recovering resources and replenishing water, the program also foresees certified green energy to be introduced to the Amsterdam offices of the company during 2018.

In 2017, Arcadis NV opted for the implementation of a certified Energy Management System in accordance with ISO 50001, working towards a structural improvement of its energy performance. As a result, Arcadis NV is compliant with local regulations, and formulates tailormade measures that contribute to energy savings. For example, Arcadis NV’s carbon reduction goal is to reduce 30% MT CO2 per FTE and 20% energy (GJ) per FTE in 2025 compared to 2015. To achieve this target, the program will mainly focus on reducing travel by plane, the biggest source of carbon dioxide. Our renewed Travel Policy discourages air travel in favor of virtual meetings. At the same time, short distance travel is replaced by alternative travel methods with less carbon impact, such as train travel. The program also foresees certified green energy to be introduced to the Amsterdam offices of the company during 2018.

In North America, Arcadis is in the process of refurbishing its office portfolio to align it with our sustainable corporate real estate guidelines. During the program in 2017, the company has been able to reuse, repurpose, or repurpose almost one million pounds of used but functional office furniture and products. Through the ‘5Rs’ approach: reducing, reusing, recycling, and consuming water, while recovering resources and replenishing water, the program also foresees certified green energy to be introduced to the Amsterdam offices of the company during 2018.

In North America, Arcadis is in the process of refurbishing its office portfolio to align it with our sustainable corporate real estate guidelines. During the program in 2017, the company has been able to reuse, repurpose, or repurpose almost one million pounds of used but functional office furniture and products. Through the ‘5Rs’ approach: reducing, reusing, recycling, and consuming water, while recovering resources and replenishing water, the program also foresees certified green energy to be introduced to the Amsterdam offices of the company during 2018.
THE ARCADIS WAY
Implementing harmonized business processes, supporting technologies and behaviors, creates a global way of working. The Arcadis Way enables employees to grow and provide superior value to clients, realize their potential, and work jointly towards common goals, based on shared values. In 2017, the Arcadis Way was implemented in Australia, the Middle East, the UK, and the GECs (Philippines and India).

OUR HARMONIZED WAY OF WORKING

PEOPLE & CULTURE
Enable our people to develop in a culture that includes client focus and knowledge exchange

INNOVATION & GROWTH
Enhance client selectivity, and pursue profitable projects

FOCUS & PERFORMANCE
Enhance project performance via best practice processes, and data analytics

Single cloud platform covering People, Clients, Sales, Delivery, Finance, and Business Intelligence

KEY PROCESSES AND OPERATIONAL CONTROL POINTS FOR PROJECTS

MARKET-TO-OPTIONALITY
Create awareness
Identify need
Create opportunity

PURSUIT-TO-WIN
Create pursuit team & approach
Create offer

DELIVER-TO-RESULT
Initiate project
Plan project
Control project
Execute project
Close project

Create opportunity
Sign contract
Project kick-off
Project reviews
Reflect & learn

REALIZING OUR STRATEGIC TARGETS

PROGRESS IMPLEMENTATION ARCADIS WAY
Net revenues of countries on Arcadis Way as percentage of total net revenues

2016
Asia (in part)

2017
Australia, Middle East, UK, and GECs (Philippines and India)
Implemented as at 31 December 2017

2018
Asia (part), North America

2019
Asia (remainder), Continental Europe, Latin America

Implemented as at 31 December 2017
Company ABB, world leader in Industry 4.0 technologies, intends to expand its training centers located in an industrial heritage building in Berlin. Teaming up with Berlin’s Technical University, Arcadis delivers state-of-the-art BIM (Building Information Modeling) for the overall lifecycle of the facility, thus ensuring sustainable and efficient design, construction, and operation of the center.

ABB BERLIN BUILDING
BERLIN, GERMANY

- The new ABB training center will accommodate 60 additional trainees and a new cafeteria.
- A highlight of the new facility will be the ABB Technology Showroom for digitized production and delivery procedures.
- The cutting-edge BIM concept includes maximum energy efficiency with long-term monitoring using ABB technologies.
- Start of operation will be in 2019.
- The €5 million investment is financed by the State of Berlin.
- All stakeholders involved, including public authorities, use the BIM platform for project-related communication and coordination.

Company ABB, world leader in Industry 4.0 technologies, intends to expand its training centers located in an industrial heritage building in Berlin. Teaming up with Berlin’s Technical University, Arcadis delivers state-of-the-art BIM (Building Information Modeling) for the overall lifecycle of the facility, thus ensuring sustainable and efficient design, construction, and operation of the center.

QATAR NATIONAL VISION 2030
ORBITAL HIGHWAY PROJECT
DOHA, QATAR

- Arcadis was the first design & consultancy in Qatar to secure the authorization required to use drone technology for engineering applications.
- Arcadis provided volumetric calculations for the earthworks spread of parts of the Orbital Highway, a new 195km expressway in Qatar.
- Increased precision and efficiency in volume calculations resulted in more accurate design outputs, lower safety risks, and better client outcomes.
At Arcadis, we build leadership positions based on relevance for clients, local presence, and global positions. Businesses that fail to meet our criteria are de-prioritized. Consistency is created through the Arcadis Way. We can offer competitive delivery models by increasing the utilization of our Global Excellence Centers.

**FOCUS WHERE WE CAN LEAD, AND DELIVER CLIENT AND PROJECT EXCELLENCE**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2016</th>
<th>% Change</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenues (€ millions)</td>
<td>3,219</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income from Operations (€)</td>
<td>1.18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating EBITA Margin (%)</td>
<td>7.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Working Capital (% of gross revenues)</td>
<td>16.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Days Sales Outstanding (DAYS)</td>
<td>88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Debt to EBITDA Ratio (Average)</td>
<td>2.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free Cash Flow (€ millions)</td>
<td>98</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For definitions and calculation of these indicators please refer to page 251. The indicators that fall within the scope of limited assurance of the external auditor are marked with the symbol (2017 only). For a description of the significant events and changes in operations, financial position, and cash flows, please refer to the management discussion and analysis. Further details can be found in the annual report. For a description of the significant assumptions and key risk factors, please refer to page 1 (2017 only).
We see a positive outlook for most of our markets, and I am convinced that our strategic priorities will help us in realizing our ambition of growing our operations while maintaining a strong focus on cost and capital productivity.

**FOCUS & PERFORMANCE**

- Net debt/EBITDA at year-end 2017 of 2.1, primarily from €98 million free cash flow
- Market consolidation process for CallisonRTKL started to assess viability of sale
- Proposed dividend 65-67 per share (2016: 65-67) EU. Re-cut ratio unchanged at 49%
- Confirms revenue growth and improved operating margin in 2018

**DIRECT ECONOMIC VALUE GENERATED**

Gross revenues amounted to €3,219 million, and declined organically by 1% from €3,329 million in 2016. Gross margins increased to 55.6% from 54.0% in 2016.

**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 daily average trading volume in Arcadis shares on Euronext Amsterdam in 2017 was 261,937 shares (2016: 334,721). Of the total volume traded in the shares were traded via Turquoise, 13% via Chi-X, 3% via Equiduct, and 5% via BATS. In 2017, the volume in Arcadis options was 159,461 (2016: 10,119).

As of 31 December 2017, and pursuant to the Dutch Financial Supervision Act, the largest shareholders in Arcadis were:

- Fidelity Management & Research 9.85%
- APG Asset Management 9.79%
- Stichting Lovinklaan 18.20%
- BlackRock 7.07%
- Morgan Stanley 6.56%
- Barclays Wealth 5.93%
- Credit Suisse 5.58%
- State Street 5.34%
- JPMorgan 5.05%
- BNP Paribas 4.99%
- UBS 4.75%
- DWS 4.30%
- iShares 4.17%

The average number of shares, used for calculating earnings per share, increased to 85.9 million (2016: 84.1 million). For more information on the number of outstanding shares and options, and another 1,340,343 shares were issued for stock dividend.

SHARE PRICE DEVELOPMENT

On the last trading day of 2017, the Arcadis share price closed at €19.05, while on the last trading day of 2016 it closed at €13.33, a year-on-year absolute increase of 42.9%. Including reinvested dividends, the total return was 48.5%. The development of the share price compared to the peer group companies is shown in the graph on page 91.
The peer group consisted of the following international, publicly listed companies in the consulting and engineering industry with activities and a size comparable to those of Arcadis: Aecom (New York Stock Exchange), Cardno (Australian Securities Exchange), Jacobs (New York Stock Exchange), Pöyry (Helsinki Stock Exchange), RPS (London Stock Exchange), SNC-Lavalin (Toronto Stock Exchange), Sweco (The Nordic Exchange, Stockholm), Tetra Tech (NASDAQ), WSP (Toronto Stock Exchange), Stantec (Boston Stock Exchange), Wood Group (London Stock Exchange), Worley Parsons (Australian Securities Exchange).


### PROFIT AND LOSS PERFORMANCE

The profit and loss performance of Arcadis in 2017 and 2016 is summarized as follows (see also the Consolidated financial statements):

**EBITDA, EBITA, AND OPERATING INCOME**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (€ millions)</th>
<th>EBITA (€ millions)</th>
<th>Operating income reported (€ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>200.5</td>
<td>186.4</td>
<td>160.9</td>
</tr>
<tr>
<td>2016</td>
<td>207.4</td>
<td>175.5</td>
<td>150.1</td>
</tr>
</tbody>
</table>

**Other elements**

- **Depreciation and amortization** decreased to €31 million (2016: €38 million).
- **Operating income** increased by 6% to €186 million (2016: €175 million), which included a €19 million litigation provision release.
- **Operating income** increased by 1% to €186 million (2016: €185 million), as higher results in especially the Middle East. The operating EBITA margin was 7.6% (2016: 7.1%). Non-operating costs were €25 million (2016: €26 million), mainly related to restructuring in Brazil and Continental Europe, and acquisitions and divestments.
- **Operating income** increased to €186 million (2016: €185 million). Arcadis uses operating EBITA to measure the financial performance of operations, while EBITDA is used for debt covenant purposes.

**PERSONNEL COSTS**

Personnel costs were €1,866 million, a 2% decrease compared to the previous year (2016: €1,910 million). Arcadis’ dividend policy is aimed at dividend stability and a pay-out of 40% of net income from operations. As in the previous year, shareholders will be offered the choice between a cash dividend or a dividend in shares, with further details to be provided in the agenda for the Annual General Meeting of Shareholders.

**NET INTEREST EXPENSE**

Our EBITDA in the year was €200 million (2016: €207 million). EBITA decreased by 1% to €186 million compared to €185 million in 2016, which included a €19 million litigation provision release. Operating EBITA increased by 6% to €186 million (2016: €175 million), as higher results in North America and Continental Europe compensated for lower results in especially the Middle East. The operating EBITA margin was 7.6% (2016: 7.1%). Non-operating costs were €25 million (2016: €26 million), mainly related to restructuring in Brazil and Continental Europe, and acquisitions and divestments.

**IMPAIRMENT OF ASSETS**

The outcome of the goodwill impairment test calculation at year-end 2017 revealed that the recoverable amount of the Company increased compared to year-end 2016, with a corresponding increase in headroom, and as such did not result in impairments. In 2016, there was a goodwill impairment of €15 million on the Cash Generating Unit (CGU) Latin America.
NET DEBT
Net debt, which is defined as interest-bearing debt minus cash and cash equivalents, was €716 million (2016: €746 million). Interest-bearing debt also includes after-payment obligations related to acquisitions, totaling €8 million (2016: €4 million).

BALANCE SHEET RATIOS
The year-end debt to EBITDA ratio was 2.1 (2016: 2.2). Based on the average net debt for June 2017 and December 2017, the leverage ratio per the bank covenants was 2.3 (2016: 2.3). The interest coverage ratio was 7 (2016: 6). The return on invested capital was 7.3% (2016: 6.8%).

Other than the balance sheet ratios, remained solid at year-end 2017:
- Net debt to equity ratio was 0.4 (2016: 0.5)
- Leverage-adjusted interest coverage ratio was 2.4 (2016: 2.3)

Covenants in loan agreements with banks stipulate that the average net debt to EBITDA ratio should be below 3.0, which is measured twice a year: at year-end and at end of June. The calculation is based on the average net debt at the moment of measurement and on the net debt to EBITDA ratio at year-end 2017, €430 million in short-term credit facilities were available.

Loans and borrowings decreased from €474 million (2016: €55 million). At year-end 2017, €430 million in short-term credit facilities were available.

The return on invested capital was 7.3% (2016: 6.8%).

The effective income tax rate was 19.7% (2016: 19.3%). The US tax reform was the main reason for the reduced effective income tax rate compared to the rate in the first half of 2017 (29.9%).

Year-end net debt to EBITDA ratio was 2.1 (2016: 2.2). Based on the average net debt for June 2017 and December 2017, the leverage ratio per the bank covenants was 2.3 (2016: 2.3). The interest coverage ratio was 7 (2016: 6). The return on invested capital was 7.3% (2016: 6.8%).

Free cash flow improved to €98 million compared to €88 million in 2016 (€494 million, resulting in an improved covenant leverage ratio of 3:2 (2016: 2:1)).

CASH FLOW PERFORMANCE
Net working capital as a percentage of gross revenues was 16.9% (Q4 2016: 17.5%). The Days Sales Outstanding (DSO) improved to 88 days (2016: 91 days).

See our overview of material topics on page 162, and on page 164.

The year-end net debt to EBITDA ratio was 2.1 (2016: 2.2). Based on the average net debt for June 2017 and December 2017, the leverage ratio per the bank covenants was 2.3 (2016: 2.3). The interest coverage ratio was 7 (2016: 6). The return on invested capital was 7.3% (2016: 6.8%).

Important to these stakeholders:
- Shareholders, management
- Employees
- Customers, suppliers
- Investors
- The local community
- Media

In 2016, the effective income tax rate was impacted by the goodwill impairment and non-tax related losses. However, this was compensated by various positive adjustments relating to prior years and release of certain tax provisions.

Working capital as a percentage of gross revenues is calculated as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>NET WORKING CAPITAL AS % OF GROSS REVENUES</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>16.9%</td>
<td>17.5%</td>
</tr>
</tbody>
</table>

As at 31 December, net working capital, and net working capital as a percentage of gross revenues are calculated as:

<table>
<thead>
<tr>
<th>Year</th>
<th>NET WORKING CAPITAL</th>
<th>€ millions</th>
<th>NET WORKING CAPITAL AS % OF GROSS REVENUES</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16.9%</td>
<td>17.5%</td>
</tr>
</tbody>
</table>

In 2016, the effective income tax rate was 19.3% (2016: 19.3%). The US tax reform was the main reason for the reduced effective income tax rate compared to the rate in the first half of 2017 (29.9%).

In 2016, the effective income tax rate was impacted by the goodwill impairment and non-tax related losses. However, this was compensated by various positive adjustments relating to prior years and release of certain tax provisions.

INCOME TAXES
The effective income tax rate was 19.3% (2016: 19.3%). The US tax reform was the main reason for the reduced effective income tax rate compared to the rate in the first half of 2017 (29.9%).

In 2016, the effective income tax rate was impacted by the goodwill impairment and non-tax related losses. However, this was compensated by various positive adjustments relating to prior years and release of certain tax provisions.

INCOME TAXES
The effective income tax rate was 19.3% (2016: 19.3%). The US tax reform was the main reason for the reduced effective income tax rate compared to the rate in the first half of 2017 (29.9%).

In 2016, the effective income tax rate was impacted by the goodwill impairment and non-tax related losses. However, this was compensated by various positive adjustments relating to prior years and release of certain tax provisions.

INCOME TAXES
The effective income tax rate was 19.3% (2016: 19.3%). The US tax reform was the main reason for the reduced effective income tax rate compared to the rate in the first half of 2017 (29.9%).

In 2016, the effective income tax rate was impacted by the goodwill impairment and non-tax related losses. However, this was compensated by various positive adjustments relating to prior years and release of certain tax provisions.

NET INCOME (FROM OPERATIONS)
Our Net Income in the year improved by 10% to €71 million (2016: €65 million), due to less investments in offices.

INVESTMENTS
Investments in (in)tangible assets (excluding acquisitions) decreased to €1,074 million (2016: €1,170 million), including goodwill, declined to €1,002 million, at year-end 2016.

Working capital as a percentage of gross revenues was 16.9% compared to €1,021 million (2016: €931 million), or €1.18 per share (2016: €1.08).

As at 31 December, net working capital, and net working capital as a percentage of gross revenues are calculated as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>NET WORKING CAPITAL</th>
<th>€ millions</th>
<th>NET WORKING CAPITAL AS % OF GROSS REVENUES</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16.9%</td>
<td>17.5%</td>
</tr>
</tbody>
</table>

In 2016, the effective income tax rate was 19.3% (2016: 19.3%). The US tax reform was the main reason for the reduced effective income tax rate compared to the rate in the first half of 2017 (29.9%).

In 2016, the effective income tax rate was impacted by the goodwill impairment and non-tax related losses. However, this was compensated by various positive adjustments relating to prior years and release of certain tax provisions.

INCOME TAXES
The effective income tax rate was 19.3% (2016: 19.3%). The US tax reform was the main reason for the reduced effective income tax rate compared to the rate in the first half of 2017 (29.9%).

In 2016, the effective income tax rate was impacted by the goodwill impairment and non-tax related losses. However, this was compensated by various positive adjustments relating to prior years and release of certain tax provisions.

INCOME TAXES
The effective income tax rate was 19.3% (2016: 19.3%). The US tax reform was the main reason for the reduced effective income tax rate compared to the rate in the first half of 2017 (29.9%).

In 2016, the effective income tax rate was impacted by the goodwill impairment and non-tax related losses. However, this was compensated by various positive adjustments relating to prior years and release of certain tax provisions.

INCOME TAXES
The effective income tax rate was 19.3% (2016: 19.3%). The US tax reform was the main reason for the reduced effective income tax rate compared to the rate in the first half of 2017 (29.9%).

In 2016, the effective income tax rate was impacted by the goodwill impairment and non-tax related losses. However, this was compensated by various positive adjustments relating to prior years and release of certain tax provisions.

INCOME TAXES
The effective income tax rate was 19.3% (2016: 19.3%). The US tax reform was the main reason for the reduced effective income tax rate compared to the rate in the first half of 2017 (29.9%).

In 2016, the effective income tax rate was impacted by the goodwill impairment and non-tax related losses. However, this was compensated by various positive adjustments relating to prior years and release of certain tax provisions.

INCOME TAXES
The effective income tax rate was 19.3% (2016: 19.3%). The US tax reform was the main reason for the reduced effective income tax rate compared to the rate in the first half of 2017 (29.9%).

In 2016, the effective income tax rate was impacted by the goodwill impairment and non-tax related losses. However, this was compensated by various positive adjustments relating to prior years and release of certain tax provisions.
**PERFORMANCE BY SEGMENT**

**EUROPE & MIDDLE EAST**

---

### NUMBER OF EMPLOYEES

<table>
<thead>
<tr>
<th>Region</th>
<th>2017 headcount</th>
<th>2016 headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continental Europe</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle East</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13,135</td>
<td>12,613</td>
</tr>
</tbody>
</table>

---

### CLIENTS

- ProRail, Rijkswaterstaat, Société du Grand Paris, Nike, Opel, Southern Water, HS2, Cross Rail 2, Jaguar Land Rover, Errice, Vinci, Ashghal, Kahramaa, SABB

---

### EXPERTISE

- Infrastructure
- Water
- Environment
- Buildings
- Public
- Regulated
- Private industrial
- Consultancy
- Architectural design
- Design & engineering
- Program, project & cost management
- Continental Europe
- United Kingdom
- Middle East

---

### PERFORMANCE IN 2017

- **NUMBER OF EMPLOYEES**: Headcount as at 31 December 2017 - 13,135
- **EMPLOYEES’ ENGAGEMENT SCORE**: 3.04
- **VOLUNTARY TURNOVER RATE**: 12% as % of total staff
- **TOTAL RECORDABLE CASE FREQUENCY**: 0.22 per 200,000 work hours
- **FEMALES IN TOTAL WORKFORCE**: 31% as % of total staff

---

### GROSS REVENUES

<table>
<thead>
<tr>
<th>Region</th>
<th>2016 (€ millions)</th>
<th>2017 (€ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continental Europe</td>
<td>1,337</td>
<td>1,377</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,113</td>
<td>1,113</td>
</tr>
<tr>
<td>Middle East</td>
<td>222</td>
<td>222</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2016: 1,672</td>
<td>2017: 1,712</td>
</tr>
</tbody>
</table>

---

### NET REVENUES

<table>
<thead>
<tr>
<th>Region</th>
<th>2016 (€ millions)</th>
<th>2017 (€ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continental Europe</td>
<td>1,113</td>
<td>1,113</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>767</td>
<td>767</td>
</tr>
<tr>
<td>Middle East</td>
<td>73</td>
<td>73</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2016: 1,953</td>
<td>2017: 2,053</td>
</tr>
</tbody>
</table>

---

### OPERATING EBITA MARGIN

<table>
<thead>
<tr>
<th>Region</th>
<th>2016 (as % of gross revenues)</th>
<th>2017 (as % of gross revenues)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continental Europe</td>
<td>20.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>20.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Middle East</td>
<td>20.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2016: 20.0%</td>
<td>2017: 20.0%</td>
</tr>
</tbody>
</table>

---

### REVENUE GROWTH KEY CLIENTS

- Infrastructure
- Water
- Environment
- Buildings

---

### INNOVATION & GROWTH

- **ORGANIC REVENUE GROWTH**: net revenues 4%
- **REVENUE GROWTH KEY CLIENTS**: net revenues 19%
- **BOOK-TO-BILL RATIO**: 1.07
- **ARCADIS WAY IMPLEMENTATION PROGRESS**: 52%
- **ARCADIS’ CARBON FOOTPRINT**: MT CO₂ per FTE 3.43

---

### FOCUS & PERFORMANCE

- **DAYS SALES OUTSTANDING**: 96
- **OPERATING EBITA MARGIN**: 7.6% as % of gross revenues
- **NET WORKING CAPITAL**: 20.0% as % of gross revenues
- **TOTAL RECORDABLE CASE FREQUENCY**: 0.22 per 200,000 work hours
- **FEMALES IN TOTAL WORKFORCE**: 31% as % of total staff

---

### PEOPLE & CULTURE

- **NUMBER OF EMPLOYEES**: Headcount as at 31 December 2016: 12,613
- **PEOPLE & CULTURE FOCUS & PERFORMANCE**: INNOVATION & GROWTH
- **PERFORMANCE IN 2017**: 46% OF NET REVENUES of total Arcadis
- **MISSION**: to start ARCADIS WAY
- **REVENUE GROWTH KEY CLIENTS**: net revenues 19%
- **BOOK-TO-BILL RATIO**: 1.07
- **ARCADIS WAY IMPLEMENTATION PROGRESS**: 52%
- **ARCADIS’ CARBON FOOTPRINT**: MT CO₂ per FTE 3.43
- **FEMALES IN TOTAL WORKFORCE**: 31% as % of total staff

---

### TOTAL RECORDABLE CASE FREQUENCY

<table>
<thead>
<tr>
<th>Year</th>
<th>Frequency per 200,000 work hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>0.22</td>
</tr>
<tr>
<td>2017</td>
<td>0.33</td>
</tr>
<tr>
<td>2018</td>
<td>0.32</td>
</tr>
<tr>
<td>2019</td>
<td>0.30</td>
</tr>
</tbody>
</table>

---

### CLIENTS IN %

- Infrastrucutre: 19%
- Water: 28%
- Environment: 53%
- Buildings: 19%
- Public: 22%
- Regulated: 2%
- Private industrial: 38%

---

### SERVICES IN %

- Consultancy: 22%
- Architectural design: 7%
- Design & engineering: 16%
- Program, project & cost management: 7%

---

### REGIONS IN %

- Continental Europe: 22%
- United Kingdom: 38%
- Middle East: 38%
In Continental Europe, the private sector is driving growth in revenues and order intake, and there is a clear focus on sustainability. In the UK, the lack of clarity concerning the consequences of Brexit is reducing client confidence. At the same time, the UK economy is still growing and provides real opportunities. In the Middle East, the regional dynamics are causing some business uncertainty, while the region is also embarking on a productivity-led transformation.

**MARKET DYNAMICS**

Market trends and opportunities that identified for Continental Europe include:

- significant focus on sustainability and urban resilience;
- continued investments in private sectors;
- increased spend in public sectors (with more country-based variability);
- success driven by asset knowledge, integrated offerings, and digital know-how enabling us to infuse knowledge into data, strengthening client relationships and improving business outcomes;
- an increase in energy transition from fossil to renewable energy.

**EXAMPLES OF IMPORTANT NEW PROJECT WINS AND/OR PROJECTS**

- Grand Paris Express Metro in France, for which Arcadis will be executing an €80 million contract. See page 91 for further details.
- New terminal at Schiphol Airport in the Netherlands, for which Arcadis secured a €20 million contract, project and construction management for the new terminal and pier. The expansion of the airport seeks to accommodate the ongoing growth in airline travel while improving the end-client experience. See page 92 for further details.
- Arcadis and its partner TU Berlin were commissioned to design a new complex. See page 93 for further details.
- Arcadis Way will be fully implemented in Continental Europe in 2019, preparations for the implementation started in 2017, and will continue throughout 2018. The focus in 2017 was on processes and behaviors, with Continental Europe participating in project management trainings to identify best practices.

The number of employees in Continental Europe increased in 2017 by 5%. This increase is visible throughout the region in the buildings market, and gradually also due to an increasing demand for our environmental and water expertise.

**IN THE UK AND THE USA, OUR SUCCESS IS DRIVEN BY PASSIONATE PEOPLE WITH SECTOR, ASSET, AND DIGITAL KNOWLEDGE. THIS ENABLES US TO INFUSE KNOWLEDGE INTO DATA, STRENGTHENING CLIENT RELATIONSHIPS AND IMPROVING BUSINESS OUTCOMES. IN THE MIDDLE EAST, OUR OBJECTIVE IS TO DE-RISK THROUGH FOCUS AND SELECTIVITY.”**

**STRAIGHT IMPLEMENTATION IN CONTINENTAL EUROPE**

While implementing the corporate strategy, Continental Europe will focus on accelerating diversity and inclusion programs, and leveraging our brand position to attract and retain talent. Investments will be made in design, engineering, and project management capabilities, project delivery will be improved. Global Excellence Centers will be made a natural component of the business model.

**DEVELOPMENTS IN 2017**

In 2017, net revenues in Continental Europe increased organically by 5%. This increase is visible throughout the region in the buildings market, and gradually also due to an increasing demand for our environmental and water expertise.

Examples of important new project wins and/or projects that were completed during 2017 include:

- Grand Paris Express Metro in France, for which Arcadis will be executing an €80 million contract. See page 91 for further details.
- IKEA distribution center in Belgium, for which Arcadis provided structural and infrastructural engineering, support on biodiversity assessment and EED, and seized environmental permits. The project was awarded the Best Industrial and Logistics Development award at the MIPIM awards in Cannes, resulted in an energy neutral storage and office complex. See page 93 for further details.
- Arcadis and its partner TU Berlin were commissioned to design a new complex. See page 93 for further details.
- New terminal at Schiphol Airport in the Netherlands, for which Arcadis secured a €20 million contract, project and construction management for the new terminal and pier. The expansion of the airport seeks to accommodate the ongoing growth in airline travel while improving the end-client experience. See page 92 for further details.
- Arcadis and its partner TU Berlin were commissioned to design a new complex. See page 93 for further details.
- Arcadis Way will be fully implemented in Continental Europe in 2019, preparations for the implementation started in 2017, and will continue throughout 2018. The focus in 2017 was on processes and behaviors, with Continental Europe participating in project management trainings to identify best practices.

The number of employees in Continental Europe increased in 2017 by 5%. This increase is visible throughout the region in the buildings market, and gradually also due to an increasing demand for our environmental and water expertise.

Examples of important new project wins and/or projects that were completed during 2017 include:

- Grand Paris Express Metro in France, for which Arcadis will be executing an €80 million contract. See page 91 for further details.
- IKEA distribution center in Belgium, for which Arcadis provided structural and infrastructural engineering, support on biodiversity assessment and EED, and seized environmental permits. The project was awarded the Best Industrial and Logistics Development award at the MIPIM awards in Cannes, resulted in an energy neutral storage and office complex. See page 93 for further details.
- New terminal at Schiphol Airport in the Netherlands, for which Arcadis secured a €20 million contract, project and construction management for the new terminal and pier. The expansion of the airport seeks to accommodate the ongoing growth in airline travel while improving the end-client experience. See page 92 for further details.
- Arcadis and its partner TU Berlin were commissioned to design a new complex. See page 93 for further details.
- Arcadis Way will be fully implemented in Continental Europe in 2019, preparations for the implementation started in 2017, and will continue throughout 2018. The focus in 2017 was on processes and behaviors, with Continental Europe participating in project management trainings to identify best practices.

The number of employees in Continental Europe increased in 2017 by 5%. This increase is visible throughout the region in the buildings market, and gradually also due to an increasing demand for our environmental and water expertise.

Examples of important new project wins and/or projects that were completed during 2017 include:

- Grand Paris Express Metro in France, for which Arcadis will be executing an €80 million contract. See page 91 for further details.
- IKEA distribution center in Belgium, for which Arcadis provided structural and infrastructural engineering, support on biodiversity assessment and EED, and seized environmental permits. The project was awarded the Best Industrial and Logistics Development award at the MIPIM awards in Cannes, resulted in an energy neutral storage and office complex. See page 93 for further details.
- New terminal at Schiphol Airport in the Netherlands, for which Arcadis secured a €20 million contract, project and construction management for the new terminal and pier. The expansion of the airport seeks to accommodate the ongoing growth in airline travel while improving the end-client experience. See page 92 for further details.
- Arcadis and its partner TU Berlin were commissioned to design a new complex. See page 93 for further details.
- Arcadis Way will be fully implemented in Continental Europe in 2019, preparations for the implementation started in 2017, and will continue throughout 2018. The focus in 2017 was on processes and behaviors, with Continental Europe participating in project management trainings to identify best practices.

The number of employees in Continental Europe increased in 2017 by 5%. This increase is visible throughout the region in the buildings market, and gradually also due to an increasing demand for our environmental and water expertise.
The developments open up opportunities for significant private investments, creating new jobs and regeneration opportunities throughout the surrounding neighborhoods.

Examples of important new project wins and/or projects that were completed during 2017 include:

- New Scotland Yard office in London, for which Arcadis provides cost advice for this first fully-certified LEED Gold building that we designed for CEK, the partnership between Carillion, Eiffage, and Kier.
- National Vision 2030 – Orbital highway in Qatar, for which Arcadis provided volumetric calculations for the earthwork spread of the Orbital Highway by using drone technology. See page 75 for further details.
- Belfast Transport Hub in Belfast, for which Arcadis creates an integrated public transport hub that will provide a world-class gateway for Belfast, linking it to national and international markets.
- The overall financial results of the segment in 2017 were as follows:

<table>
<thead>
<tr>
<th>Segment Financial Results</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Revenue growth</td>
<td>4%</td>
<td>-1%</td>
</tr>
<tr>
<td>EBITA</td>
<td>74.0 M</td>
<td>67.0 M</td>
</tr>
<tr>
<td>EBITA margin</td>
<td>7.6%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Operating EBITA</td>
<td>84.3 M</td>
<td>83.9 M</td>
</tr>
<tr>
<td>Operating EBITA margin</td>
<td>7.7%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Total Organic Acquisitions Currency</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Acquisitions Currency</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Acquisition EBITA</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Acquisition EBITA margin</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
</tbody>
</table>

The number of employees in the Middle East decreased in 2017 by 10% to 2,175 (2016: 2,234), 20% of whom are female. The number of employees in this region, which is an increase compared to the National Vision 2030 will provide future opportunities.

The developments open up opportunities for significant private investments, creating new jobs and regeneration opportunities throughout the surrounding neighborhoods.

Examples of important new project wins and/or projects that were completed during 2017 include:

- SABB headquarter in KSA, for which Arcadis is providing integrated public transport hub that will provide a world-class gateway for Belfast, linking it to national and international markets.
- The overall financial results of the segment in 2017 were as follows:

<table>
<thead>
<tr>
<th>Segment Financial Results</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Revenue growth</td>
<td>4%</td>
<td>-1%</td>
</tr>
<tr>
<td>EBITA</td>
<td>74.0 M</td>
<td>67.0 M</td>
</tr>
<tr>
<td>EBITA margin</td>
<td>7.6%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Operating EBITA</td>
<td>84.3 M</td>
<td>83.9 M</td>
</tr>
<tr>
<td>Operating EBITA margin</td>
<td>7.7%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Total Organic Acquisitions Currency</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Acquisitions Currency</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Acquisition EBITA</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Acquisition EBITA margin</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
</tbody>
</table>

The number of employees in the Middle East decreased in 2017 by 10% to 2,175 (2016: 2,234), 20% of whom are female. The number of employees in this region, which is an increase compared to the National Vision 2030 will provide future opportunities.

The developments open up opportunities for significant private investments, creating new jobs and regeneration opportunities throughout the surrounding neighborhoods.

Examples of important new project wins and/or projects that were completed during 2017 include:

- National Vision 2030 – Orbital highway in Qatar for which Arcadis provided volumetric calculations for the earthwork spread of the Orbital Highway by using drone technology. See page 75 for further details.

The number of employees in the Middle East decreased in 2017 by 2,175 (2016: 2,234), 20% of whom are female. The number of employees in the GECs supporting the Middle East is approximately 32% of the number of employees in this region, which is an increase compared to the National Vision 2030 which will be transferred to the Global Excellence Centers in the future. Outcomes of the Your Voice employee engagement survey are being followed up.

The Arcadis Way was implemented in the Middle East mid-2017. This resulted in many employees following trainings, for example, relating to project management.

In 2017, net revenues in the Middle East decreased organically by 10%. This is mainly due to increased demand in the buildings market, others, due to delayed project start dates.

The UAE was the most active market with a stable performance, but the Markaz, Emaar, and COWI, has begun work designing two key sections of the future high-speed rail line – HS2 Phase I – that will link London and Birmingham by 2026. The design team are working as sub-contractor for CEK, the partnership between Carillion, Eiffage, and Kier.

The overall financial results of the segment in 2017 were as follows:

<table>
<thead>
<tr>
<th>Segment Financial Results</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Revenue growth</td>
<td>4%</td>
<td>-1%</td>
</tr>
<tr>
<td>EBITA</td>
<td>74.0 M</td>
<td>67.0 M</td>
</tr>
<tr>
<td>EBITA margin</td>
<td>7.6%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Operating EBITA</td>
<td>84.3 M</td>
<td>83.9 M</td>
</tr>
<tr>
<td>Operating EBITA margin</td>
<td>7.7%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Total Organic Acquisitions Currency</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Acquisitions Currency</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Acquisition EBITA</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Acquisition EBITA margin</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
</tbody>
</table>

The number of employees in the Middle East decreased in 2017 by 2,175 (2016: 2,234), 20% of whom are female. The number of employees in this region, which is an increase compared to the National Vision 2030 which will be transferred to the Global Excellence Centers in the future. Outcomes of the Your Voice employee engagement survey are being followed up.

The Arcadis Way was implemented in the Middle East mid-2017. This resulted in many employees following trainings, for example, relating to project management.

In 2017, net revenues in the Middle East decreased organically by 10%. This is mainly due to increased demand in the buildings market, others, due to delayed project start dates.

The UAE was the most active market with a stable performance, but the Markaz, Emaar, and COWI, has begun work designing two key sections of the future high-speed rail line – HS2 Phase I – that will link London and Birmingham by 2026. The design team are working as sub-contractor for CEK, the partnership between Carillion, Eiffage, and Kier.

The overall financial results of the segment in 2017 were as follows:

<table>
<thead>
<tr>
<th>Segment Financial Results</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Revenue growth</td>
<td>4%</td>
<td>-1%</td>
</tr>
<tr>
<td>EBITA</td>
<td>74.0 M</td>
<td>67.0 M</td>
</tr>
<tr>
<td>EBITA margin</td>
<td>7.6%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Operating EBITA</td>
<td>84.3 M</td>
<td>83.9 M</td>
</tr>
<tr>
<td>Operating EBITA margin</td>
<td>7.7%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Total Organic Acquisitions Currency</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Acquisitions Currency</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Acquisition EBITA</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
<tr>
<td>Acquisition EBITA margin</td>
<td>1 178 M</td>
<td>1 302 M</td>
</tr>
</tbody>
</table>
ENHANCING ECONOMIC GROWTH IN PARIS

IMPACT
- Arcadis is executing a contract to deliver 60+ stations, and 200km+ of new metro lines, 90% of which will be underground.
- These metro lines are expected to carry two million passengers per day.
- We provide Program/Project/Contract/Procurement management, technical advisory, GIS data collection, land acquisition, and stakeholder management for the new metro lines 15, 16, and 17.
- We also provide the design and construction management of the 35km-long line 18, connecting Orly Airport to Versailles, one third of which is above ground.

GRAND PARIS EXPRESS METRO
PARIS, FRANCE

AGILE AND MODERN HEADQUARTERS

IMPACT
- Arcadis provided cost and project management for the development of a modern, agile new headquarters called New Scotland Yard.
- The building is considered to be of special merit and local significance, and provides a welcoming and open face for the organization due to extensive remodeling and extension of the existing building.
- Awarded The Prime Minister’s Award for Better Public Building at the 2017 British Construction Industry Awards.

NEW SCOTLAND YARD OFFICE
LONDON, UNITED KINGDOM

New Scotland Yard is a modern, agile headquarters appropriate for 21st Century policing and the international reputation of London’s Metropolitan Police Service. The development of a new site, with cost and project management overseen by Arcadis, meant that the previous premises could be disposed of. As a result, over £200 million of net capital benefit was released and reinvested back into frontline policing.

NEW SCOTLAND YARD OFFICE
LONDON, UNITED KINGDOM

NEW SCOTLAND YARD OFFICE
LONDON, UNITED KINGDOM

PERFORMANCE BY SEGMENT | EUROPE & MIDDLE EAST

Arcadis Annual Integrated Report 2017 9190
The expansion of Amsterdam Schiphol Airport seeks to accommodate the ongoing growth in airline travel in the Netherlands and increased transfer traffic. The new terminal will connect to the existing terminal structures, allowing Amsterdam Schiphol Airport to maintain its competitive one-terminal concept, which allows for short transfer times between flights. After realization of the new terminal in 2023, Amsterdam Airport Schiphol can continue to grow towards eighty million passengers annually.

IMPACT
- Arcadis won a €20 million contract to perform project and construction management for the new terminal and pier.
- Expanding capacity from 63 million passengers today to 80 million passengers in 2023.
- The expansion seeks to accommodate the ongoing growth in airline travel, improving the end-client experience.
PERFORMANCE BY SEGMENT
AMERICAS

North America

Latin America

6,816

2016: 7,123

% of net revenues

31%

2016: 31%

CLIENTS

Georgia DOT, USAEC; Chevron, PG&E; GE

SABESP, Vale, Vinci; Brookfield, Codelco; Embraer

ORGANIC

REVENUE

GROWTH

net revenues

-2%

2016: -9%

REVENUE GROWTH KEY

CLIENTS net revenues

15%

2016: -9%

BOOK-TO-BILL RATIO

net revenues

0.97

2016: 0.84

ARCADIS WAY

IMPLEMENTATION PROGRESS

to start

4.97

2016: 5%

PEOPLE & CULTURE

6,816

2016: 7,123

NUMBER OF

EMPLOYEES

headcount as at 31 December

3.04

2016: 3.88

VOLUNTARY

TURNOVER RATE

as % of total staff

9%

2016: 10%

TOTAL RECORDABLE

CASE FREQUENCY

per 200,000 work hours

0.56

2016: 0.33

FEMALES IN TOTAL WORKFORCE

as % of total staff

36%

2016: 36%

% of total Arcadis

31%

2016: 31%

EXPERTISE

Infrastructure

Water

Environment

Buildings

Public

Regulated

Private industrial

Consultancy

Architectural design

Design & engineering

Program, project & cost management

SERVICES

Infrastructure

Water

Environment

Buildings

Public

Regulated

Private industrial

Consultancy

Architectural design

Design & engineering

Program, project & cost management

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%

2016: 31%

% of net revenues

31%
The overall market outlook is positive in North America. There is an increasing spending in Infrastructure by local funding activities, and vulnerable cities are developing and implementing resiliency strategies. Our business in North America returned to organic growth after three years of decline, and improved its margins. In Latin America, after three consecutive years of recession, the Brazilian economy is starting to gain traction.

North America

**Market Dynamics**

Market trends and opportunities that we identified for North America include:

- Increased infrastructure spending driven by local funding initiatives;
- Increased use of Design-Build and Public-Private Partnerships;
- Corporate social responsibility driving environmental priorities for private sector clients;
- Vulnerable cities developing and implementing resiliency strategies;
- Increased use of technology and embracing digital innovation.

**Strategy Implementation in North America**

While implementing the corporate strategy, North America will focus on developing employees, recognizing and rewarding their performance, diversity, and becoming the employer of choice. Our aim is to grow in the infrastructure, water, and environmental markets. We will have special interest for key geographies, clients, market sector, and project diversity, and becoming the employer of choice. Our aim is to grow in the infrastructure, water, and environmental markets. We will have special interest for key geographies, clients, market sector, and project development.

**Developments in 2017**

- Gross revenues of the Americas for the year amounted to €1,175 million, a decrease of 4% compared to 2016. Net revenues declined organically by 2%, and consisted of 2% growth in North America, and a 25% decline in Latin America, due to the recession in Brazil.

- Operating EBITA improved 32%, due to a return to organic growth and improved margins in North America. Operating EBITA margins in North America increased from 7.1% to 8.1%. EBITA in Latin America was slightly better than last year with an operating loss of €6 million (2016: loss of €8 million) and 9.7 million restructuring charges (2016: €9 million).

- End of July, North America acquired all shares in E2 ManageTech, an enterprise technology solutions company providing information technology and business services for the environmental, health and safety (EHS) market. In Brazil, additional investments will be made up of €325 million, to optimize value creation of the non-core clean energy assets ahead of a future divestment.

- Operating EBITA improved 32%, due to a return to organic growth and improved margins in North America. Operating EBITA margins in North America increased from 7.1% to 8.1%. EBITA in Latin America was slightly better than last year with an operating loss of €6 million (2016: loss of €8 million) and 9.7 million restructuring charges (2016: €9 million).

**Key Developments in 2017**

- Gross revenues of the Americas for the year amounted to €1,175 million, a decrease of 4% compared to 2016. Net revenues declined organically by 2%, and consisted of 2% growth in North America, and a 25% decline in Latin America, due to the recession in Brazil.

- Operating EBITA improved 32%, due to a return to organic growth and improved margins in North America. Operating EBITA margins in North America increased from 7.1% to 8.1%. EBITA in Latin America was slightly better than last year with an operating loss of €6 million (2016: loss of €8 million) and 9.7 million restructuring charges (2016: €9 million).

- End of July, North America acquired all shares in E2 ManageTech, an enterprise technology solutions company providing information technology and business services for the environmental, health and safety (EHS) market. In Brazil, additional investments will be made up of €325 million, to optimize value creation of the non-core clean energy assets ahead of a future divestment.

**Market Dynamics**

Market trends and opportunities that we identified for North America include:

- Increased infrastructure spending driven by local funding initiatives;
- Increased use of Design-Build and Public-Private Partnerships;
- Corporate social responsibility driving environmental priorities for private sector clients;
- Vulnerable cities developing and implementing resiliency strategies;
- Increased use of technology and embracing digital innovation.

**Strategy Implementation in North America**

While implementing the corporate strategy, North America will focus on developing employees, recognizing and rewarding their performance, diversity, and becoming the employer of choice. Our aim is to grow in the infrastructure, water, and environmental markets. We will have special interest for key geographies, clients, market sector, and project delivery, with further leverage of the Global Excellence Centers.

**Developments in 2017**

In 2017, net revenues in North America increased organically by 2%, mainly driven by the environmental and infrastructure businesses.

Examples of important new project wins and/or projects that were completed during 2017 include:

- Innovation for emerging contaminants. Arcadis assessing portfolio of US Army facilities across the US to determine extent of PFAS contamination. See page 100 for further details.
- Supporting Georgia’s growing infrastructure needs. Arcadis provides full design and consulting support, including intelligent transportation systems, traffic operations, asset management, and maintenance.
- East side coastal resiliency in New York City, for which Arcadis designs resilient infrastructure to protect 200,000 residents and 21,000 businesses from floods. See page 99 for further details.
- Offshore resiliency project in San Francisco, for which Arcadis is selected together with CH2M to lead the design and engineering of the ten-year seawall resiliency project with a total contract fee of €40 million. Arcadis, selected for its Dutch heritage of addressing coastal resiliency and broad experience in risk engineering and coastal protection in urban settings, will lead the risk analysis, coastal engineering, and modeling part of the project.

Preparatory activities included, amongst others, collaborating with other regions that already implemented the Arcadis Way to share best practices and lessons learned.

The number of employees in North America increased in 2017 to 5,197 (2016: 5,192), 36% of whom are female. The number of employees in the GECs supporting North America is approximately 4% of the number of employees in this region and this is expected to increase in the future to improve competitiveness. Outcomes of the ‘Your Voice’ employee engagement survey are being followed up, for example, by dedicating time in executive meetings to People & Culture, upgrading on-boarding practices, and evaluating opportunities to improve the workplace environment in our upgraded and consolidated offices.

**The market fundamentals in North America are improving. Infrastructure spending is increasing, and many vulnerable cities are developing and implementing resiliency strategies. This is important, because growth in the US and in urban resiliency is at the core of our organic growth ambition.”**
DUTCH EXPERTISE FOR FUTURE FLOOD PROTECTION

New York City is particularly vulnerable to the effects of sea level rise as proven by Hurricane Sandy’s economic impacts several years ago. Arcadis is part of a team supporting the city’s efforts to safeguard its Lower East Side against severe weather events and continued sea level rise.

**IMPACT**

- The East Coast Resiliency Project is an urban flood protection solution spanning 2.5 miles of Lower Manhattan, and is the first element of coastal storm and sea level rise defense system for the East Side and Lower Manhattan.
- The Arcadis team brings a wealth of expertise in climate change adaptability and resilience from its Dutch heritage, and from its experienced engineers who designed flood protection systems across the Louisiana coast following Hurricane Katrina.
- Following completion of the project’s conceptual design and preliminary design phases, Arcadis will design flood protection solutions that merge into the urban fabric for 200,000 residents and 21,000 businesses.
- These solutions will strengthen coastal defenses and improve community enjoyment of existing parks while offering future flood protection and environmental benefits.

**SEGMENT FINANCIAL RESULTS**

The overall financial results of the segment in 2017 were as follows:

- **Revenues**
  - Total Organic Acquisitions:
    - In € millions: 2017: 1,175, 2016: 1,227
    - Currency: -4%: -3%: 0%: -1%
  - Net revenues:
    - In € millions: 2017: 751, 2016: 768
    - Currency: -2%: -2%: 1%: -1%

- **EBITA**
  - 2017: 36.0
  - 2016: 26.3

- **EBITA margin**
  - 2017: 4.8%
  - 2016: 3.4%

- **Operating EBITA**
  - 2017: 47.5
  - 2016: 36.1

- **Operating EBITA margin**
  - 2017: 6.3%
  - 2016: 4.7%

1 Operating EBITA excludes acquisitions, restructuring and integration-related costs
The group of chemicals known as per- and polyfluoroalkyl substances (PFAS) has come under increasing scientific and regulatory scrutiny in recent years as more is understood about their toxicity, their environmental persistence, and their potential to bioaccumulate.

IMPACT
• The United States Army is committed to ensuring that soldiers, civilians, and family members have access to good-quality drinking water.
• In support of that commitment, the Army Environmental Command and US Army Corps of Engineers selected Arcadis to conduct preliminary assessments for PFAS at 82 installations and site inspections (SI) at three installations.
• Arcadis was selected to provide programmatic guidance for the Army as they launch their PFAS program. Assessing and remediating sites impacted with these chemicals presents many challenges, but Arcadis brings unique solutions to site characterization and treatment.
• Arcadis’ goal is to help our federal clients address the significant potential in environmental liability they are projecting.

UNITED STATES DEPARTMENT OF DEFENSE: ARMY ENVIRONMENTAL COMMAND - PERFLUOROALKYL SUBSTANCES (PFAS) PRELIMINARY ASSESSMENT/SITE INVESTIGATIONS
UNITED STATES OF AMERICA

PREVENTING POLLUTION OF THE Tiete RIVER

By supporting our client, focusing on its success increasing dramatically wastewater collection, and treatment in one of the world’s most populated cities, Arcadis has improved quality of life of millions of people living in this metropolitan region.

IMPACT
• Arcadis has supported SABESP for over 45 years with design and program management support to reduce pollution to the Tiete River.
• Over US$15 billion has been invested to collect and treat wastewater.
• More than 22 million people benefiting from wastewater collection and treatment.

Arcadis Annual Integrated Report 2017 101100
PERFORMANCE BY SEGMENT

ASIA PACIFIC

NUMBER OF EMPLOYEES
Headcount as at 31 December

5,664

2016: 5,534

% OF NET REVENUES of total Arcadis

14%

2016: 14%

CLIENTS

Sung Hung Kai, China Resources, HSBC, Citi, Adidas, BMW, Huawei, Alibaba, (Regional) Government, LendLease, CPB, Acciona, Charter Hall, GPT

PEOPLE & CULTURE

NUMBER OF EMPLOYEES
Headcount as at 31 December

5,664

2016: 5,534

EMPLOYEE ENGAGEMENT SCORE on a scale of 0-4

2.98

2017: 3.00

2016: 2.94

2016: 3.13

VOLUNTARY TURNOVER RATE as % of total staff

26%

2016: 25%

2016: 24%

TOTAL RECORDABLE CASE FREQUENCY per 200,000 work hours

0.13

2015: 0.13

2016: 0.13

FEMALES IN TOTAL WORKFORCE as % of total staff

47%

2015: 46%

2016: 46%

2016:

ORGANIC REVENUE GROWTH

net revenues

2%

2016: -9%

2016: -10%

2016: -11%

REVENUE GROWTH KEY CLIENTS

net revenues

20%

2015: -7%

2016: 6.11%

2016: 6.81

BOOK-TO-BILL RATIO

net revenues

1.08

2016: 0.91

2016: 1.03

54%

2015: 50%

2016: 54%

ARCADIS WAY IMPLEMENTATION PROGRESS as % of net revenues

1.80

2016: 1.57

2016: 1.60

2016: 1.76

ARCADIS’ CARBON FOOTPRINT MT CO2 per FTE

PUBLIC

Regulated

Private industrial

Consultancy

Architectural design

Design & engineering

Program, project & cost management

5,664

2016: 5,534

% OF NET REVENUES of total Arcadis

14%

2016: 14%

2016:

GROSS REVENUES

€ millions

387

2016: 378

2016: 338

2015: 46%

2016: 54%

2015: 54%

2016: 54%

NET REVENUES

€ millions

344

2016: 338

2016: 338

2015: 56%

2016: 56%

2016: 56%

OPERATING EBITA MARGIN as % of gross revenues

8.9%

2016: 8.9%

2016: 8.9%

2016: 20.8%

2016: 19.4%

2016: 19.4%

2016: 20.0%

2015: 20.8%

2016: 20.8%

2016: 20.8%

NET WORKING CAPITAL as % of gross revenues

NET WORKING CAPITAL as % of gross revenues

DAYS SALES OUTSTANDING (DSO)

85

2016: 85

2016: 85

2016: 85

2016:

ARCADIS’ CARBON FOOTPRINT MT CO2 per FTE

DAYS SALES OUTSTANDING (DSO)

EXTEND

DISABLE

INCREASE

PERFORMANCE IN 2017

ORGANIC REVENUE GROWTH

net revenues

2%

2016: -9%

2016: -10%

2016: -11%

REVENUE GROWTH KEY CLIENTS

net revenues

20%

2015: -7%

2016: 6.11%

2016: 6.81

BOOK-TO-BILL RATIO

net revenues

1.08

2016: 0.91

2016: 1.03

54%

2015: 50%

2016: 54%

ARCADIS WAY IMPLEMENTATION PROGRESS as % of net revenues

1.80

2016: 1.57

2016: 1.60

2016: 1.76

ARCADIS’ CARBON FOOTPRINT MT CO2 per FTE

PUBLIC

Regulated

Private industrial

Consultancy

Architectural design

Design & engineering

Program, project & cost management

5,664

2016: 5,534

% OF NET REVENUES of total Arcadis

14%

2016: 14%

2016:

GROSS REVENUES

€ millions

387

2016: 378

2016: 338

2015: 46%

2016: 54%

2015: 54%

2016: 54%

NET REVENUES

€ millions

344

2016: 338

2016: 338

2015: 56%

2016: 56%

2016: 56%

OPERATING EBITA MARGIN as % of gross revenues

8.9%

2016: 8.9%

2016: 8.9%

2016: 20.8%

2016: 19.4%

2016: 19.4%

2016: 20.0%

2015: 20.8%

2016: 20.8%

2016: 20.8%

NET WORKING CAPITAL as % of gross revenues

DAYS SALES OUTSTANDING (DSO)

85

2016: 85

2016: 85

2016: 85

2016:
KEY BUSINESS DEVELOPMENTS IN 2017

In Asia Pacific, we grow our business through our local depth and global expertise. In Asia, we see more opportunities in new sectors like logistics, leisure, and entertainment. In Australia, we benefit from a very strong infrastructure pipeline in Sydney and Melbourne driven by population growth and urban mobility, often financed through asset recycling.

MARKET DYNAMICS

Asia

• Significant growth in transportation and infrastructure;
• One Belt, One Road;
• Increasing influence of Chinese investors in Asia and internationally;
• Growth of new sectors: industrial, logistics, leisure, and entertainment;
• Increased relevance of livability and water resilience in Asian cities.

STRATEGY IMPLEMENTATION IN ASIA

While implementing the corporate strategy, Asia will mainly focus on becoming the employer of choice for the workforce of the future, while offering a continuous learning experience. The offering will be diversified, and new technologies will be used, while focusing on attractive sectors and geographies. Project delivery will be improved by excelling in project and client selection, and the Global Excellence Centers will be further leveraged.

DEVELOPMENTS IN 2017

In 2017, net revenues in Asia decreased organically by 2%. Singapore generated lower revenues due to a slower buildings market and exiting low margin services; China and diversification towards the infrastructure market contributed to revenues.

Examples of important new project wins and/or projects that were completed during 2017 include:
• Deep tunnel sewage system in Singapore, for which Arcadis is appointed as the design consultant for the extension of the tunnel system that collects and transports water to a reclamation plant for recycling. See page 107 for further details.
• Governance and control services in Singapore and Manila, where Citibank extended the scope of Arcadis’ governance and control services by including EMEA. Arcadis won the project by bringing deep stakeholder knowledge and delivering a high level of technical ability and global expertise, supported by the use of Global Excellence Centers and sector knowledge.
• Integrated waste management and treatment facility, and a housing study in Hong Kong. Both contribute strongly to the city’s support of our positioning in livability and sustainability.
• The One Belt, One Road initiative is an ambitious program by the Chinese government to build and upgrade highways, railways, ports, industrial facilities, and other trade-supporting infrastructure throughout Asia, Africa, and Europe. There is an opportunity for Arcadis to support a range of public and private clients, across the project cycle, through our strong presence in Asia.

In 2017, the number of employees in Asia slightly decreased to 4,304 (2016: 4,397), 52% of whom are female. The number of employees in the GECs supporting Asia is approximately 3% of the numbers of employees in the region, and this is expected to increase in the future.

Outcomes of the Your Voice employee engagement survey are being followed up, with priorities for an Asian-wide line management development program and focused actions in the countries with the lowest scores.

• Governance and control services in Singapore and Manila, where Citibank extended the scope of Arcadis’ governance and control services by including EMEA. Arcadis won the project by bringing deep stakeholder knowledge and delivering a high level of technical ability and global expertise, supported by the use of Global Excellence Centers and sector knowledge.

In Asia, like in many other parts of the world, we see an increased relevance of sustainability and water resilience in big cities. In Australia, we sustain the momentum in infrastructure and buildings as a result of high population growth in major cities.
• Arcadis is design consultant for the extension of Singapore’s deep tunnel system.
• We deliver value through our global collaboration, expertise, and experience.
• Water is collected and transported to a reclamation plant for recycling, new technology improves water efficiency.
• Meets Singapore’s long-term water needs and helps to build a sustainable future.

The Deep Tunnel Sewerage System will play a critical role in meeting Singapore’s long-term need for used water collection, treatment, reclamation, and disposal. As design consultant, Arcadis will leverage its global expertise of deep tunnel systems to deliver sustainable water solutions for the growing population in Singapore’s urban areas.

The overall financial results of the segment in 2017 were as follows:

<table>
<thead>
<tr>
<th>Segment</th>
<th>In € millions</th>
<th>Revenue growth</th>
<th>EBITA</th>
<th>EBITA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>GECs</td>
<td>387</td>
<td>2%</td>
<td>30.1</td>
<td>8.7%</td>
</tr>
<tr>
<td>Total</td>
<td>427</td>
<td>2%</td>
<td>33.8</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

DEVELOPMENTS IN 2017
In 2017, net revenues in Australia Pacific increased organically by 12%, fuelled by major project wins like Sydney Metro, and delivering large infrastructure, buildings, and environmental projects across major urban areas of Australia.

Examples of important new project wins and/or projects that were completed during 2017 include:
• Sydney Metro, for which Arcadis is appointed as lead designer for the underground stations for the City line for the biggest transport project with the longest railway tunnels ever built in Australia. Arcadis’ broad multidisciplinary expertise was critical to solving issues around constructability and programming. See page 109 for further details.
• Moorebank Logistics Park in Sydney, for which Arcadis provided design, freight logistics, and sustainability advisory services, enabling the client to obtain clean-energy funding. See page 108 for further details.
• Northern Beaches Hospital in Sydney, for which Arcadis provided structural, civil, façade, and traffic engineering services for this AUD$1 billion investment in new health infrastructure in the Northern beaches area of Sydney.

The number of employees in Australia Pacific increased in 2017 to 1,276 (2016: 1,073), 29% of whom are female. The number of employees in the GECs supporting Australia is approximately 20% of the number of employees in the region, and this is expected to increase in the future as it is considered to be one of the strategic enablers. Outcomes of the Your Voice employee engagement survey saw an increase in staff engagement.

The Arcadis Way was implemented early 2017, and will be further embedded in the organization.

SEGMENT FINANCIAL RESULTS
The overall financial results of the segment in 2017 were as follows:

<table>
<thead>
<tr>
<th>Segment</th>
<th>In € millions</th>
<th>Revenue growth</th>
<th>EBITA</th>
<th>EBITA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>GECs</td>
<td>387</td>
<td>2%</td>
<td>30.1</td>
<td>8.7%</td>
</tr>
<tr>
<td>Total</td>
<td>427</td>
<td>2%</td>
<td>33.8</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

IMPACT
• Arcadis is design consultant for the extension of Singapore’s deep tunnel system.
• We deliver value through our global collaboration, expertise, and experience.
• Water is collected and transported to a reclamation plant for recycling, new technology improves water efficiency.
• Meets Singapore’s long-term water needs and helps to build a sustainable future.
IMPACT

- Arcadis provides freight logistics and sustainability advisory services enabling the client to obtain clean energy funding to develop the facility and incorporate large-scale renewable energy sources.
- Demonstrated that net greenhouse gas emissions produced by not building the intermodal terminal would be higher than building it.
- Improves supply chain efficiency, removing emissions-intensive trucks from Australian roads in an area of rapid population and economic growth.

Qube Holdings Limited is developing the 243-hectare Moorebank Logistics Park to improve the efficiency of the import/export supply chain, including removing emissions-intensive trucks from Australian roads and increasing the use of rail networks to distribute containerized freight to and from Port Botany. The project will also incorporate large-scale renewable energy sources.

DESIGN FOR BIGGEST PUBLIC TRANSPORT PROJECT

- Arcadis and joint venture partner Mott MacDonald are the joint lead designers in the METRON consortium working on the Underground Station Design and Technical Services (USDTS) contract as part of Stage two of the Sydney Metro project.
- METRON will lead the engineering design of six underground metro rail stations as part of Stage two, the Sydney Metro City & Southwest project. The METRON design consortium includes global architecture house Foster + Partners, local architect Architectus, and engineers Arcadis, Mott MacDonald, and Robert Bird Group.
- Sydney Metro City & Southwest will extend metro rail from Sydney’s North West, beneath Sydney Harbour, through new underground CBD stations, and beyond to Bankstown.

With 31 stations and 66 kilometers of new metro rail, Sydney Metro is Australia’s biggest public transport project. Stage two will include a 30-kilometer extension of metro rail under Sydney Harbour and through new CBD stations.
CLIENTS
- Nordstrom, AT&T, Emaar, Primark, Capital One, Stanford Healthcare

% OF NET REVENUES of total Arcadis
- 9%
- 2016: 10%

PEOPLE & CULTURE
- 1,712
- 2016: 1,810

PERFORMANCE IN 2017
- NUMBER OF EMPLOYEES headcount as at 31 December
  - 1,712
- 2016: 1,810

GROSS REVENUES in € millions
- 2016: 320
- 2015: 244

REVENUE GROWTH KEY CLIENTS
- net revenues
- -3%
- 2016: -9%
- 2015: 47%

REVENUE GROWTH - TOTAL
- net revenues
- 3%
- 2016: 3%
- 2015: 47%

BOOK-TO-BILL RATIO
- net revenues
- 0.84
- 2016: 0.84
- 2015: 0.65

OPERATING EBITA MARGIN as % of net revenues
- 10.4%
- 2016: 10.4%
- 2015: 8.3%

ARCADIS WAY IMPLEMENTATION PROGRESS
- as % of net revenues
- to start
- 2016: to start
- 2015: 73%

ARCADIS’ CARBON FOOTPRINT (MT CO2, per FTE)
- MT CO2 per FTE
- 4.71
- 2016: 4.71
- 2015: 4.04

VEHICLE MILEAGE
- as % of total staff
- 229
- 2016: 229
- 2015: 244

FEMALES IN TOTAL WORKFORCE as % of total staff
- 45%
- 2016: 45%
- 2015: n/a

ORGANIC REVENUE GROWTH
- net revenues
- -3%
- 2016: -3%
- 2015: 47%

NET WORKING CAPITAL as % of gross revenues
- 8.3%
- 2016: 8.3%
- 2015: 6.0%

DAYS SALES OUTSTANDING (DSO)
- 2016: 20
- 2015: 3.04

NUMBER OF EMPLOYEES ENGAGEMENT SCORE on a scale of 0 - 4
- 2016: 18%
- 2015: 47%

PERFORMANCE BY SEGMENT

% OF NET REVENUES
- Infrastructure
  - 95%
- Water
  - 25%
- Environment
  - 11%
- Buildings
  - 8%

% OF NET REVENUES
- Public
  - 23%
- Regulated
  - 95%
- Private industrial
  - 91%

% OF NET REVENUES
- Consultancy
  - 91%
- Architectural design
  - 53%
- Design & engineering
  - 11%
- Program, project & cost management
  - 8%

% OF NET REVENUES
- North America
  - 19%
- Asia
  - 25%
- Middle East
  - 18%
- UK/Europe
  - 25%
- Other
  - 11%

% OF NET REVENUES
- Infrastructure
  - 100%
- Water
  - 0%
- Environment
  - 0%
- Buildings
  - 0%

% OF NET REVENUES
- Consultancy
  - 0%
- Architectural design
  - 0%
- Design & engineering
  - 0%
- Program, project & cost management
  - 0%
KEY BUSINESS DEVELOPMENTS IN 2017

With gross revenues of €320 million in 2017, and more than 1,700 professionals employed, CallisonRTKL has become a top-five player in global architecture, and a leader in retail design and commercial use, ensuring clients benefit from a broad range of capabilities delivered through deep market reach and scale across the world.

KEY DEVELOPMENTS CALLISONRTKL

- Gross revenues of CallisonRTKL for the year amounted to €320 million, a decrease of 2% compared to 2016. Net revenues decreased organically by 3%, mainly due to lower activity levels in US commercial real estate and healthcare.
- In Q4, we had stable organic revenues after a weaker Q3, supported by China.
- In the second half of 2017, Arcadis decided to perform a strategic review of CallisonRTKL and evaluated a range of strategic options to optimize the value of CallisonRTKL, within or outside of Arcadis.
- Operating EBITA was €24 million in both 2017 and 2016. The operating EBITA margin increased to 7.4%.
- CallisonRTKL established itself as a leading architectural design and consultancy known for its rich talent, global presence, diversified business, and innovative, client-centric culture.
- The strategic review of CallisonRTKL will show which scenario provides the best prospects for our people, clients, and stakeholders.
- A final decision has not been made yet, the process is on track, and a market consultation is in progress, allowing us to assess if a sale is viable.

DEVELOPMENTS IN 2017

While a final decision has not been made yet, the process is on track, and a market consultation is in progress, allowing us to assess if a sale is viable.

MARKET DYNAMICS

GDP growth trends help determine business activity and drive demand for architectural design services.

Growth in the demand for architecture services is further linked to several driving global themes, including urbanization, resilience, and the demand for livable cities.

In developed cities, more dense populations and smaller geographic footprints have led architectures to design new structures around spatial constraints and reduced energy consumption.

Consequently, a new form of architecture, specifically the construction of tall, ultra-high-performing mixed-use buildings, are peppering the skylines of the world’s major cities, such as New York, Dubai, and London.

Major industry-shaping themes such as consumerism, innovative technology, globalization, and sustainability are other key drivers of future Architecture and Design sector growth.

While major industry-shaping themes such as consumerism, innovative technology, globalization, and sustainability are other key drivers of future Architecture and Design sector growth.

The Limelight Hotel was sustainably designed to achieve LEED certification.

The newest Karmanos Cancer Institute, located at the McLaren Port Huron campus in Port Huron, Michigan. The project was jointly designed by CallisonRTKL and SmithGroupJJR. The 35,000-square-foot Karmanos Cancer Institute is the first phase of a larger transformation under way at the Presbyterian Port Huron campus.

The number of employees in CallisonRTKL decreased in 2017 to 1,712 (2016: 1,810), 45% of whom are female.

The number of employees in CallisonRTKL decreased in 2017 to 1,712 (2016: 1,810), 45% of whom are female.

CallisonRTKL in partnership with Porsche Germany, Porsche China and the Jabil Group— one of the largest Porsche dealers in the world—celebrated the grand opening of the first Porsche Studio in China.

Examples of important new projects and/or projects that were completed during 2017 include:

- CallisonRTKL designed the Limelight Ketchum, a five-story hotel with 99 guest rooms and fourteen private residences with twelve lock-off units occupying a full main street block in Ketchum, Idaho.
- The Limelight Hotel was sustainably designed to achieve LEED certification.
- The newest Karmanos Cancer Institute, located at the McLaren Port Huron campus in Port Huron, Michigan. The project was jointly designed by CallisonRTKL and SmithGroupJJR. The 35,000-square-foot Karmanos Cancer Institute is the first phase of a larger transformation under way at the Presbyterian Port Huron campus.
- The number of employees in CallisonRTKL decreased in 2017 to 1,712 (2016: 1,810), 45% of whom are female.

While major industry-shaping themes such as consumerism, innovative technology, globalization, and sustainability are other key drivers of future Architecture and Design sector growth.

While major industry-shaping themes such as consumerism, innovative technology, globalization, and sustainability are other key drivers of future Architecture and Design sector growth.

The Limelight Hotel was sustainably designed to achieve LEED certification.

The newest Karmanos Cancer Institute, located at the McLaren Port Huron campus in Port Huron, Michigan. The project was jointly designed by CallisonRTKL and SmithGroupJJR. The 35,000-square-foot Karmanos Cancer Institute is the first phase of a larger transformation under way at the Presbyterian Port Huron campus.

The number of employees in CallisonRTKL decreased in 2017 to 1,712 (2016: 1,810), 45% of whom are female.

As a final decision has not been made yet, the process is on track, and a market consultation is in progress, allowing us to assess if a sale is viable.
ROCHE PHARMACEUTICAL PLANT SHANGHAI

SHiPII is a state-of-the-art manufacturing facility producing tablets and capsules for cancer and other life-saving drugs with European quality standards in China. Arcadis was appointed to ensure that the same high standards of Roche Pharmaceutical were carried through in the Phase II expansion of the operating site and that increasing market demand for life-saving cancer drugs can be met.

IMPAKT
• Delivered in the record time of only three years, truly achieving Western quality standards in China.
• Very innovative execution approach with intensive use of modern IT tools, a multinational team cooperating across borders and time zones simultaneously, and a strong, long-standing client relationship.
• An environmentally-friendly and energy-efficient design that supports China tackling the environmental burden, leading to savings of more than 70% of the yearly demand for heat and significant amount of chilled water.
PETER OOSTERVEER
Chief Executive Officer and Chairman of the Executive Board
Term 2017 - 2021
Dutch nationality, 1957 BSc

Peter Oosterveer was selected as Chief Executive Officer and Chairman of the Executive Board of Arcadis NV in 2017. Prior to Arcadis he worked for Hoeven & Partner, a firm specializing in Energy Technology, with a focus on gas and oil. Oosterveer graduated from the Vrije Universiteit in Amsterdam with an MSc in Technology Management. He started his career at Royal Philips Electronics. In 1988, he joined Hoogovens IJmuiden (now Tata Steel) as Controls System Engineer. Initially based in the Netherlands, he was assigned to several international projects. Following several general management roles in 1999, he moved Fluor’s headquarters from California to Houston to lead the Corporate Leadership Team. In 2014, he was appointed as Chief Operating Officer of Fluor, Corporate Leadership Team. In 2014, he was responsible for approximately US$20 billion in annual revenues.

In 2018, Oosterveer was appointed Chief Financial Officer and Member of the Executive Board of Arcadis NV in May 2018 responsible for Finance, Tax, Treasury, and Risk Management. Prior to Arcadis he worked at Royal Philips Electronics. At Philips, he gained extensive experience in all aspects of financial management including a number of key acquisitions. In 2004, he became President of the Energy and Chemicals group for Fluor globally, which also made him a member of the Fluor Management Committee. In 2009, he relocated to Houston to become President of the Energy and Chemicals Group. Oosterveer relocated to the Netherlands in 2010 to take up the role of CEO of Fluor Europe, Africa, and the Middle East Follow-on by assuming global responsibility for the Chemicals Group. Peter Oosterveer relocated to the Netherlands in 2017 and was appointed as CEO of Arcadis.

RENIER VREE *
Chief Financial Officer
Term 2010 - 2018
Dutch nationality, 1964 MSc, RC

Renier Vree was appointed Chief Financial Officer and Member of the Executive Board of Arcadis NV in May 2010 responsible for Finance, Tax, Treasury, and Risk Management. Prior to Arcadis he worked at Royal Philips Electronics. At Philips, he gained extensive experience in all aspects of financial management including a number of key acquisitions. In 2004, he became President of the Energy and Chemicals group for Fluor globally, which also made him a member of the Fluor Management Committee. In 2009, he relocated to Houston to become President of the Energy and Chemicals Group. Oosterveer relocated to the Netherlands in 2010 to take up the role of CEO of Fluor Europe, Africa, and the Middle East Follow-on by assuming global responsibility for the Chemicals Group. Peter Oosterveer relocated to the Netherlands in 2017 and was appointed as CEO of Arcadis.

Renier Vree holds a master’s degree in Quantitative Business Economics from Erasmus Universiteit Rotterdam, and a postgraduate degree as a Chartered Controller from the Vrije Universiteit in Amsterdam.

Stephanie Bottenaus started with Arcadis international projects business Arcadis Deutschland GmbH, where she was Business Unit Manager for Eastern Europe and Asia from 1998 to 2003. From 2005 to 2008, she was in charge of the Multinational Clients program of Arcadis.

She established Arcadis China in 2005 as a greenfield operation and was responsible for it until 2006. From 2006 to 2017, she was CEO of Arcadis Deutschland GmbH. Following her appointment as Arcadis Director Europe, she was responsible for the European operations of Arcadis (excluding the Netherlands and the UK). She was appointed to the Executive Board in April 2017.

She is a native of the Netherlands and her professional career started in 1988 with Royal Philips Electronics, where she gained experience in item management. She obtained a Business Administration degree at the Vrije Universiteit in Amsterdam and a postgraduate degree in Accounting in Rotterdam.

Other positions
• Chairman Cunliffe Post-graduate Chartered Certified Accountant Programmes University of Hertfordshire

Mary Ann Hopkins joined Arcadis in 2016 and was appointed to the Executive Board in April 2017.

Before joining Arcadis she was President of Parsons, a leading global business of Parsons Corporation, where she led the government segment. Prior to that, she was Executive Vice President for Global Business Development for Parsons Government Solutions. Her career began in 1981 at civil engineering, after which she had diverse roles in project management, business development, and general management.

Other positions
• Member Board of Directors Blumont
COMPOSITION OF THE SUPERVISORY BOARD

Chairman Supervisory Board, Audit and Risk Committee (Chairman), Supervisory Board of Stadsherstel (2001 - 2016); Director of the Foundation C.H. Noordegraaf (1997 - 2014); Director TNO (1999 - 2014); Member of the Board of Directors of Mizuho Bank, Ltd (2009 - 2014); Senior Advisor, Deloitte (2018 - 2020) Previous positions: Chairman Deloitte NL and CEO Deloitte NL (2013 - 2015); Executive Director Brazilian Energy Bank (2005 - 2013); Corporate Finance Director, RBS (1994 - 2004) Professional background: Economist (Maastricht University 1986 - 1990), Master of Science in Accounting and Economics (1990).

BARRY S. PACOY

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board KNRM
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.
• Member Supervisory Board S&B Industrial Minerals Finance Holdings S.a.r.l.

Current other non-executive board positions:
• Member Supervisory Board Janivo Holding
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Janivo Holding
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.

Current other non-executive board positions:
• Member Supervisory Board Anthony Veder
• Member Supervisory Board Van Oord
• Member Supervisory Board Fugro NV
• Member Supervisory Board SIF Holding N.V.
OVERVIEW OF SENIOR MANAGEMENT

BUSINESS LEADERS

JOACHIM EBERT
German nationality, 1969
Dipl.-Wirtsch.-Ing, MBA
CEO Arcadis North America since 2016

ERIK BLOKHUIS
Dutch nationality, 1967
MSc
CEO Arcadis Continental Europe since 2015

ALAN BROOKES
British nationality, 1961
BSc, FRICS
CEO Arcadis UK since 2016

MATT BENNION
British nationality, 1971
BSc, FRICS
CEO Arcadis Asia since 2016

FELIPE LIMA
Brazilian nationality, 1971
BSc
CEO Arcadis Latin America since 2017

MATT BENNION
British nationality, 1971
BSc, FRICS
CEO Arcadis Asia since 2016

FELIPE LIMA
Brazilian nationality, 1971
BSc
CEO Arcadis Latin America since 2017

CORPORATE STAFF DIRECTORS

LIA BIELOS
Dutch nationality, 1962
BSc
Global Director Human Resources since 2016

BARTHEKE WEERSTRA
Dutch nationality, 1973
LLM
General Counsel and Company Secretary since 2010

JAN-OEGE GOSLINGS
Dutch nationality, 1965
MSc
Group Controller since 2016

JOOST SLOOTEN
Dutch nationality, 1961
Director of Sustainability and External Affairs since 2016

JULIEN CAYET
French nationality, 1972
Chief Digital Officer since 2017

ROB MOOREN
Dutch nationality, 1956
MSc
Global Director Global Solutions since 2017
We have also updated our core values, putting ‘People First’, and putting integrity at the center of everything we do. Separate workflows will be working on the organization in these topics during the coming financial years. For the topics of Executive Board and Supervisory Board, an annual schedule for further discussions with these Boards was prepared. Some of these discussions took place in 2017, with further discussions scheduled for 2018. Topics identified for discussion include the relationship between the Boards, the set-up of meetings, the quality of materials submitted to and prepared for and by the Boards, feedback to and from the organization, and the addendum of the New Code.

An overview of the corporate governance structure of Arcadis in 2017 is provided below. Arcadis applies all principles and best practice provisions of the New Code, with one historical exception. This is described on page 128.

For additional information about Corporate Governance at Arcadis, please visit our website.

www.arcadis.com/governance

ORGANIZATIONAL STRUCTURE
The Company is managed by the Executive Board under supervision of the Supervisory Board. Since 2003, Arcadis NV has been an international holding company. Members of the Executive and Supervisory Boards are appointed and dominated by the General Meeting of Shareholders. 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 quorum shall be ascertained 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 manages the Company and is responsible for the continuity of the Company and the Company’s goals, objectives, long-term value creation strategy, policy, and results. The Supervisory Board determines the number of Executive Board members after consultation with the Executive Board.
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 a simple majority.

The General Meeting can overrule the 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 a simple majority.

Based on the transitional arrangement in the New Code, as of financial year 2017, a Supervisory Board consists of five members: an Audit and Risk Committee, a Selection Committee, and a Remuneration Committee. Their task is to assist and advise the Supervisory Board and the Executive Board in order to achieve a diverse Supervisory Board and Executive Board.

The Supervisory Board has established three committees from among its members: an Audit and Risk Committee, a Selection Committee, and a Remuneration Committee. Their task is to assist and advise the Supervisory Board and in fulfilling its responsibilities. The tasks and procedures of the committees are outlined in their charters, which can be found on our website. The present composition of the Supervisory Board, its committees, and information about the Supervisory Board members are provided on pages 110 and 119 of this Annual Integrated Report.

At least once per year, outside the presence of the Executive Board, the Supervisory Board evaluates both the functioning of the Executive Board and its members: an Audit and Risk Committee, a Selection Committee, and a Remuneration Committee. Their task is to assist and advise the Supervisory Board and the Executive Board in order to achieve a diverse Supervisory Board and Executive Board. Arcadis believes that the organization gains from a broad range of skills and a variety of backgrounds in these Boards, reflecting the diversity of the Arcadis client base.

Based on the nature and complexity of the Arcadis business, the markets in which Arcadis operates, and the size of the Supervisory Board, the Supervisory Board appoints one of its members as Chairperson and one as Vice-Chairperson. 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 by a resolution adopted by a majority of at least two-thirds of the votes, representing more than half of the issued share capital.

The Supervisory Board appoints one of its members as Chairperson and one as Vice-Chairperson. In the case of an appointment or reappointment of Supervisory Board members, the Supervisory Board shall have experience in the global design, the consulting industry, or an industry adjacent thereto. This target is also met with five members having this experience.

For more information about Diversity instructions in line with the diversity policies.

A background target for the Executive Board requires that at least three regions where the Executive Board is active shall be represented. In the Executive Board, at least two regions where Arcadis is active shall be represented.

The background target for the Executive 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 meets this requirement. The second target that Arcadis has set requires that at least one member of the Supervisory Board shall have experience in the global design, the engineering and/or the consulting industry or an industry adjacent thereto. This target is also met with five members having this experience.

Based on the nature and complexity of the Arcadis business, the markets in which Arcadis operates, and the size of the Supervisory Board, the Supervisory Board appoints one of its members as Chairperson and one as Vice-Chairperson. 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 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.

The Supervisory Board has established three committees from among its members: an Audit and Risk Committee, a Selection Committee, and a Remuneration Committee. Their task is to assist and advise the Supervisory Board and in fulfilling its responsibilities. The tasks and procedures of the committees are outlined in their charters, which can be found on our website. The present composition of the Supervisory Board, its committees, and information about the Supervisory Board members are provided on pages 110 and 119 of this Annual Integrated Report.

At least once per year, outside the presence of the Executive Board, the Supervisory Board evaluates both the functioning of the Executive Board and its members: an Audit and Risk Committee, a Selection Committee, and a Remuneration Committee. Their task is to assist and advise the Supervisory Board and the Executive Board in order to achieve a diverse Supervisory Board and Executive Board. Arcadis believes that the organization gains from a broad range of skills and a variety of backgrounds in these Boards, reflecting the diversity of the Arcadis client base.

Based on the nature and complexity of the Arcadis business, the markets in which Arcadis operates, and the size of the Supervisory Board, the Supervisory Board appoints one of its members as Chairperson and one as Vice-Chairperson. 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 by a resolution adopted by a majority of at least two-thirds of the votes, representing more than half of the issued share capital.

The Supervisory Board appoints one of its members as Chairperson and one as Vice-Chairperson. In the case of an appointment or reappointment of Supervisory Board members, the Supervisory Board shall have experience in the global design, the consulting industry, or an industry adjacent thereto. This target is also met with five members having this experience.

For more information about Diversity instructions in line with the diversity policies.

A background target for the Executive Board requires that at least three regions where the Executive Board is active shall be represented. In the Executive Board, at least two regions where Arcadis is active shall be represented.

The background target for the Executive 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 meets this requirement. The second target that Arcadis has set requires that at least one member of the Supervisory Board shall have experience in the global design, the engineering and/or the consulting industry or an industry adjacent thereto. This target is also met with five members having this experience.

The Supervisory Board has established three committees from among its members: an Audit and Risk Committee, a Selection Committee, and a Remuneration Committee. Their task is to assist and advise the Supervisory Board and in fulfilling its responsibilities. The tasks and procedures of the committees are outlined in their charters, which can be found on our website. The present composition of the Supervisory Board, its committees, and information about the Supervisory Board members are provided on pages 110 and 119 of this Annual Integrated Report.

At least once per year, outside the presence of the Executive Board, the Supervisory Board evaluates both the functioning of the Executive Board and its members: an Audit and Risk Committee, a Selection Committee, and a Remuneration Committee. Their task is to assist and advise the Supervisory Board and the Executive Board in order to achieve a diverse Supervisory Board and Executive Board. Arcadis believes that the organization gains from a broad range of skills and a variety of backgrounds in these Boards, reflecting the diversity of the Arcadis client base.

Based on the nature and complexity of the Arcadis business, the markets in which Arcadis operates, and the size of the Supervisory Board, the Supervisory Board appoints one of its members as Chairperson and one as Vice-Chairperson. 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 by a resolution adopted by a majority of at least two-thirds of the votes, representing more than half of the issued share capital.

The Supervisory Board appoints one of its members as Chairperson and one as Vice-Chairperson. In the case of an appointment or reappointment of Supervisory Board members, the Supervisory Board shall have experience in the global design, the consulting industry, or an industry adjacent thereto. This target is also met with five members having this experience.

For more information about Diversity instructions in line with the diversity policies.

A background target for the Executive Board requires that at least three regions where the Executive Board is active shall be represented. In the Executive Board, at least two regions where Arcadis is active shall be represented.

The background target for the Executive 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 meets this requirement. The second target that Arcadis has set requires that at least one member of the Supervisory Board shall have experience in the global design, the engineering and/or the consulting industry or an industry adjacent thereto. This target is also met with five members having this experience.
For more information about the powers of the General Meeting as well as the Company’s Articles of Association, please visit:

www.arcadis.com/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 2017, the total number of ordinary shares issued was 87,407,211. Currently, only ordinary shares and 600 priority shares have been issued. See note 23 to the Consolidated financial statements for further details. Preference 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 Prioriterende Aandelen Arcadis NV), entitle the holder to a right of approval regarding certain important decisions. These include the issuance, acquisition or disposal of shares, the entering into contracts with 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 three members of the Executive Board, all members of the Supervisory Board, and ten members who are Arcadis employees. All resolutions of the Board, require a majority of at least 50% of the votes cast, meaning that employee 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 with the Arcadis Preferred Stock Foundation (Stichting Preferente Aandelen Arcadis NV) and Arcadis NV.

The objective of this foundation is to protect the interests of Arcadis, its enterprises, and all of those involved. In the event of an unfriendly takeover attempt or other hostile situation, preference shares can be obtained by this Foundation. This would allow the Executive and Supervisory Boards time to duly consider the situation and the interests involved. For more information, please see note 23 to the Consolidated financial statements.

REGULATIONS CONCERNING Arcadis SECURITIES TRANSACTIONS
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 from exercising voting rights with due observance of the provisions in the Articles of Association.

For more information about nationality/geographical provenance and experience of the members of the Executive Board and the Supervisory Board of Arcadis, please refer to their biographies on pages 118 and 119 respectively.

The 600 priority shares, held by the Arcadis Priority Foundation, require a majority of at least 50% of the votes cast, meaning that employee support is needed for those far-reaching decisions.

For more information about nationality/geographical provenance and experience of the members of the Executive Board and the Supervisory Board of Arcadis, please refer to their biographies on pages 118 and 119 respectively.

FINANCIAL REPORTING AND ROLE OF AUDITORS
The General Meeting is entitled 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 Committees. Prior to publication, the half-year results and reports are discussed with the Audit and Risk Committee in the presence of the external auditors, and subsequently with the Supervisory Board. The quarterly results and reports of the first and the third quarter are discussed with the Audit and Risk Committee, in the presence of the external auditors, prior to publication.

www.arcadis.com/governance

For more information about nationality/geographical provenance and experience of the members of the Executive Board and the Supervisory Board of Arcadis, please refer to their biographies on pages 118 and 119 respectively.

The 600 priority shares, held by the Arcadis Priority Foundation, require a majority of at least 50% of the votes cast, meaning that employee support is needed for those far-reaching decisions.

For more information about nationality/geographical provenance and experience of the members of the Executive Board and the Supervisory Board of Arcadis, please refer to their biographies on pages 118 and 119 respectively.

FINANCIAL REPORTING AND ROLE OF AUDITORS
The General Meeting is entitled 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 Committees. Prior to publication, the half-year results and reports are discussed with the Audit and Risk Committee in the presence of the external auditors, and subsequently with the Supervisory Board. The quarterly results and reports of the first and the third quarter are discussed with the Audit and Risk Committee, in the presence of the external auditors, prior to publication.
The external auditor attends all Audit and Risk Committee meetings and the meetings of the Supervisory Board in which the annual financial statements are to be approved and the year-end audit report of the external auditor is discussed. The Arcadis Auditor Independence Policy contains rules and procedures for the engagement of the external auditor; in order to ensure its independence.

The Audit and Risk Committee annually reports to the Supervisory Board on the functioning of the external auditor and the relationship with the external auditor, whilst giving due consideration to the advice of the Executive Board’s observations. The desirability of rotating the external auditor’s lead partner is also evaluated. Arcadis changed lead partners in 2001, 2006, and 2008. In 2014, PricewaterhouseCoopers Accountants NV was appointed as the new auditor for the financial year 2015, which automatically implied a change in lead partner. In 2015, 2016, and 2017, the General Meeting (as appointed PricewaterhouseCoopers Accountants NV as auditor of the 2016, 2017, and 2018 financial statements respectively).

Arcadis has an internal audit function which operates under the responsibility of the Executive Board, with reporting lines to the CEO, CFO, and the Audit and Risk Committee. The duty 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 New Code, 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. The charter also contains rules and procedures for the engagement of the external auditor.

Arcadis has an internal audit function which operates under the responsibility of the Executive Board, with reporting lines to the CEO, CFO, and the Audit and Risk Committee. The duty 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 New Code, 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. The charter also contains rules and procedures for the engagement of the external auditor.

Arcadis has an internal audit function which operates under the responsibility of the Executive Board, with reporting lines to the CEO, CFO, and the Audit and Risk Committee. The duty 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 New Code, 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. The charter also contains rules and procedures for the engagement of the external auditor.

Arcadis has an internal audit function which operates under the responsibility of the Executive Board, with reporting lines to the CEO, CFO, and the Audit and Risk Committee. The duty 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 New Code, 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. The charter also contains rules and procedures for the engagement of the external auditor.

Arcadis has an internal audit function which operates under the responsibility of the Executive Board, with reporting lines to the CEO, CFO, and the Audit and Risk Committee. The duty 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 New Code, 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. The charter also contains rules and procedures for the engagement of the external auditor.

COMPLIANCE WITH THE PRINCIPLES AND BEST PRACTICE

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

1.3.1: In 2020, the Articles of Association of the Company were amended to abolish 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 Lovinklaan Foundation. As the percentage of share ownership of Lovinklaan is still significant (18.20% on 31 December 2017, see page 79), the reasons for this deviation are still applicable and the deviation is expected to continue as long as Lovinklaan has a significant ownership. It was further stipulated that the desirability of nominating candidates 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 CORPORATE WEBSITE

- Dutch Corporate Governance Code (version 2016)
- Arcadis NV Articles of Association
- Regulation Executive Board
- Regulation Supervisory Board
- Diversity Policy Executive Board
- Diversity Policy Supervisory Board
- Regulations regarding transactions in Arcadis securities
- Arcadis policy on bilateral contacts with shareholders

www.arcadis.com/governance
Balancing risk and reward to achieve Arcadis’ strategic objectives.

**INTRODUCTION**

Intelligent risk management plays a vital role in enabling Arcadis to achieve its long-term strategic objectives. It is also important to Arcadis’ stakeholders. The Arcadis Business Control Framework (the ABC Framework) is Arcadis’ internal risk and control system, designed and implemented based on the identified twelve key risks which could have an impact on Arcadis’ achievement of its strategic goals. The twelve key risks are divided into four risk categories: Strategic, Operational, Health & Safety, and Compliance. Governance standards, global policies, and global guidelines are included in the framework, providing a roadmap for the management of risk on a day-to-day basis, assisting value creation, and promoting the long-term success of the Company.

**RISK AREA | RISK | RISK DESCRIPTION | TREDN | RISK APPETITE**

**STRATEGIC**
- Market
  - The risk that market developments have an adverse effect on Arcadis’ net revenues
- Reputation
  - The risk of an incident occurring which will adversely affect the Arcadis brand
- M&A
  - The risk that acquisitions do not deliver the intended return on investment, or that assets to be divested are not divested in a timely fashion, for the right values
- Financing
  - The risk of having inadequate access to capital from external sources
- People
  - The risk that the business has insufficient talent to win and deliver client projects, and to lead the business to achieve its fullest potential

**OPERATIONAL**
- Client & Project
  - The risk that too large a proportion of net revenues comes from a small group of clients, or that Arcadis underdelivers on its projects
- Reporting
  - The risk that Arcadis’ reporting contains material misstatements
- Capacity & Capability
  - The risk that the knowledge and technical capability and capacity of Arcadis’ employees does not always match prevailing market needs
- Liquidity
  - The risk that the business has insufficient free cash flow to fund its operations and stay within acceptable debt ratios
- IT
  - The risk that critical IT systems being unavailable or having restricted availability to the business

**HEALTH & SAFETY**
- Health & Safety
  - The risk of health and safety incidents which adversely affect Arcadis’ people or the business

**COMPLIANCE**
- Compliance
  - The risk of non-compliance with statutory laws and regulations in applicable jurisdictions or with Arcadis’ internal policies and procedures

**RESPONSIBILITY FOR RISK MANAGEMENT**

The Executive Board has overall responsibility for identifying, analyzing, and managing the risks associated with Arcadis’ strategy and activities, including establishing the risk appetite, designing, implementing, and maintaining the internal risk and control system, and monitoring its performance. The Executive Board has established a Risk Management function to provide support and assistance with the effective discharge of these responsibilities. The Risk Management function is headed by the Chief Risk Officer, supported by a Corporate Risk Management team and Regional Risk Managers.

The Risk Management Committee assists the Executive Board with striking the right balance between risk and reward by providing global oversight on risk topics. The Risk Management Committee advises the Executive Board, as needed, in ensuring that a robust risk management framework exists across Arcadis.

**RISKS AT A GLANCE**

**ENTERPRISE RISK MANAGEMENT**

Balancing risk and reward to achieve Arcadis’ strategic objectives.

**RESPONSIBILITY FOR RISK MANAGEMENT**

The Executive Board has overall responsibility for identifying, analyzing, and managing the risks associated with Arcadis’ strategy and activities, including establishing the risk appetite, designing, implementing, and maintaining the internal risk and control system, and monitoring its performance. The Executive Board has established a Risk Management function to provide support and assistance with the effective discharge of these responsibilities. The Risk Management function is headed by the Chief Risk Officer, supported by a Corporate Risk Management team and Regional Risk Managers.

The Risk Management Committee assists the Executive Board with striking the right balance between risk and reward by providing global oversight on risk topics. The Risk Management Committee advises the Executive Board, as needed, in ensuring that a robust risk management framework exists across Arcadis.

**ENTERPRISE RISK MANAGEMENT**

Balancing risk and reward to achieve Arcadis’ strategic objectives.

**RESPONSIBILITY FOR RISK MANAGEMENT**

The Executive Board has overall responsibility for identifying, analyzing, and managing the risks associated with Arcadis’ strategy and activities, including establishing the risk appetite, designing, implementing, and maintaining the internal risk and control system, and monitoring its performance. The Executive Board has established a Risk Management function to provide support and assistance with the effective discharge of these responsibilities. The Risk Management function is headed by the Chief Risk Officer, supported by a Corporate Risk Management team and Regional Risk Managers.

The Risk Management Committee assists the Executive Board with striking the right balance between risk and reward by providing global oversight on risk topics. The Risk Management Committee advises the Executive Board, as needed, in ensuring that a robust risk management framework exists across Arcadis.
Risk Management in Arcadis can only be effective with a strong commitment from regional executive management to drive a culture where the regions own and manage risk on a day-to-day basis. The Corporate Risk Management team oversees assessments in the regions – known as management testing. The results from the annual management testing are analyzed and discussed initially with Regional management, and then with the Executive Board, the Audit and Risk Committee, and the Supervisory Board. Where necessary, improvements to the design or the implementation of the controls are recommended. All reported findings and recommended improvements (including those from Internal Audit and External Auditors) are captured in an Action Tracker. Recommended improvements areactioned by thebusiness, monitored and supported by the Corporate and Regional Risk Management Teams. The Chief Risk Officer periodically reports to the Executive Board on the status of the improvement items.

Annual, the priorities for Internal Audit are set in consultation with the Executive Board and the Audit and Risk Committee based on the results of an overall risk assessment of Arcadis. The audit plan is reassessed quarterly against changes in the overall risk environment of Arcadis.

In 2017, Internal Audit mainly focused its activities on the roll-out of the Arcadis Way and business process audits in operating entities. Observations and recommendations from the audits are discussed with management of the operating entities and included in the Action Tracker. Regional management is responsible for executing and monitoring the progress of remedial measures put in place to mitigate the reported risks. The Internal Audit Reports are submitted to the auditor, regional management, and the responsible Executive Board member.

A summary of the results of audits undertaken and changes to the audit plan, if any, are reported to the Executive Board and the Audit and Risk Committee on a quarterly basis.

INTERNAL AUDIT
Arcadis' Internal Audit function operates under the responsibility of the Executive Board. Its objective is to enhance Arcadis' risk exposure through assurance. Internal Audit deploys a systematic and disciplined approach to evaluate and improve Arcadis' risk management, control environment and overall risk capacity, and overall risk profile to the business. They also provide a tool for monitoring Arcadis' risk exposure, which will help to maintain a risk profile which does not adversely impact its profitability or value, or pose a threat to its continuity. This approach complies with the Standards of the Institute of Internal Auditors. The Head of Internal Audit has direct access to the Executive Board and attends Audit and Risk Committee meetings.
Risk Trend:

MARKET RISK

Over the past year, volatility has decreased, and geopolitical markets are expected to remain stable or grow for the foreseeable future. Uncertainty remains around matters such as Brexit and the development of the US Tariff wall, which could have significant and long-lasting effects on the real estate market.

ENTERPRISE RISK MANAGEMENT

FURTHER ACTIVITIES PLANNED FOR 2018

2. The decision was taken to develop scenarios for

2. The decision was taken to develop scenarios for

PEOPLE RISK

Arcadis recognizes that its people and its culture are key to achieving its objectives and as such its new strategy focuses heavily on People & Culture. Having insufficient talent to achieve its objectives and as such its new strategy focuses heavily on People & Culture. Having insufficient talent to

FINANCING RISK

Arcadis operates in the capital markets and in banks in 2017 was also notable for increasing focus on corporate governance in the financial markets. Arcadis banks remain willing to provide financial support. There is continued focus to reduce leverage, with lower debt and improved DSCR for main drivers.

SPECIFIC RISK-MITIGATING ACTIONS IN 2017

1. Arcadis issued several extensive pieces of research which helped it establish a position as a

1. Arcadis continued to carefully monitor the integration of acquisitions, rather than focusing on large mergers or acquisitions. It applies lessons learned when integrating subsequent acquisitions.

FURTHER ACTIVITIES PLANNED FOR 2018

1. Arcadis did not undertake any large mergers or acquisitions, rather the focus was on developments, with the aim of maintaining focus and reducing the risk profile.

For further details on the main drivers of Arcadis’ reputation, please refer to the Annex S.

In 2017, Arcadis did not undertake any large mergers or acquisitions, rather the focus was on developments, with the aim of maintaining focus and reducing the risk profile. Arcadis’ new strategy was developed and launched. This identifies four industry-specific

1. Arcadis continued to cautiously look at smaller

2. Arcadis’ new strategy was developed and launched. This identifies four industry-specific

FURTHER ACTIVITIES PLANNED FOR 2018

1. Arcadis’ new strategy was developed and launched. This identifies four industry-specific

PERSONAL RISK

Arcadis recognizes that its people and its culture are key to achieving its objectives and as such its new strategy focuses heavily on People & Culture. Having insufficient talent to achieve its objectives and as such its new strategy focuses heavily on People & Culture.
CLIENT & PROJECT RISK

Client buyin patterns are changing; regions which are targeted to the project and the identified risks. There was also increased monitoring of project performance in the regions, as competition increased. Risks were also identified in the Middle East, Australia, and Asia.

The Arcadis Way introduced a project review regime which is tailored to the project and the way of working, underpinned by a single ERP system (Oracle), standardized reporting, business controls (including Oracle-related application controls) will be implemented. The implementation of the new financial and non-financial reporting standards will continue to be monitored by the working groups and steering committees established in 2016, continued to be implemented.

2. The global working capital management program, established in 2016, continued to be implemented.

FURTHER ACTIVITIES PLANNED FOR 2018

A redesigned financial reporting control framework (including Oracle-related application controls and reporting standards) will be implemented. The implementation of the new financial and non-financial reporting standards will continue to be monitored by the working groups and steering committees established in 2016. The second phase of reporting will result in a shift in some of the skills needed. Attracting sufficient, capable technical people remains a challenge.

FURTHER ACTIVITIES PLANNED FOR 2018

In 2018, Arcadis aims to continue to focus on key areas, including Oracle-related application controls and reporting standards. The implementation of the new financial and non-financial reporting standards will continue to be monitored by the working groups and steering committees established in 2016. The second phase of reporting will result in a shift in some of the skills needed. Attracting sufficient, capable technical people remains a challenge.

CAPACITY & CAPABILITY RISK

Competency for clients is key to the firm and there is a risk that knowledge and technical capability and capacity across Arcadis operations, the trend towards digitalization, and the demand for more sophisticated and increasingly active across the globe.

To further enable collaboration, supporting bidding and project delivery, within Arcadis, it has been highlighted that risk of critical IT systems having restricted availability or being centralized and harmonized. This however increases the risk of critical IT systems having restricted availability or being centralized.

CUSTOMER RISK

Arcadis is required to comply with financial and non-financial reporting requirements. Material misstatements in reporting could result in a loss of confidence in the firm’s ability to deliver consistent results, a decrease in profitability, and a loss of share price. The ongoing implementation of the Arcadis Way with its associated resource management functionality, will allow for more efficient use of existing capability and capability across Arcadis operations. The trend towards digitalization, will result in a shift in some of the skills needed. Attracting sufficient, capable technical people remains a challenge.

Specific risk-mitigating actions in 2017 included:

1. The Arcadis Way introduced a project review regime which is tailored to the project and the way of working, underpinned by a single ERP system (Oracle), standardized reporting, business controls (including Oracle-related application controls) will be implemented. The implementation of the new financial and non-financial reporting standards will continue to be monitored by the working groups and steering committees established in 2016.

2. The global working capital management program, established in 2016, continued to be implemented.

3. A comprehensive ongoing program of management testing will be established and expanded.

4. Training on the risks associated with working directly with contractors in a design-build chain. Reflecting this trend, Arcadis is increasingly engaged by contractors whose clients are complex problems in a sustainable way and are increasingly transferring risk to their supply chains. Reflecting this trend, Arcadis is increasingly engaged by contractors whose clients are complex problems in a sustainable way and are increasingly transferring risk to their supply chains.

Client spending patterns are changing: clients are looking for integrated thinking to solve market uncertainty, and the client development capability was significantly strengthened.

3. Developed Finance strategy 2020, aimed at improving and digitalizing the finance function.

4. Training on the risks associated with working directly with contractors in a design-build chain. Reflecting this trend, Arcadis is increasingly engaged by contractors whose clients are complex problems in a sustainable way and are increasingly transferring risk to their supply chains. Reflecting this trend, Arcadis is increasingly engaged by contractors whose clients are complex problems in a sustainable way and are increasingly transferring risk to their supply chains.

Specific risk-mitigating actions in 2017 included:

1. The Arcadis Way introduced a project review regime which is tailored to the project and the way of working, underpinned by a single ERP system (Oracle), standardized reporting, business controls (including Oracle-related application controls) will be implemented. The implementation of the new financial and non-financial reporting standards will continue to be monitored by the working groups and steering committees established in 2016.

2. The global working capital management program, established in 2016, continued to be implemented.

3. A comprehensive ongoing program of management testing will be established and expanded.

4. Training on the risks associated with working directly with contractors in a design-build chain. Reflecting this trend, Arcadis is increasingly engaged by contractors whose clients are complex problems in a sustainable way and are increasingly transferring risk to their supply chains. Reflecting this trend, Arcadis is increasingly engaged by contractors whose clients are complex problems in a sustainable way and are increasingly transferring risk to their supply chains.

Client spending patterns are changing: clients are looking for integrated thinking to solve market uncertainty, and the client development capability was significantly strengthened.

3. Developed Finance strategy 2020, aimed at improving and digitalizing the finance function.

4. Training on the risks associated with working directly with contractors in a design-build chain. Reflecting this trend, Arcadis is increasingly engaged by contractors whose clients are complex problems in a sustainable way and are increasingly transferring risk to their supply chains. Reflecting this trend, Arcadis is increasingly engaged by contractors whose clients are complex problems in a sustainable way and are increasingly transferring risk to their supply chains.

Specific risk-mitigating actions in 2017 included:

1. The Arcadis Way introduced a project review regime which is tailored to the project and the way of working, underpinned by a single ERP system (Oracle), standardized reporting, business controls (including Oracle-related application controls) will be implemented. The implementation of the new financial and non-financial reporting standards will continue to be monitored by the working groups and steering committees established in 2016.

2. The global working capital management program, established in 2016, continued to be implemented.

3. A comprehensive ongoing program of management testing will be established and expanded.

4. Training on the risks associated with working directly with contractors in a design-build chain. Reflecting this trend, Arcadis is increasingly engaged by contractors whose clients are complex problems in a sustainable way and are increasingly transferring risk to their supply chains. Reflecting this trend, Arcadis is increasingly engaged by contractors whose clients are complex problems in a sustainable way and are increasingly transferring risk to their supply chains.
ENTERPRISE RISK MANAGEMENT

COMPLIANCE RISK
Arcadis undertakes due diligence in accordance with laws and regulations, including data laws, privacy regulations, accounting standards, tax laws, health and safety regulations, and governance, and periodically reviews such controls in order to operate. Functional breaks (including HR, Privacy, Compliance, Finance, The Legal, Sustainability, and Health & Safety) together with business partners are responsible for raising awareness of applicable laws and regulations. Local and global policies are developed and implemented to sustain such compliance. Additionally, Arcadis employees undertake training in the Arcadis code of conduct (the Arcadis General Business Principles). This provides guidance on recognizing compliance issues and in reporting actual or suspected misconduct or irregularities under the reporting procedure through the use of a whistleblower.

SPECIFIC RISK-MITIGATING ACTIONS IN 2017

1. The global Health & Safety strategy was updated to include a reference to the development (or enhancement) of an employee well-being program on a regional basis in consultation with the relevant business segments.

2. A new travel health, safety, and security provider was selected to replace the existing provider. The new provider has implemented a more robust process for the pre-trip evaluation and training of employees, which will be commenced in 2018.

3. Various new policies and updates of existing policies – Arcadis General Business Principles, Arcadis Travel Health, Safety, and Security Protocol, and Arcadis’ data protection policies – are scheduled for 2018. In addition, the Arcadis’ global information security policy is being updated and those employees are expected to be trained in 2018.

4. A Chief Privacy Officer was appointed at global level and a Global Privacy Program was started and will be further developed in 2018. The Global Privacy Program (referred to above) will continue to be implemented in the regions, along with reports from Internal Audit and the Board Report from the external auditor. It has assessed the effectiveness of the design and operation of the ABC Framework in 2017 and has discussed this with the Audit and Risk Committee and the Supervisory Board.

FURTHER ACTIVITIES PLANNED FOR 2018

1. The report provides sufficient insights into any failings in the management of the risks identified. Areas for improvement were identified. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going-concern basis; the names and functions of the Executive Board members are mentioned in accordance with the Financial Markets Supervision Act (Wet op het Financieel Toezicht), and the number of employees is mentioned in accordance with the Corporate Financing Act (Wet op het Kapitaalsverkeer en het Kapitaalvermogen) of the Netherlands. The above statements are given on the basis that the ABC Framework is in place; the Consolidated financial statements give a true and fair view of the position of Arcadis and its consolidated companies as at 31 December 2017 and the developments during the financial period of twelve months after the preparation of the report.

2. The names and functions of the Executive Board members are mentioned in accordance with the Financial Markets Supervision Act (Wet op het Financieel Toezicht), and the number of employees is mentioned in accordance with the Corporate Financing Act (Wet op het Kapitaalsverkeer en het Kapitaalvermogen) of the Netherlands. The above statements are given on the basis that the ABC Framework is in place; the Consolidated financial statements give a true and fair view of the position of Arcadis and its consolidated companies as at 31 December 2017 and the developments during the financial period of twelve months after the preparation of the report.

3. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going-concern basis; the names and functions of the Executive Board members are mentioned in accordance with the Financial Markets Supervision Act (Wet op het Financieel Toezicht), and the number of employees is mentioned in accordance with the Corporate Financing Act (Wet op het Kapitaalsverkeer en het Kapitaalvermogen) of the Netherlands. The above statements are given on the basis that the ABC Framework is in place; the Consolidated financial statements give a true and fair view of the position of Arcadis and its consolidated companies as at 31 December 2017 and the developments during the financial period of twelve months after the preparation of the report.

4. The 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.

5. The Board of Directors reports on the effective implementation of the financial control systems for which the Board exercises independent oversight. The Board has exercised independent oversight and has determined that the financial control systems are effective. The financial control systems are effective in the preparation of the Consolidated financial statements and the Annual Integrated Report in accordance with the expectations of the Company’s continuity for the period of twelve months after the preparation of the report.

6. The financial statements are prepared in accordance with applicable laws and regulations, in particular in accordance with the provisions of the Financial Markets Supervision Act (Wet op het Financieel Toezicht) and the Corporate Financing Act (Wet op het Kapitaalsverkeer en het Kapitaalvermogen) of the Netherlands. The above statements are given on the basis that the ABC Framework is in place; the Consolidated financial statements give a true and fair view of the position of Arcadis and its consolidated companies as at 31 December 2017 and the developments during the financial period of twelve months after the preparation of the report. The Board of Directors has undertaken, recognizing the rapidly evolving world in which we operate, to undergo a comprehensive review of Arcadis’ risk universe and has determined that the risk universe is relevant to the expectation of the Company’s continuity for the period of twelve months after the preparation of the report.

7. The Board of Directors has determined that the risk universe is relevant to the expectation of the Company’s continuity for the period of twelve months after the preparation of the report. The Board has determined that the risk universe is relevant to the expectation of the Company’s continuity for the period of twelve months after the preparation of the report.
In partnership with the Los Angeles County Metropolitan Transportation Authority (Metro), Arcadis is helping reduce traffic in North America’s most congested city by providing construction management support services for a 1.9-mile long subterranean twin rail tunnel as part of the public light rail system in Los Angeles.

**IMPACT**

- Throughout the multi-year Los Angeles Regional Connector Transit Project, Arcadis is providing in-depth transportation knowledge, construction contract administration, and quality and safety oversight as part of the design-build tunneling effort.
- Construction of the twin tunnels, scheduled to wrap up by early 2018, will connect three new stations along the Connector’s new expanded route. The addition of these new underground stations will close a gap in the light rail system by allowing for continued, single-seat train service for riders between Long Beach and Azusa and from East Los Angeles to Santa Monica without the need to transfer between trains, connecting the current Blue, Expo, and Gold lines.
- The project is expected to be completed in 2021.
Arcadis NV has a two-tier Board structure, consisting of the Executive Board and the Supervisory Board, both with responsibilities for the Company and its stakeholders, yet each with its own specific task. 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.

This Report by the Supervisory Board sets out the manner in which the Supervisory Board fulfilled its duties and responsibilities in 2017. For details on the organizational structure see the paragraphs in the section on Corporate Governance in this Annual Integrated Report. For the activities of the Executive Board in 2017 see, amongst others, the CEO message, and also the regional pages in this Annual Integrated Report.

PERFORMANCE OF THE COMPANY IN 2017

End of 2016, the search for a new CEO and the financial performance being below expectations 2017, 2018 saw a change in CEO, Supervisory Board meeting end of April 2017, Peter Oosterveer was appointed as member of the Executive Board and CEO. Mary Ann Hopkins was also appointed as member of the Supervisory Board. After that, the process to confirm the Strategy for 2018 - 2020 cycle could be finalized. The strategy update for that cycle was presented in November 2017. It included an update of the core values of the organization: we added a value for sustainability. While our primary focus is on organic growth, we also look for opportunities to further expand our digital and data expertise. As a next step in the strategic review of CallisonRTKL, we started a market consultation to assess the viability of a sale. In the coming years, we expect to see the benefits from our updated strategy 'Creating a sustainable future', based on three pillars: People & Culture, Innovation & Growth, and Focus & Performance.

While our primary focus is on organic growth, we also look for opportunities to further expand our digital and data expertise. As a next step in the strategic review of CallisonRTKL, we started a market consultation to assess the viability of a sale. In the coming years, we expect to see the benefits from our updated strategy 'Creating a sustainable future', based on three pillars: People & Culture, Innovation & Growth, and Focus & Performance.

Gross revenues were €3.2 billion. Net revenues totaled €2.4 billion, and increased organically by 1% in North America, Continental Europe, the UK, and Australia, delivered organic growth, compensating for a decrease in other regions. Operating EBITA increased by €50 million (2016: €185 million) as higher results in North America and Continental Europe compensated for lower results mainly related to the Middle-East. The effective income tax rate was 17% (2016: 19.3%). The main reason for the reduced rate, which was 29.9% in the first half of 2017, was the US tax reform resulting in a one-time gain of €12 million from revaluation of deferred tax positions. Financing charges decreased to €29 million (2016: €32 million) partly due to a weaker US dollar and lower debt. Income from associated companies was a loss of €12 million (2016: loss of €3 million), largely related to non-core energy assets in Brazil. Arcadis is investing up to €20 million to optimize and realign its Brazilian business. The 2017 plan was developed, and ownership was put in place. In 2017, several initiatives were discussed and agreed upon between the Supervisory Board and the Executive Board. The Supervisory Board believes good progress is made, and the tone from the top is the right one. Further steps are to be made in 2018.

STREAMLINE THE ORGANIZATION BY CREATING AND IMPLEMENTING A SIMPLIFIED OPERATING MODEL.

While our primary focus is on organic growth, we also look for opportunities to further expand our digital and data expertise. As a next step in the strategic review of CallisonRTKL, we started a market consultation to assess the viability of a sale. In the coming years, we expect to see the benefits from our updated strategy ‘Creating a sustainable future’, based on three pillars: People & Culture, Innovation & Growth, and Focus & Performance.

We believe that the steps taken are appropriate and have also been conducive to reducing internal focus.

3. PRUNE THE NUMBER OF INITIATIVES TO REDUCE OVERHEAD COSTS AND FREE UP RESOURCES TO FOCUS ON WINNING CLIENT PURSUITS TO BUILD BACKBOOK

The Supervisory Board has consistently pushed to focus on profitability and positive cash generation. Various in-depth and thorough discussions took place between the Executive Board and Supervisory Board. Both the Executive Board and the Supervisory Board are comfortable with current ratio levels, with the aim for the same in 2018.

4. UNIVERSE DRIVE FOR PROFIT AND CASH

The Supervisory Board has consistently pushed to focus on profitability and positive cash generation. Various in-depth and thorough discussions took place between the Executive Board and Supervisory Board. Both the Executive Board and the Supervisory Board are comfortable with current ratio levels, with the aim for the same in 2018.

5. DEVELOP A SOLID PLAN 2017, THAT HAS THE SUPPORT OF THE EXECUTIVE BOARD AND SENIOR MANAGEMENT COMMITTEE, AND SUPPORT MARY ANN HOPKINS AS EXECUTIVE AMERICAS

The Supervisory Board has consistently pushed to focus on profitability and positive cash generation. Various in-depth and thorough discussions took place between the Executive Board and Supervisory Board. Both the Executive Board and the Supervisory Board are comfortable with current ratio levels, with the aim for the same in 2018.

6. REPORT BY THE SUPERVISORY BOARD | SUPERVISORY BOARD REPORT

826x99

1120x87

1120x123

1120x135

1120x159

1120x171

1120x183

1120x195

1120x207

1120x219

1120x231

1120x243

1120x255

1120x279

1120x281

1120x293

1120x303

1120x315

1120x327

1120x339

1120x351

1120x375

1120x387

1120x399

1120x411

1120x423

1120x435

1120x447

1120x583
“One of the areas we focused on during the year, is how we can take advantage of the trend in our industry towards digitalization.”

The other topic we want to call out is the implementation of the Arcadis Way. We are in full support that it should be undertaken, but we also want to make sure that the required attention and to optimize our respective specific expertise. Also, since 2016, we structurally evaluate the quality of our meetings and of the interaction with the Executive Board and we will continue applying them. Like last year, we focused on the decision-making before the relevant meeting. Throughout the year the Chairman maintained frequent contact with the CEO, CDO and regularly with other Executive Board members.

Finally, all Supervisory Board members, as well as three Executive Board members, are board members of the Priority Foundation. This Foundation has ten Arcadis employees from across the organization in its Board (see page 118 for the Governance overview for information on the Priority Foundation and the Bellevue Foundation).

FUNCTIONING OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

Once a year in our Supervisory Board only meetings we perform our self-assessment, including assessment of our committee and the individual Supervisory Board members. In 2017, we performed the assessment for the Supervisory Board with a structured questionnaire, as well as an elaborates list of governance related questions. In 2017, we performed the assessment feedback was provided to the Executive Board members and personal targets were set for each of the Executive Board members. Based on the assessments the Supervisory Board has concluded that the relationship between Executive Board and Supervisory Board is good and constructive, whilst sufficiently critical. This is considered essential to having both Boards functioning properly.

Since 2016, we have confirmed that each of the Supervisory Board members takes responsibility for certain specific areas/topics, to make sure we give those the required attention and to optimize our respective specific expertise. Also, since 2016, we structurally evaluate our Supervisory Board meetings amongst ourselves at the end of the Supervisory Board meetings. We believe that both steps have improved the quality of our meetings and of the interaction with the Executive Board and we will continue applying them. Like last year, we focused on direct interaction with not just the Executive Board but other leadership as well. This included presentations in areas of responsibility, social events in offices, and one-on-one discussions with various senior leaders.

COMPOSITION EXECUTIVE AND SUPERVISORY BOARD

As at 31 December 2017, the Supervisory Board consisted of seven members, and the Executive Board consisted of six members. Ms. Markland and Mr. Oosterveer were appointed to the Executive Board. Ms. Ang was appointed to the Supervisory Board and Mr. Hopkins and Mr. Oosterwolde were appointed to the Executive Board.

For information about diversity targets in our Board we refer to the chapter on Corporate Governance in the Annual Integrated Report. For the current composition of the Executive Board and information about its members, please refer to pages 116 and 117 of this Annual Integrated Report. For the current composition of the Supervisory Board, its Committees, and information about its members, please refer to pages 116 and 117 of this Annual Integrated Report.
CORPORATE GOVERNANCE
In the chapter on Corporate Governance in the 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 of December 2015. The Supervisory Board meets the requirements of the New Code regarding the independence of its Chairperson, 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’ companies or entities. The Executive Board members do not hold more than five supervisory board positions at certain ‘large’ companies or entities. As is customary, meetings of the Committee were attended by the (interim) CEO and the CFO, as well as the internal and external auditors. As is customary, in each meeting, the presence of the Executive Board of the Company’s external auditor, presented its audit plan for 2017, which was approved by the Supervisory Board. In parallel, the RemCo agreed on the remuneration for Mr. P. Oosterveer who was nominated to be appointed as CEO. The revised Remuneration Policy, the revised remuneration of the Supervisory Board and the appointment of Mr. P. Oosterveer as CEO were approved by the AGM on 26 April 2017. Furthermore, the RemCo prepared the first quarter performance evaluation of the Executive Board members for discussion in the Supervisory Board.

AUDIT AND RISK COMMITTEE REPORT
M. Schönfeld (Chairman), N. Hoek, I. Grice, M. Lap
In 2017, the Audit and Risk Committee (AARC) met four times. All meetings of the Committee were attended by the (interim) CEO and the CFO. The Committee met with the external and the internal auditors outside the presence of the Executive Board. The February meeting was attended by the full Supervisory Board. The Committee had regular contact with the CFO to discuss focus items such as financial performance, risk and other matters. Similarly, the Chairman of the Committee met with the (interim) CEO ahead of the February meeting to discuss focus items like financial performance, business strategy, and company risks. In each meeting, the presence of the Head of Internal Audit of the Company was confirmed to discuss the functioning and effectiveness of the internal audit group. The meeting also discussed the performance of the Executive Board members. For North America, 2017 was a year of improving results after five years of deterioration. In October, the meeting invited the CEO of Arcadis Australia Pacific to share, inter alia, lessons learned from the implementation of the Arcadis Way in his region. The Company’s key focus areas, which include project performance and resource utilization, were discussed and recommenced the Company’s dividend policy and recommended the dividend proposal. In April, PricewaterhouseCoopers (PwC), the Company’s external auditor, presented its audit plan for 2017, which was discussed and approved. As is customary, during the April meeting the AARC also evaluated the performance of PwC and the effectiveness of the external audit process in 2016. Focusing on these performance reviews, the Company’s quarterly reports on key legal claims and pending litigation, as well as claims statistics and assumptions used for impairment testing were discussed. For 2017, the AARC also evaluated the performance of PwC and the effectiveness of the internal audit function.

CORPORATE GOVERNANCE
The Committee reviewed and approved revised versions of the AARC Charter, the Internal Audit Charter and the External Auditor Independence Policy. The Chief Compliance Officer regularly updated the Committee on potential (on-going) issues and related statistics, as well as on the completion in the first half of 2017 of the global online AGBP training program (which takes place every other year).

REPOINRICATION COMMITTEE REPORT
B. Frankland (Chair), N. Hock, M. Lap (until 26 April 2017), D. Goodwin, W. Arg (since 26 April 2017)
In 2017, the Arcadis Remuneration Committee (RemCo) met five times. The (interim) CEO and the Global Human Resources Director were invited to attend (parts of) the RemCo meetings. The RemCo finalized the Remuneration Review for the Executive Board and Supervisory Board in parallel, the RemCo agreed on the remuneration (aligned with the reviewed policy) for Mr. P. Oosterveer who was nominated to be appointed as CEO. The revised Remuneration Policy, the revised remuneration of the Supervisory Board and the appointment of Mr. P. Oosterveer as CEO were approved by the AGM on 26 April 2017. Furthermore, the RemCo prepared the first quarter performance evaluation of the Executive Board members for discussion in the Supervisory Board.

They included project revenue recognition, goodwill impairment testing and related assumptions, the valuation of (un-) Billable receivables, the implementation of the Arcadis Way, including the migration of the Arcadis IT environment to Oracle, and the quality of project reviews. Throughout the year, the Committee discussed and approved with PwC the progress made regarding its key audit findings.

They also discussed the plan to optimize the value of these assets. The meeting reviewed and discussed changes to the terms and conditions, usage plans, and the alignment of the focus items for improving business performance. In July, the Committee also evaluated the performance of PwC and the effectiveness of the internal audit group. As is customary, it discussed, and the functioning and effectiveness of the internal audit group was approved. Also, in each meeting, in the presence of the Chief Risk Officer, the meeting dedicated time to discuss risk Management topics, including the embedding of Risk Management in the Company’s operations. The meetings reviewed high risk projects and discussed the implementation of the Regional and Global Tender Boards. The meetings reviewed high risk projects and discussed the implementation of the Regional and Global Tender Boards. The meetings reviewed high risk projects and discussed the implementation of the Regional and Global Tender Boards.

The Committee reviewed and approved revised versions of the AARC Charter, the Internal Audit Charter and the External Auditor Independence Policy. The Chief Compliance Officer regularly updated the Committee on potential (ongoing) issues and related statistics, as well as on the completion in the first half of 2017 of the global online AGBP training program (which takes place every other year).
Incentive Plan measures for 2018.

The RemCo decided to continue the practice of replacements of companies for the TSR peer group. It was necessary due to market consolidation. Going forward, the RemCo decided to make two replacements in the TSR peer group, which were Hochtief and U.S. Steel. The RemCo continued to focus on good governance and compliance with the revised Corporate Governance Code. In the third quarter, the RemCo discussed and agreed to ensure good governance and compliance with the revised Corporate Governance Code. The committee also defined diversity policies for the Executive Board as well as for the Supervisory Board, based on the belief that a diverse composition of the boards contributes to robust decision making and good functioning of the boards. All this was done to ensure compliance with the Corporate Governance Code. The committee also agreed to re-appoint Mr. W. Ang as a new member of the Supervisory Board and started the search for suitable candidates. In the third quarter, the committee agreed on the process to be followed for re-appointment of EB members and applied this process for Mr. S. Ritter and Mr. R. Vree.

In 2017, the Arcadis Selection Committee (ASC) met five times in person and engaged in a teleconference meeting two times. The (interim) CEO and the Global Human Resources Director attended (parts of) a number of these meetings.

In the first quarter of 2017, the Committee selected and nominated Mr. P. Dostever as CEO. The committee developed a solid role profile, taking into account the Arcadis challenges and strategy. In the selection process both external and internal candidates were considered. Furthermore, the nomination of Mr. W. Ang as a new member of the Supervisory Board was discussed and agreed. With the nomination of Mr. W. Ang the committee also made a representation from Asia in the board. In the second quarter, the committee discussed and approved the revised ASC Charter and the Supervisory Board Profile.

The committee also defined diversity policies for the Executive Board as well as for the Supervisory Board, because a diverse composition of the boards contributes to robust decision making and good functioning of the boards. All this was done to ensure compliance with the new Corporate Governance Code. The committee also agreed on the role for the replacement of Ian Grice as a member of the Supervisory Board and started the search for suitable candidates. In the third quarter, the committee agreed on the process to be followed for re-appointment of EB members and applied this process for Mr. S. Ritter and Mr. R. Vree.

The succession planning discussion for the Executive Board and Senior Management was moved to the agenda of the full Supervisory Board in 2017.
The remuneration policy for the Executive Board is determined by the Supervisory Board, based on the advice of the Arcadis Remuneration Committee (RemCo), and aims to attract, motivate and retain international executives of the highest caliber to deliver our business strategy.

EXECUTIVE BOARD REMUNERATION POLICY

In April 2017, the General Meeting of Shareholders (General Meeting) adopted the revisions to the remuneration policy for the Executive Board as proposed by the Supervisory Board, with effect date 1 January 2017. These revisions serve to ensure continued alignment of the remuneration policy for the Executive Board with relevant market practice.

REMPIERATION IN LINE WITH MEDIUM LEVEL OF REFERENCE GROUPS

The remuneration policy for Executive Board members aims to support the business strategy, enhance the link between pay and performance and align the interests of our Executive Board members with shareholders’ interests by stimulating share ownership while adopting the highest standards of good corporate governance.

Remuneration for Executive Board members consists of fixed remuneration, short-term variable remuneration, long-term variable remuneration and other benefits, such as a pension scheme. Variable remuneration is an important part of the total package and is based on annual performance criteria that support long-term value creation.

Arcadis has developed from a multi-local to a leading international company with clear focus to create a sustainable future. In order to align Arcadis’ size (in terms of revenues, average market capitalization, total assets and number of FTEs) geographic and industry scope, and labor market competition, the remuneration policy is based on a reference group1 against two reference groups of sixteen companies each. Before 2017 the reference groups were a mixture of both Dutch and non-Dutch peer companies. As of 2017, a clear distinction is made between Dutch headquarter companies with significant international activities on the one hand and global industry peer companies on the other hand. In both groups, Arcadis is positioned around the median in terms of the average of the aforementioned parameters.

INTERNAL PAY RATIO

When drafting the remuneration policy for the Executive BoardArcadis takes into account the pay ratios within the organization. For 2017, Arcadis has an internal pay ratio of 31, implying that the CEO pay is 31 times the average pay within the organization. The Arcadis internal pay ratio is calculated by dividing the total CEO compensation2 by the average employee compensation3. The internal pay ratio of 2017 has slightly increased compared to the internal pay ratio of 2016, which was 29. In the calculation methodology, non-structural elements were excluded4.

FIXED REMUNERATION

In 2017, the fixed compensation for all members of the Executive Board was adjusted. These changes took effect on 1 January 2017.

The following annual fixed remuneration levels applied to members of the Executive Board (as set by the General Meeting in April 2017):

<table>
<thead>
<tr>
<th>Position</th>
<th>Fixed Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>€672,000</td>
</tr>
<tr>
<td>CFO</td>
<td>€475,000</td>
</tr>
<tr>
<td>Member Executive Board (A. Roggema)</td>
<td>€440,000</td>
</tr>
<tr>
<td>Member Executive Board (M.A. Hopkins)</td>
<td>$672,000</td>
</tr>
</tbody>
</table>

In 2017, the fixed compensation for all members of the Executive Board was paid fully in cash in line with the remuneration policy 2017.

The remuneration policy aims to align Arcadis with the market median of both reference groups on Total Direct Compensation (the sum of fixed remuneration, short-term variable remuneration and long-term variable remuneration). Based on a thorough analysis of the benchmarking data, it was concluded that the Total Direct Compensation levels, as well as the separate fixed and variable remuneration elements of the members of the Executive Board were below the median of the reference groups for both fixed and variable remuneration. Therefore, changes to the fixed remuneration and the long-term incentive plan were brought forward to and supported by the shareholders in 2017.

1 The benchmark with these reference groups was a mixture of both Dutch and non-Dutch peer companies.

2 CEO compensation is based on direct (salary, bonus, profit-sharing and long-term incentive payments) and non-direct compensation (company car, health insurance, etc.).

3 Average employee compensation is based on total personnel costs and the average number of full-time equivalent employees during the year, expressed as a multiple of CEOs’ compensation.

4 Non-structural elements in the calculation, e.g. CEO payments to non-executive directors, payments to members of the Supervisory Board, and changes to the pension arrangement in 2016, were excluded for both years.

DUTCH HEADQUARTER COMPANIES GLOBAL INDUSTRY PEER COMPANIES

<table>
<thead>
<tr>
<th>Company</th>
<th>Refresco (NL)</th>
<th>Worley Parsons (AUS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vopak (NL)</td>
<td>WS Atkins (UK)</td>
<td></td>
</tr>
<tr>
<td>KPN (NL)</td>
<td>Pöyry (FIN)</td>
<td></td>
</tr>
<tr>
<td>DSM (NL)</td>
<td>Jacobs Engineering (USA)</td>
<td></td>
</tr>
<tr>
<td>Brunel (NL)</td>
<td>Hill International (USA)</td>
<td></td>
</tr>
<tr>
<td>Boskalis (NL)</td>
<td>CBRE (USA)</td>
<td></td>
</tr>
<tr>
<td>BAM (NL)</td>
<td>Cardo (AUS)</td>
<td></td>
</tr>
<tr>
<td>AkzoNobel (NL)</td>
<td>Amec Foster Wheeler (UK)</td>
<td></td>
</tr>
<tr>
<td>Aalberts Industries (NL)</td>
<td>AECOM (USA)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>PostNL (NL)</th>
<th>RPS Group (UK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBM Offshore (NL)</td>
<td>SNC Lavalin (CAN)</td>
<td></td>
</tr>
<tr>
<td>Refresco (NL)</td>
<td>Worley Parsons (AUS)</td>
<td></td>
</tr>
<tr>
<td>Vopak (NL)</td>
<td>WS Atkins (UK)</td>
<td></td>
</tr>
<tr>
<td>KPN (NL)</td>
<td>Pöyry (FIN)</td>
<td></td>
</tr>
<tr>
<td>DSM (NL)</td>
<td>Jacobs Engineering (USA)</td>
<td></td>
</tr>
<tr>
<td>Brunel (NL)</td>
<td>Hill International (USA)</td>
<td></td>
</tr>
<tr>
<td>Boskalis (NL)</td>
<td>CBRE (USA)</td>
<td></td>
</tr>
<tr>
<td>BAM (NL)</td>
<td>Cardo (AUS)</td>
<td></td>
</tr>
<tr>
<td>AkzoNobel (NL)</td>
<td>Amec Foster Wheeler (UK)</td>
<td></td>
</tr>
<tr>
<td>Aalberts Industries (NL)</td>
<td>AECOM (USA)</td>
<td></td>
</tr>
</tbody>
</table>

Short-term variable remuneration ranges from 0% to 85% of the fixed remuneration, with 50% payout when targets are met. As of performance year 2017 the short-term variable remuneration will be paid fully in cash in line with the remuneration policy 2017.
**PERFORMANCE CRITERIA**

In order to support the Company’s strategy, the financially driven criteria determine 75% of the short-term variable remuneration, reflecting the Company’s financial priorities, while the non-financial criteria determine 25% of the remuneration.

**FINANCIAL CRITERIA**

Individual financial criteria: 25
- EB members: organic growth (operating segments)
- CFO: free cash flow
- CEO: organic growth (all operating segments)
- Return on invested capital 25
- Earnings per share 25

**NON-FINANCIAL CRITERIA**

- Health & Safety
- Role modeling behavior
- People development
- Strategy implementation

The short-term variable remuneration targets will be pre-set annually by the Supervisory Board based on the plan and budget for the respective year, and in light of the strategic aspirations. No payout will be made for below threshold performance. All short-term variable remuneration criteria allow for rewarding excellent performance.

Performance against the non-financial targets, derived from the Company’s strategy and focusing on success in implementing the strategy, proactively identifying and developing a talent pipeline, role modeling behavior by living our core values and being a Health & Safety steward, was assessed by the Supervisory Board. The outcomes varied by individual Executive Board member and ranged between 12.5% and 18.8% of fixed remuneration.

**TOTAL**

<table>
<thead>
<tr>
<th>CRITERION</th>
<th>Weight in %</th>
<th>2017 Performance on non-financial criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Safety</td>
<td>12.5</td>
<td>[170.00 \times 21.25]</td>
</tr>
<tr>
<td>Role Modeling behavior</td>
<td>12.5</td>
<td>[170.00 \times 21.25]</td>
</tr>
<tr>
<td>People Development</td>
<td>12.5</td>
<td>[170.00 \times 21.25]</td>
</tr>
<tr>
<td>Strategy Implementation</td>
<td>12.5</td>
<td>[170.00 \times 21.25]</td>
</tr>
</tbody>
</table>

Performance against the targets set for EPS, ROIC, Organic growth and Free cash flow was as follows:

<table>
<thead>
<tr>
<th>CRITERION</th>
<th>Weight in %</th>
<th>2017 Performance on financial criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth (operating segments)</td>
<td>25</td>
<td>[131.17 \times 16.40]</td>
</tr>
<tr>
<td>Organic growth (all operating segments)</td>
<td>25</td>
<td>[138.50 \times 17.31]</td>
</tr>
<tr>
<td>Return on invested capital</td>
<td>25</td>
<td>[107.0 \times 13.38]</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>25</td>
<td>[170.00 \times 21.25]</td>
</tr>
</tbody>
</table>

Taking into account the overall performance, bonuses vary between 5.7% and 70.7% of fixed remuneration. Performance against the set financial targets has been verified by our external auditor.

**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 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. Under the revised remuneration policy, the vesting of the award continues to be defined as a percentage of fixed salary, with the actual grant being determined by the percentage of fixed remuneration and the fair value of the shares awarded. As per our revised Remuneration policy, the following long-term variable percentages apply to create a strong alignment with the shareholder’s interest:

<table>
<thead>
<tr>
<th>Percentage of fixed salary</th>
<th>long-term variable remuneration percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>10%</td>
</tr>
<tr>
<td>75%</td>
<td>15%</td>
</tr>
<tr>
<td>100%</td>
<td>20%</td>
</tr>
</tbody>
</table>

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. Under the revised remuneration policy, the vesting of the award continues to be defined as a percentage of fixed salary, with the actual grant being determined by the percentage of fixed remuneration and the fair value of the shares awarded. As per our revised Remuneration policy, the following long-term variable percentages apply to create a strong alignment with the shareholder’s interest:

**TOTAL**

<table>
<thead>
<tr>
<th>Performance in % of target</th>
<th>remuneration percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth (operating segments)</td>
<td>[170.00 \times 21.25]</td>
</tr>
<tr>
<td>Organic growth (all operating segments)</td>
<td>[138.50 \times 17.31]</td>
</tr>
<tr>
<td>Return on invested capital</td>
<td>[107.0 \times 13.38]</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>[170.00 \times 21.25]</td>
</tr>
</tbody>
</table>

With respect to the long-term variable remuneration under the revised remuneration policy, in 2017, the Chief Executive Officer of the Executive Board was granted 87,790 conditional performance shares, 57,440 conditional performance shares for the Chief Financial Officer, 58,060 conditional performance shares for the US Board Member and 39,910 conditional performance shares for the Non-US Board Members. These numbers will also apply for 2018.

**PEER GROUP AND VESTING**

The vesting percentage of the performance shares remains 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. In 2017, the composition of the TSR peer group has changed somewhat as a result of companies being delisted following acquisitions. In 2017, Wood Group replaced Amec Foster Wheeler and Worley Parsons replaced WS Atkins in the TSR peer group. Hence, the current TSR group is as follows:

**TSR PEER GROUP**

- AECOM (USA)
- Arcadis (NL)
- Cardno (AUS)
- Jacobs Engineering (USA)
- Pöyry (FIN)
- RPS Group (UK)
- Stantec (CAN)
- Tetra Tech (USA)
- WSP Global (CAN)
- Worley Parsons (AUS)
- Wood Group (UK)

Hence, the current TSR group is as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>Peer Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arcadis</td>
<td>Arcadis, AECOM, Jacobs Engineering, Pöyry, RPS Group, Stantec, Tetra Tech, WSP Global, Worley Parsons, Wood Group</td>
</tr>
<tr>
<td>AECOM</td>
<td>Arcadis, AECOM, Jacobs Engineering, Pöyry, RPS Group, Stantec, Tetra Tech, WSP Global, Worley Parsons, Wood Group</td>
</tr>
<tr>
<td>Arcadis</td>
<td>Arcadis, AECOM, Jacobs Engineering, Pöyry, RPS Group, Stantec, Tetra Tech, WSP Global, Worley Parsons, Wood Group</td>
</tr>
<tr>
<td>Cardno</td>
<td>Arcadis, AECOM, Jacobs Engineering, Pöyry, RPS Group, Stantec, Tetra Tech, WSP Global, Worley Parsons, Wood Group</td>
</tr>
<tr>
<td>Jacobs Engineering</td>
<td>Arcadis, AECOM, Jacobs Engineering, Pöyry, RPS Group, Stantec, Tetra Tech, WSP Global, Worley Parsons, Wood Group</td>
</tr>
<tr>
<td>Pöyry</td>
<td>Arcadis, AECOM, Jacobs Engineering, Pöyry, RPS Group, Stantec, Tetra Tech, WSP Global, Worley Parsons, Wood Group</td>
</tr>
<tr>
<td>RPS Group</td>
<td>Arcadis, AECOM, Jacobs Engineering, Pöyry, RPS Group, Stantec, Tetra Tech, WSP Global, Worley Parsons, Wood Group</td>
</tr>
<tr>
<td>Stantec</td>
<td>Arcadis, AECOM, Jacobs Engineering, Pöyry, RPS Group, Stantec, Tetra Tech, WSP Global, Worley Parsons, Wood Group</td>
</tr>
<tr>
<td>Tetra Tech</td>
<td>Arcadis, AECOM, Jacobs Engineering, Pöyry, RPS Group, Stantec, Tetra Tech, WSP Global, Worley Parsons, Wood Group</td>
</tr>
<tr>
<td>WSP Global</td>
<td>Arcadis, AECOM, Jacobs Engineering, Pöyry, RPS Group, Stantec, Tetra Tech, WSP Global, Worley Parsons, Wood Group</td>
</tr>
<tr>
<td>Worley Parsons</td>
<td>Arcadis, AECOM, Jacobs Engineering, Pöyry, RPS Group, Stantec, Tetra Tech, WSP Global, Worley Parsons, Wood Group</td>
</tr>
<tr>
<td>Wood Group</td>
<td>Arcadis, AECOM, Jacobs Engineering, Pöyry, RPS Group, Stantec, Tetra Tech, WSP Global, Worley Parsons, Wood Group</td>
</tr>
</tbody>
</table>

**Pay-out as % of target**

<table>
<thead>
<tr>
<th>Pay-out in % of target</th>
<th>performance share percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>10%</td>
</tr>
<tr>
<td>75%</td>
<td>15%</td>
</tr>
<tr>
<td>100%</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Pay-out as % of fixed remuneration**

<table>
<thead>
<tr>
<th>Pay-out as % of fixed remuneration</th>
<th>percentage of fixed remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>10%</td>
</tr>
<tr>
<td>75%</td>
<td>15%</td>
</tr>
<tr>
<td>100%</td>
<td>20%</td>
</tr>
</tbody>
</table>

With respect to the long-term variable remuneration under the revised remuneration policy, in 2017, the Chief Executive Officer of the Executive Board was granted 87,790 conditional performance shares, 57,440 conditional performance shares for the Chief Financial Officer, 58,060 conditional performance shares for the US Board Member and 39,910 conditional performance shares for the Non-US Board Members. These numbers will also apply for 2018.
In April 2017, the conditional performance shares granted in May 2014 became unconditional at 50% of the originally granted numbers. This column shows the expected vesting percentage, assuming each position has an equal chance of being in the 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, or 14th position. The General Meeting determined the expected vesting percentage, assuming each position has an equal chance of being in the 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, or 14th position. The final number of shares that vest and becomes payable to an Executive Board member is determined by Arcadis’ TSR performance incentive table. The table was developed using labor market reference groups, which are used to determine the expected performance of a company in its industry. The table includes the expected performance of two labor market reference groups: the General Meeting approved in 2017 at the 50th percentile of the two labor market reference groups. The results of this analysis showed that the remuneration of Supervisory Board members is below the median of the two labor market reference groups. The General Meeting approved the following remuneration as of 1 January 2017:

- In 2017, the General Meeting approved an attendance fee for all 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 or Supervisory Board members. The Company has not granted any loans, advances or guarantees to Executive or Supervisory Board members. The Company financial statements in this Report. For more information on remuneration and share ownership of Supervisory Board members, please refer to notes 48 and 50 of the Company financial statements in this Report.
## CONSOLIDATED INCOME STATEMENT

for the year ended 31 December

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROSS REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,218,889</td>
<td>5,328,762</td>
</tr>
<tr>
<td>Materials, services of third parties and subcontractors</td>
<td>(782,383)</td>
<td>(860,790)</td>
</tr>
<tr>
<td><strong>NET REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,436,506</td>
<td>2,467,972</td>
</tr>
<tr>
<td>Personnel costs</td>
<td>(1,865,613)</td>
<td>(1,897,323)</td>
</tr>
<tr>
<td>Other operational costs</td>
<td>(371,252)</td>
<td>(367,929)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(39,586)</td>
<td>(41,078)</td>
</tr>
<tr>
<td>Amortization other intangible assets</td>
<td>(30,979)</td>
<td>(37,668)</td>
</tr>
<tr>
<td>Impairment charges</td>
<td>–</td>
<td>(15,000)</td>
</tr>
<tr>
<td>Other income</td>
<td>857</td>
<td>4,669</td>
</tr>
<tr>
<td><strong>TOTAL OPERATIONAL COSTS</strong></td>
<td>(2,306,573)</td>
<td>(2,354,329)</td>
</tr>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td>129,933</td>
<td>113,643</td>
</tr>
<tr>
<td>Finance income</td>
<td>12,022</td>
<td>9,122</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>(44,229)</td>
<td>(36,597)</td>
</tr>
<tr>
<td>Fair value change of derivatives</td>
<td>6,241</td>
<td>(1,564)</td>
</tr>
<tr>
<td><strong>NET FINANCE EXPENSES</strong></td>
<td>(25,966)</td>
<td>(29,039)</td>
</tr>
<tr>
<td>Result from investments accounted for using the equity method</td>
<td>(11,619)</td>
<td>(2,641)</td>
</tr>
<tr>
<td><strong>PROFIT BEFORE INCOME TAX</strong></td>
<td>92,348</td>
<td>81,963</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(20,481)</td>
<td>(16,367)</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE PERIOD</strong></td>
<td>71,867</td>
<td>65,596</td>
</tr>
<tr>
<td><strong>PROFIT ATTRIBUTABLE TO:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Company (net income)</td>
<td>70,804</td>
<td>64,154</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>1,063</td>
<td>1,442</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE PERIOD</strong></td>
<td>71,867</td>
<td>65,596</td>
</tr>
<tr>
<td><strong>EARNINGS PER SHARE (IN €)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>0.82</td>
<td>0.76</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>0.81</td>
<td>0.76</td>
</tr>
</tbody>
</table>

The notes on pages 164 to 219 are an integral part of these Consolidated financial statements.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December

2017 2016

Other comprehensive income, net of income tax

Profit for the period 71,867 65,596

Items that may be subsequently reclassified to profit or loss:

Exchange rate differences for foreign operations (87,729) (46,435)

Exchange rate differences for equity accounted investees (3,984) 3,940

Effective portion of changes in fair value of cash flow hedges 1,760 (852)

Items that will not be reclassified to profit or loss:

Changes related to post-employment benefit obligations 5,101 (13,108)

Other changes (2,098) –

Other comprehensive income, net of income tax (86,950) (56,455)

Total comprehensive income for the period (15,083) 9,141

Total comprehensive income attributable to:

Equity holders of the Company (16,098) 8,048

Non-controlling interests 1,015 1,093

Total comprehensive income for the period (15,083) 9,141

NON-GAAP PERFORMANCE MEASURE

In € thousands

Note

2017 2016

Net income from operations 1 101,015 90,956

Net income from operations per share 1 (in €)

Basic earnings per share 11 1.18 1.08

Diluted earnings per share 11 1.15 1.07

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Glossary for the definition as used by Arcadis

2 For further details see note 26

3 The Lovinklaan employee share purchase plan is controlled by the Lovinklaan Foundation, and the Company has no influence on this scheme. Accordingly, the Company treats the related share-based expenses as non-operational

CONSOLIDATED BALANCE SHEET
as at 31 December - before allocation of profit

In € thousands

Note

2017 2016

Assets

Non-current assets

Intangible assets and goodwill 12 1,074,262 1,170,364

Property, plant & equipment 13 92,643 100,427

Investments accounted for using the equity method 14 22,807 24,730

Other investments 15 607 656

Deferred tax assets 10 33,310 30,332

Pension assets for funded schemes in surplus 25 1,754 –

Derivatives 16 3,892 –

Other non-current assets 17 28,921 30,683

Total non-current assets 1,258,196 1,357,192

Current assets

Inventories 236 235

Derivatives 16 6,088 6,156

Trade receivables 18 579,135 621,601

Work in progress (unbilled receivables) 19 486,352 518,491

Corporate tax receivables 10 25,165 26,222

Other current assets 20 79,819 78,559

Assets classified as held for sale 21 4,417 –

Cash and cash equivalents 22 267,942 260,032

Total current assets 1,449,154 1,511,296

Total assets 2,707,350 2,868,488

Equity and liabilities

Shareholders’ equity

Total equity attributable to equity holders of the Company 980,577 1,001,716

Non-controlling interests 24 2,691 2,647

Total equity 983,268 1,004,363

Non-current liabilities

Provisions for employee benefits 25 50,896 70,234

Provisions for other liabilities and charges 26 26,699 23,331

Deferred tax liabilities 10 66,909 79,055

Loans and borrowings 27 474,429 700,464

Derivatives 16 1,134 2,565

Total non-current liabilities 620,067 875,649

Current liabilities

Work in progress (billing in excess of cost) 19 284,198 286,932

Current portion of provisions 25, 26 15,031 23,739

Corporate tax liabilities 10 31,753 26,225

Current portion of loans and short-term borrowings 27 214,266 55,279

Derivatives 16 5,418 8,037

Bank overdrafts 22 1,805 865

Accounts payable, accrued expenses and other current liabilities 28 552,971 590,046

Liabilities classified as held for sale 21 1,264 –

Total current liabilities 1,106,706 991,123

Total liabilities 1,726,773 1,866,772

Total equity and liabilities 2,707,350 2,868,488

Note 160 Arcadis Annual Integrated Report 2017

CONSOLIDATED BALANCE SHEET
FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Non-GAAP performance measure

CONSOLIDATED BALANCE SHEET
as at 31 December - before allocation of profit

In € thousands

Note

2017 2016

Equity and liabilities

Total equity attributable to equity holders of the Company 980,577 1,001,716

Non-controlling interests 24 2,691 2,647

Total equity 983,268 1,004,363

Non-current liabilities

Provisions for employee benefits 25 50,896 70,234

Provisions for other liabilities and charges 26 26,699 23,331

Deferred tax liabilities 10 66,909 79,055

Loans and borrowings 27 474,429 700,464

Derivatives 16 1,134 2,565

Total non-current liabilities 620,067 875,649

Current liabilities

Work in progress (billing in excess of cost) 19 284,198 286,932

Current portion of provisions 25, 26 15,031 23,739

Corporate tax liabilities 10 31,753 26,225

Current portion of loans and short-term borrowings 27 214,266 55,279

Derivatives 16 5,418 8,037

Bank overdrafts 22 1,805 865

Accounts payable, accrued expenses and other current liabilities 28 552,971 590,046

Liabilities classified as held for sale 21 1,264 –

Total current liabilities 1,106,706 991,123

Total liabilities 1,726,773 1,866,772

Total equity and liabilities 2,707,350 2,868,488

Note 161 Arcadis Annual Integrated Report 2017

CONSOLIDATED BALANCE SHEET
FINANCIAL STATEMENTS
### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 December**

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated statement of changes in equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>In € thousands</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Retained earnings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Addition to the share capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>200,498</td>
<td>207,389</td>
</tr>
<tr>
<td><strong>Consolidated cash flow statement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>39,586</td>
<td>41,078</td>
</tr>
<tr>
<td>Change in Other receivables</td>
<td>6,972</td>
<td>561</td>
</tr>
<tr>
<td>Change in Trade receivables</td>
<td>(11,203)</td>
<td>(6,010)</td>
</tr>
<tr>
<td>Change in Work in progress (billing in excess of cost)</td>
<td>16,972</td>
<td>14,406</td>
</tr>
<tr>
<td>Change in Accounts payable</td>
<td>8,595</td>
<td>27,917</td>
</tr>
<tr>
<td>Change in Accounts payable</td>
<td>8,595</td>
<td>27,917</td>
</tr>
<tr>
<td>Change in Trade receivables</td>
<td>(11,203)</td>
<td>(6,010)</td>
</tr>
<tr>
<td>Change in Work in progress (unbilled receivables)</td>
<td>(12,239)</td>
<td>(37,282)</td>
</tr>
<tr>
<td>Change in Other receivables</td>
<td>6,972</td>
<td>561</td>
</tr>
<tr>
<td>Change in Trade receivables</td>
<td>(11,203)</td>
<td>(6,010)</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in (in)tangible assets</td>
<td>(59,324)</td>
<td>(64,768)</td>
</tr>
<tr>
<td>Investments in other non-current assets and other investments</td>
<td>(4,869)</td>
<td>(5,395)</td>
</tr>
<tr>
<td>Proceeds from sale of (in)tangible assets</td>
<td>5,865</td>
<td>5,530</td>
</tr>
<tr>
<td>Investments in (in)equity investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from (sale of) other non-current assets and other investments</td>
<td>6,553</td>
<td>7,416</td>
</tr>
<tr>
<td><strong>Financial activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from exercise of options</td>
<td>7,612</td>
<td>2,122</td>
</tr>
<tr>
<td>Proceeds from issuance of loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Proceeds from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash from financing activities</strong></td>
<td>9,921</td>
<td>5,495</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at 1 January</strong></td>
<td>151,131</td>
<td>139,273</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>2,269</td>
<td>(5,688)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at 31 December</strong></td>
<td>153,400</td>
<td>133,585</td>
</tr>
</tbody>
</table>

**CONSOLIDATED CASH FLOW STATEMENT**

**For the year ended 31 December**

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated statement of changes in equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>In € thousands</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Retained earnings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Addition to the share capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>200,498</td>
<td>207,389</td>
</tr>
<tr>
<td><strong>Consolidated cash flow statement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>39,586</td>
<td>41,078</td>
</tr>
<tr>
<td>Change in Other receivables</td>
<td>6,972</td>
<td>561</td>
</tr>
<tr>
<td>Change in Trade receivables</td>
<td>(11,203)</td>
<td>(6,010)</td>
</tr>
<tr>
<td>Change in Work in progress (billing in excess of cost)</td>
<td>16,972</td>
<td>14,406</td>
</tr>
<tr>
<td>Change in Accounts payable</td>
<td>8,595</td>
<td>27,917</td>
</tr>
<tr>
<td>Change in Trade receivables</td>
<td>(11,203)</td>
<td>(6,010)</td>
</tr>
<tr>
<td>Change in Work in progress (unbilled receivables)</td>
<td>(12,239)</td>
<td>(37,282)</td>
</tr>
<tr>
<td>Change in Other receivables</td>
<td>6,972</td>
<td>561</td>
</tr>
<tr>
<td>Change in Trade receivables</td>
<td>(11,203)</td>
<td>(6,010)</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in (in)tangible assets</td>
<td>(59,324)</td>
<td>(64,768)</td>
</tr>
<tr>
<td>Investments in other non-current assets and other investments</td>
<td>(4,869)</td>
<td>(5,395)</td>
</tr>
<tr>
<td>Proceeds from sale of (in)tangible assets</td>
<td>5,865</td>
<td>5,530</td>
</tr>
<tr>
<td>Investments in (in)equity investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from (sale of) other non-current assets and other investments</td>
<td>6,553</td>
<td>7,416</td>
</tr>
<tr>
<td><strong>Financial activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from exercise of options</td>
<td>7,612</td>
<td>2,122</td>
</tr>
<tr>
<td>Proceeds from issuance of loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash from financing activities</strong></td>
<td>9,921</td>
<td>5,495</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at 1 January</strong></td>
<td>151,131</td>
<td>139,273</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>2,269</td>
<td>(5,688)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at 31 December</strong></td>
<td>153,400</td>
<td>133,585</td>
</tr>
</tbody>
</table>
1 GENERAL INFORMATION
Arcadis NV is a public company organized under Dutch law. Its statutory seat is in Amsterdam and its principal office is located at Gustav Mahlerplein 97-103 1082 MG Amsterdam The Netherlands.

Arcadis NV and its consolidated subsidiaries (Arcadis, the Group or the Company) are the 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 Company works in partnership with clients to deliver exceptional and sustainable outcomes throughout the lifecycle of their natural and built assets.

In accordance with Articles 2.179 and 4.14 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 (IFRS) as adopted by the European Union and in conformity with Part 9 of Book 2 of the Dutch Civil Code. The Company financial statements have been prepared using the option of article 2.362 of the Dutch Civil Code, meaning that the accounting principles used are the same as for the Consolidated financial statements.

The Consolidated financial statements were authorized to issue by the Executive Board and Supervisory Board on 14 February 2018. The Consolidated financial statements as amended are subject to adoption by the General Meeting of Shareholders, to be held on 24 April 2018.

BASIS OF MEASUREMENT
The Consolidated financial statements have been prepared on historical cost basis, except for the following items, which are measured at an alternative basis on each reporting date:

• derivative financial instruments and share-based compensation arrangements, which are measured at fair value;
• net defined benefit assets/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.

Reference is made to the significant accounting policies as included in the relevant notes to the Consolidated financial statements for more detailed information on the measurement basis.

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, and any unrealized gains and losses or income or 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.

COMPARATIVE FIGURES
No material events occurred that resulted in an amendment of the comparative figures due to changes in accounting policies or errors.

FOREIGN CURRENCIES
FUNCTIONAL AND REPORTING CURRENCY
The Consolidated financial statements are presented in euros, which is the Company’s functional currency. All assets and liabilities shown in the financial statements are in thousands of euros unless otherwise stated. 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 date of transaction. The functional currency of the foreign entities in general is the local currency. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity using the exchange rate in effect at the reporting 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 of the entity using the exchange rate in effect at the date 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 income and expenses 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.

Foreign currency differences are recognized in Other comprehensive income, and presented in the translation reserve in equity. For subsidiaries not wholly owned, the relevant proportion of the difference in translation is allocated to 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. This includes:

• Taxation – see note 10;
• Goodwill impairment testing – see note 12;
• Investments accounted for using equity method – see note 14;
• Work in progress – see note 19;
• Provisions – see note 25 and 26; and
• Capital and financial risk management – see note 29.

The key accounting estimates and judgements in preparing the Consolidated financial statements are further explained in the relevant notes to the Consolidated financial statements. In general, the judgements, estimates and assumptions are based on market information, knowledge, historical experience and other factors that management believes to be reasonable under the circumstances. Actual results may differ from these estimates.

Judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in any future periods affected.

IMPAIRMENT
The carrying amounts of the assets of Arcadis, other than work in progress and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, an impairment test is required. Non-current assets are tested for impairment at least annually. If an impairment trigger is identified, a two-stage impairment test is carried out.

Receivables are first individually assessed for impairment, and if they are not found to be impaired they are collectively assessed for impairment. For impairment testing purposes, receivables 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 CGUs or groups of CGUs that is expected to benefit from the synergies of the combination.
The Company recognizes the following classes of non-derivative financial assets:

1. Financial assets that are held for immediate cash flow and are easily converted into cash.
2. Financial assets in which substantially all the risks and rewards related to the ownership of the financial asset are transferred.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset are transferred.

Subsequently, these are measured at amortized cost, using the effective interest method or the historical cost method.

Financial assets include trade and other receivables, cash and cash equivalents 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 less any directly attributable transaction costs.

An impairment loss of a non-financial asset is not reversed. Regarding other assets, an impairment loss is reversed in the income statement only in the case of a subsequent reversal of the impairment loss. An impairment loss is recognized whenever the carrying amount of the asset is not recoverable.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition and assesses the designation at every 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 assets and there is an intention to net offset the asset and 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 from financing activities taken from fair value plus any directly attributable costs. Cash flows from operating activities include cash paid for interest, taxes, and other operating expenses.

The cost of acquisition of subsidiaries, associates and joint ventures, and other investments, to the extent they were paid for in cash, is included in cash flows from investing activities. A cash receipt from the sale of investments is included in cash flows from operating activities.

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 pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognized whenever the carrying amount of the asset is not recoverable.

FINANCIAL INSTRUMENTS

NON-DERIVATIVE FINANCIAL ASSETS

Risk management

Derivatives

The objective of the Company’s derivative activity is to manage the risks associated with the financial assets and liabilities of the Company. The derivatives used by the Company are designed to manage the interest rate risk and foreign currency risk of the Company.

The most significant derivative instruments used by the Company are interest rate swaps, currency swaps, and foreign currency forward contracts.

Warrants

The warrants are recognized as a financial liability at fair value using the Black-Scholes model. The warrants are classified as non-current assets.

The warrants are not accounted for at fair value through other comprehensive income (FVTOCI). The warrants are classified as non-current financial liabilities.

STANDARD IMPLEMENTATION

IFRS 9

IFRS 9 establishes a comprehensive framework for financial instruments. During 2017, we have completed our impact assessment and early implementation of this standard. The impact of this standard on our 2018 financial statements is not expected to be significant.

IFRS 15

IFRS 15 Revenue

The Company manages its projects at the level of significant components within a contract or in more detail. IFRS 15 requires that revenue is recognized at performance obligation level, for which the current way of working facilitates application of the standard. The new standard may require us to reconsider the treatment and alignment of contracts and performance obligations.

RECENT ACCOUNTING DEVELOPMENTS

IFRS 15: ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED BY THE COMPANY

In 2017, the Company did not adopt any new or amended standards with a material impact on the Consolidated financial statements.

IFRS 15: ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Several new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2018, which have not been applied in preparing these Consolidated financial statements.

This new standard will be applied modified retrospectively by Arcadis from the effective date 1 January 2018 with impact through the opening balance of equity at 1 January 2018.

IFRS 15 establishes a comprehensive framework for revenue recognition. During 2017, we have made substantial progress with our analysis of the impact and implementation of this standard. The most significant changes are in the revenue recognition model.

1. Arcadis allocates the transaction price to separate performance obligations using expected cost-plus margin. Such allocation may include work in progress in 2018 is currently being finalized.

2. Arcadis manages its projects at the level of significant components within a contract or in more detail. IFRS 15 requires that revenue is recognized at performance obligation level, for which the current way of working facilitates application of the standard. The new standard may require us to reconsider the treatment and alignment of contracts and performance obligations.

3. Arcadis allocates the transaction price to separate performance obligations using expected cost-plus margin. Such allocation may include work in progress in 2018 that has not been billed as at 31 December 2017.

4. The classification on the impact on the 2018 opening balance is estimated to be not significantly different.

5. The classification on the impact on the 2018 opening balance is estimated to be not significantly different.

6. The classification on the impact on the 2018 opening balance is estimated to be not significantly different.

7. The classification on the impact on the 2018 opening balance is estimated to be not significantly different.

8. The classification on the impact on the 2018 opening balance is estimated to be not significantly different.

The classification on the impact on the 2018 opening balance is estimated to be not significantly different.

9. The classification on the impact on the 2018 opening balance is estimated to be not significantly different.
IFRS 16 replaces the existing principles in IAS 17 'Leases' and significantly changes how the Group, as lessee, accounts for its operating lease contracts. During 2017, we performed the impact assessment of IFRS 16. Based on the status of the impact assessment, the impact primarily relates to the effects of bringing on the balance sheet a significant number of operating lease contracts (see notes 23 and 30), mainly for buildings, lease cars and IT assets, and therefore the following changes are expected upon transition to IFRS 16:

- Assets and liabilities of the Group are expected to increase with the net present value of future lease payments. This new standard will be applied modified retrospectively by Arcadis as from the effective date 1 January 2019. Adherence to covenants is not impacted since these are 'lease-adjusted'.
- Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) will increase as the lease payments will be presented as depreciation and net finance expense rather than operational cost.
- Operating cash flow will increase and investing and financing cash flow will decrease as the lease payments will no longer be considered in operating.

During 2018, Arcadis continues with the assessment of contracts that may contain a lease and capture the relevant variables for accounting, development, design and implement procedures to manage the portfolio of contracts that contain a lease. Arcadis expects a stable lease contract portfolio, yet needs to determine certain accounting options that exist within the standard.

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 allocate the resources. The most important performance measures is EBITA (earnings before interest, tax, amortization of identifiable intangible assets, and impairment charges) as management believes this is key in evaluating the results of the segments relative to other companies that operate within the same industry. The Executive Board also monitors certain financial information about the segment’s revenue and assets.

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 information used by management to monitor progress, and for decision-making about operational matters, is in operating segment level. The Company has a global network of business units, which enables it to maintain the relationships with clients and to understand the local market conditions. As a result, the geographic basis of the operating companies is the basis in determining the operating segments, whereby those geographical areas with economic and operating similarities are aggregated into one operating segment. The information used by management to monitor progress, and for decision-making about operational matters, is in operating segment level.

The geographic information is detailed in the Financial Statements and is presented on the geographical basis 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 allocate the resources. The most important performance measures is EBITA (earnings before interest, tax, amortization of identifiable intangible assets, and impairment charges) as management believes this is key in evaluating the results of the segments relative to other companies that operate within the same industry. The Executive Board also monitors certain financial information about the segment’s revenue and assets.

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.

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 allocate the resources. The most important performance measures is EBITA (earnings before interest, tax, amortization of identifiable intangible assets, and impairment charges) as management believes this is key in evaluating the results of the segments relative to other companies that operate within the same industry. The Executive Board also monitors certain financial information about the segment’s revenue and assets.

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.
<table>
<thead>
<tr>
<th>Segments</th>
<th>Americas</th>
<th>EME</th>
<th>APAC</th>
<th>CallisonRTKL</th>
<th>Eliminations</th>
<th>TOTAL CONSOLIDATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External gross revenues</td>
<td>1,166.5</td>
<td>1,343.3</td>
<td>389.0</td>
<td>320.1</td>
<td>−</td>
<td>3,218.9</td>
</tr>
<tr>
<td>Inter-segment</td>
<td>3.5</td>
<td>12.9</td>
<td>5.1</td>
<td>6.9</td>
<td>(28.4)</td>
<td>−</td>
</tr>
<tr>
<td>TOTAL GROSS REVENUES</td>
<td>1,170.0</td>
<td>1,356.2</td>
<td>394.1</td>
<td>327.0</td>
<td>(28.4)</td>
<td>3,218.9</td>
</tr>
<tr>
<td>Materials, services of third parties and subcontractors</td>
<td>(421.6)</td>
<td>(249.7)</td>
<td>(44.7)</td>
<td>(94.8)</td>
<td>28.4</td>
<td>(782.4)</td>
</tr>
<tr>
<td>NET REVENUES</td>
<td>748.4</td>
<td>1,106.5</td>
<td>349.4</td>
<td>232.2</td>
<td>−</td>
<td>2,436.5</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(701.3)</td>
<td>(1,020.1)</td>
<td>(313.1)</td>
<td>(204.8)</td>
<td>−</td>
<td>(2,239.3)</td>
</tr>
<tr>
<td>Other income</td>
<td>0.1</td>
<td>(0.1)</td>
<td>0.7</td>
<td>0.1</td>
<td>−</td>
<td>0.9</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(11.2)</td>
<td>(11.6)</td>
<td>(7.9)</td>
<td>(6.6)</td>
<td>−</td>
<td>(37.3)</td>
</tr>
<tr>
<td>EBITA</td>
<td>36.0</td>
<td>74.7</td>
<td>29.1</td>
<td>20.9</td>
<td>−</td>
<td>160.7</td>
</tr>
<tr>
<td>Amortization other intangible assets</td>
<td>(1.5)</td>
<td>(15.8)</td>
<td>(10.3)</td>
<td>(3.4)</td>
<td>−</td>
<td>(31.0)</td>
</tr>
<tr>
<td>IMPAIRMENT CHARGES</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>(15.0)</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>34.5</td>
<td>58.9</td>
<td>18.8</td>
<td>17.5</td>
<td>−</td>
<td>129.7</td>
</tr>
<tr>
<td>Net finance expense</td>
<td>(23.8)</td>
<td>2.0</td>
<td>(0.7)</td>
<td>(0.2)</td>
<td>−</td>
<td>(22.7)</td>
</tr>
<tr>
<td>Result from investments accounted for using the equity method</td>
<td>(12.3)</td>
<td>0.8</td>
<td>−</td>
<td>(0.1)</td>
<td>−</td>
<td>(11.6)</td>
</tr>
<tr>
<td>SEGMENT PROFIT BEFORE INCOME TAX</td>
<td>(1.6)</td>
<td>61.7</td>
<td>18.1</td>
<td>17.2</td>
<td>−</td>
<td>95.4</td>
</tr>
<tr>
<td>Income taxes</td>
<td>6.5</td>
<td>(13.0)</td>
<td>(11.3)</td>
<td>(3.9)</td>
<td>−</td>
<td>(21.7)</td>
</tr>
<tr>
<td>PROFIT FOR THE PERIOD</td>
<td>4.9</td>
<td>48.7</td>
<td>6.8</td>
<td>13.3</td>
<td>−</td>
<td>72.6</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>−</td>
<td>(1.1)</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>(1.1)</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>4.9</td>
<td>47.6</td>
<td>6.8</td>
<td>13.3</td>
<td>−</td>
<td>71.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2016</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>External gross revenues</td>
<td>1,227.2</td>
<td>1,397.8</td>
<td>377.6</td>
<td>326.2</td>
<td>−</td>
<td>3,228.8</td>
</tr>
<tr>
<td>Inter-segment</td>
<td>3.8</td>
<td>5.8</td>
<td>9.8</td>
<td>7.4</td>
<td>(26.8)</td>
<td>−</td>
</tr>
<tr>
<td>TOTAL GROSS REVENUES</td>
<td>1,231.0</td>
<td>1,403.6</td>
<td>387.4</td>
<td>333.6</td>
<td>(26.8)</td>
<td>3,228.8</td>
</tr>
<tr>
<td>Materials, services of third parties and subcontractors</td>
<td>(462.4)</td>
<td>(286.4)</td>
<td>(49.4)</td>
<td>(89.4)</td>
<td>26.8</td>
<td>(860.8)</td>
</tr>
<tr>
<td>NET REVENUES</td>
<td>768.6</td>
<td>1,117.2</td>
<td>338.0</td>
<td>244.2</td>
<td>−</td>
<td>2,468.0</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(728.3)</td>
<td>(1,033.7)</td>
<td>(308.2)</td>
<td>(213.2)</td>
<td>−</td>
<td>(2,283.4)</td>
</tr>
<tr>
<td>Other income</td>
<td>0.2</td>
<td>4.1</td>
<td>0.3</td>
<td>0.1</td>
<td>−</td>
<td>4.7</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(12.1)</td>
<td>(11.5)</td>
<td>(7.2)</td>
<td>(7.3)</td>
<td>−</td>
<td>(38.1)</td>
</tr>
<tr>
<td>EBITA</td>
<td>28.4</td>
<td>76.1</td>
<td>22.9</td>
<td>23.8</td>
<td>−</td>
<td>151.2</td>
</tr>
<tr>
<td>Amortization other intangible assets</td>
<td>(1.8)</td>
<td>(20.8)</td>
<td>(11.1)</td>
<td>(4.0)</td>
<td>−</td>
<td>(37.7)</td>
</tr>
<tr>
<td>IMPAIRMENT CHARGES</td>
<td>(15.0)</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>(15.0)</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>11.6</td>
<td>55.3</td>
<td>11.8</td>
<td>19.8</td>
<td>−</td>
<td>98.5</td>
</tr>
<tr>
<td>Net finance expense</td>
<td>(27.6)</td>
<td>1.5</td>
<td>(1.8)</td>
<td>(0.3)</td>
<td>−</td>
<td>(28.2)</td>
</tr>
<tr>
<td>Result from investments accounted for using the equity method</td>
<td>(2.5)</td>
<td>1.5</td>
<td>0.1</td>
<td>(0.3)</td>
<td>−</td>
<td>(1.2)</td>
</tr>
<tr>
<td>SEGMENT PROFIT BEFORE INCOME TAX</td>
<td>(18.5)</td>
<td>58.3</td>
<td>10.1</td>
<td>19.2</td>
<td>−</td>
<td>69.1</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(2.2)</td>
<td>(3.0)</td>
<td>(2.8)</td>
<td>(3.3)</td>
<td>−</td>
<td>(11.3)</td>
</tr>
<tr>
<td>PROFIT FOR THE PERIOD</td>
<td>(20.7)</td>
<td>55.3</td>
<td>7.3</td>
<td>15.9</td>
<td>−</td>
<td>57.8</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(0.5)</td>
<td>(0.9)</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>(1.4)</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>(21.2)</td>
<td>54.4</td>
<td>7.3</td>
<td>15.9</td>
<td>−</td>
<td>56.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes to the Consolidated Financial Statements</th>
<th>Financial Statements</th>
<th>Notes to the Consolidated Financial Statements</th>
<th>Financial Statements</th>
</tr>
</thead>
</table>
CONSOLIDATED INTERESTS AND BUSINESS COMBINATIONS

RECOGNITION PRINCIPLE

The consideration transfered does not include amounts relating to the settlement of pre-existing relationships. Such amounts are recognised 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 re-measured and settlement is accounted for in profit or loss. If the contingent consideration is recognised in profit or loss, settlement is accounted for as an equity-accounted investee or as an available-for-sale financial asset, depending on the level of influence retained.

MEASUREMENT PRINCIPLE

The return of business of the Arcadis subsidiaries listed on the next page is similar, except for CallisonRTKL (as described in note 3 on page 199). They provide comprehensive knowledge-based consultancy, design, engineering and management services in the expertise areas of infrastructure, water, environment and buildings.

The nature of business of the Arcadis subsidiaries listed on the next page is similar, except for CallisonRTKL (as described in note 3 on page 199). They provide comprehensive knowledge-based consultancy, design, engineering and management services in the expertise areas of infrastructure, water, environment and buildings.

Changes in consolidated interests 2017

On 26 July 2017, Arcadis acquired all shares in E2 ManageTech for a total consideration of €3.0 million, and mainly relate to Environmental Strategies Pty Ltd. (2016), Orah Rail (2017) and 74.0% of the share capital of CallisonRTKL (‘Callison’). CallisonRTKL was acquired for €4.4 million on 26 July 2017. CallisonRTKL is an enterprise technology solutions firm providing information technology and business services for the environmental, health and safety information market. Due to the limited size of the company, no material Purchase Price Allocation (PPA) adjustments are expected in 2018. Furthermore, Arcadis is in the process to sell its interest in Brunei, including Utamacon BI (see note 27), while of the remaining amount of US $15.3 million, including a contractual after-payment of US $0.5 million and a maximum earn-out of US $0.6 million (based on the financial performance of the company).


disclosures are provided in this note.

In 2017, Arcadis sold its interest in the Czech infrastructure business. This resulted in a loss of €1.6 million, which is recognised as part of Other Income (see note 6).

In 2016, Arcadis sold its interest in the Czech infrastructure business. This resulted in a loss of €1.6 million, which is recognised as part of Other Income.

Changes in consolidated interests 2016

On 26 July 2017, Arcadis acquired all shares in E2 ManageTech for a total consideration of €3.0 million, and mainly relate to Environmental Strategies Pty Ltd. (2016), Orah Rail (2017) and 74.0% of the share capital of CallisonRTKL (‘Callison’). CallisonRTKL was acquired for €4.4 million on 26 July 2017. CallisonRTKL is an enterprise technology solutions firm providing information technology and business services for the environmental, health and safety information market. Due to the limited size of the company, no material Purchase Price Allocation (PPA) adjustments are expected in 2018. Furthermore, Arcadis is in the process to sell its interest in Brunei, including Utamacon BI (see note 27), while of the remaining amount of US $15.3 million, including a contractual after-payment of US $0.5 million and a maximum earn-out of US $0.6 million (based on the financial performance of the company).

In 2017, Arcadis sold its interest in the Czech infrastructure business. This resulted in a loss of €1.6 million, which is recognised as part of Other Income (see note 6).

In 2016, Arcadis sold its interest in the Czech infrastructure business. This resulted in a loss of €1.6 million, which is recognised as part of Other Income.

Changes in consolidated interests 2016

On 26 July 2017, Arcadis acquired all shares in E2 ManageTech for a total consideration of €3.0 million, and mainly relate to Environmental Strategies Pty Ltd. (2016), Orah Rail (2017) and 74.0% of the share capital of CallisonRTKL (‘Callison’). CallisonRTKL was acquired for €4.4 million on 26 July 2017. CallisonRTKL is an enterprise technology solutions firm providing information technology and business services for the environmental, health and safety information market. Due to the limited size of the company, no material Purchase Price Allocation (PPA) adjustments are expected in 2018. Furthermore, Arcadis is in the process to sell its interest in Brunei, including Utamacon BI (see note 27), while of the remaining amount of US $15.3 million, including a contractual after-payment of US $0.5 million and a maximum earn-out of US $0.6 million (based on the financial performance of the company).

In 2017, Arcadis sold its interest in the Czech infrastructure business. This resulted in a loss of €1.6 million, which is recognised as part of Other Income (see note 6).

In 2016, Arcadis sold its interest in the Czech infrastructure business. This resulted in a loss of €1.6 million, which is recognised as part of Other Income.

Changes in consolidated interests 2016

On 26 July 2017, Arcadis acquired all shares in E2 ManageTech for a total consideration of €3.0 million, and mainly relate to Environmental Strategies Pty Ltd. (2016), Orah Rail (2017) and 74.0% of the share capital of CallisonRTKL (‘Callison’). CallisonRTKL was acquired for €4.4 million on 26 July 2017. CallisonRTKL is an enterprise technology solutions firm providing information technology and business services for the environmental, health and safety information market. Due to the limited size of the company, no material Purchase Price Allocation (PPA) adjustments are expected in 2018. Furthermore, Arcadis is in the process to sell its interest in Brunei, including Utamacon BI (see note 27), while of the remaining amount of US $15.3 million, including a contractual after-payment of US $0.5 million and a maximum earn-out of US $0.6 million (based on the financial performance of the company).

In 2017, Arcadis sold its interest in the Czech infrastructure business. This resulted in a loss of €1.6 million, which is recognised as part of Other Income (see note 6).

In 2016, Arcadis sold its interest in the Czech infrastructure business. This resulted in a loss of €1.6 million, which is recognised as part of Other Income.

Changes in consolidated interests 2016

On 26 July 2017, Arcadis acquired all shares in E2 ManageTech for a total consideration of €3.0 million, and mainly relate to Environmental Strategies Pty Ltd. (2016), Orah Rail (2017) and 74.0% of the share capital of CallisonRTKL (‘Callison’). CallisonRTKL was acquired for €4.4 million on 26 July 2017. CallisonRTKL is an enterprise technology solutions firm providing information technology and business services for the environmental, health and safety information market. Due to the limited size of the company, no material Purchase Price Allocation (PPA) adjustments are expected in 2018. Furthermore, Arcadis is in the process to sell its interest in Brunei, including Utamacon BI (see note 27), while of the remaining amount of US $15.3 million, including a contractual after-payment of US $0.5 million and a maximum earn-out of US $0.6 million (based on the financial performance of the company).

In 2017, Arcadis sold its interest in the Czech infrastructure business. This resulted in a loss of €1.6 million, which is recognised as part of Other Income (see note 6).

In 2016, Arcadis sold its interest in the Czech infrastructure business. This resulted in a loss of €1.6 million, which is recognised as part of Other Income.

Changes in consolidated interests 2016

On 26 July 2017, Arcadis acquired all shares in E2 ManageTech for a total consideration of €3.0 million, and mainly relate to Environmental Strategies Pty Ltd. (2016), Orah Rail (2017) and 74.0% of the share capital of CallisonRTKL (‘Callison’). CallisonRTKL was acquired for €4.4 million on 26 July 2017. CallisonRTKL is an enterprise technology solutions firm providing information technology and business services for the environmental, health and safety information market. Due to the limited size of the company, no material Purchase Price Allocation (PPA) adjustments are expected in 2018. Furthermore, Arcadis is in the process to sell its interest in Brunei, including Utamacon BI (see note 27), while of the remaining amount of US $15.3 million, including a contractual after-payment of US $0.5 million and a maximum earn-out of US $0.6 million (based on the financial performance of the company).

In 2017, Arcadis sold its interest in the Czech infrastructure business. This resulted in a loss of €1.6 million, which is recognised as part of Other Income (see note 6).

In 2016, Arcadis sold its interest in the Czech infrastructure business. This resulted in a loss of €1.6 million, which is recognised as part of Other Income.
6 OTHER INCOME

Other income includes results that arise from rentiers or transactions that are clearly distinct
from the ordinary activities of the Company. Items on the sale of assets are recognized
as part of Other income.

In 2017 the book gain on sale of assets includes €1.8 million gain on the sale of non-controlling
interest in Brunei (see note 15).

The category ‘Other’ includes a loss of €1.8 million relating to the remeasurement of the
subsidiary in Shinas recognized as held for sale (see note 21) and a loss of €7.3 million from
the sale of interest in Czech infrastructure business (see note 4). Furthermore, this category
includes €0.2 million of government grants and various other individually
immaterial items which have an impact on the total net amount of the category ‘Other’. 

7 OPERATIONAL COSTS

Share-based payment charges in scope of IFRS 2 are recognized in Salaries and wages. 

Since 2014, securities under the 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.

LONG-TERM INCENTIVE PLANS

To stimulate the realization of long-term Company goals and objectives, Arcadis NV
uses Long-Term Incentive Plans (LTIPs). The outstanding options and conditional
performance shares at 31 December 2017 relate to the LTIPs from 2005, 2010 and 2014.

Since 2014, securities under the LTIPs are only 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.
The number of outstanding options at 31 December 2017 is as follows:

<table>
<thead>
<tr>
<th>Exercise price (in €)</th>
<th>Number of options</th>
<th>Share price at 31 December 2017 (in €)</th>
<th>Year of issue</th>
<th>Exercised</th>
<th>Cancelled/forfeited</th>
<th>Total amount to be expensed over the vesting period (in €)</th>
<th>Average fair value at grant date of RSUs for management and key staff (in €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>115,000</td>
<td>20.23</td>
<td>2015 (1 January)</td>
<td>90,000</td>
<td>364,463</td>
<td>6,300</td>
<td>384,263</td>
</tr>
<tr>
<td>2006</td>
<td>303,385</td>
<td>16.18</td>
<td>2016 (27 April)</td>
<td>901,530</td>
<td>855,507</td>
<td>89,168</td>
<td>270,729</td>
</tr>
<tr>
<td>2007</td>
<td>384,263</td>
<td>20.23</td>
<td>2017 (28 April)</td>
<td>1,085,815</td>
<td>1,085,815</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

The total amount to be expensed over the vesting period is calculated by taking the RSUs granted within a calendar year multiplied by the fair value of the RSUs at grant date, and is expensed over a three-year period.

The expected volatility is calculated based on the share price movements of the 60-months prior to grant date. The annual charge to profit or loss is adjusted for estimated forfeitures, if any, and these estimated forfeitures are reflected if the number of RSUs expected to vest differs from previous estimates.

The total outstanding RSUs at 31 December 2017 is 2,790,860.

The weighted average share price at exercise date in 2017 was €17.89 (2016: €16.15).

OUSTANDING RESTRICTED SHARE UNIT (RSU)

In 2017, the following number of RSUs have been granted under the 2014 LTIP:

- RSUs as share units: 1,368,047
- RSUs as cash units: 1,402,773

The fair value was determined using a Monte Carlo simulation model, which takes into account the market conditions expected to impact Arcadis TSL performance in relation to the peer group, and the assumptions used for the largest series of RSUs granted were:

- Expected volatility: 2.02%
- Risk-free interest rate: 3.28% in 2017
- Expected dividend yield: 0.95%
- Expected mortality: 2.67% in 2017

The weighted average exercise price of the share options exercisable at 31 December 2017 was €16.03 (2016: €16.16).

The revised Plan was approved by the General Meeting of Shareholders in May 2014. In 2014, the Supervisory Board approved the continuation of the Arcadis NV 2010 Long-Term Incentive Plan (2010 Arcadis LTIP). The 2014 LTIP provides for a maximum of 10,000,000 shares or options to be allocated to employees for the purposes of granting options and/or RSUs under the 2014 LTIP. The revised Plan was approved by the General Meeting of Shareholders in May 2014.

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.

OUTSTANDING OPTIONS

The total outstanding options at 31 December 2017 is 2,338,615.

The expected volatility is calculated based on the share price movements of the 60-months prior to grant date. The annual charge to profit or loss is adjusted for estimated forfeitures, if any, and these estimated forfeitures are reflected if the number of RSUs expected to vest differs from previous estimates.

The total outstanding RSUs at 31 December 2017 is 2,790,860.

The weighted average exercise price of the share options exercisable at 31 December 2017 was €16.03 (2016: €16.16).

The total amount to be expensed over the vesting period is calculated by taking the RSUs granted within a calendar year multiplied by the fair value of the RSUs at grant date, and is expensed over a three-year period.
At 31 December 2017, 3,706 employees participated in the ESPP (2016: 3,957). The cost at a set discount. Shares and discounts are made available by the Lovinklaan Foundation. The Company facilitates an Employee Share Purchase Plan (ESPP), also called the Global Share Plan, that allows employees to periodically purchase shares in the Company for €1.7 million relating to the Employee Share Purchase Plan, see below.

Employee Share Purchase Plan (Lovinklaan Foundation)
The Company facilitates an Employee Share Purchase Plan (ESPP), also called the Global Share Plan (GSP), that allows employees to periodically purchase shares in the Company at a set discount. Shares and discounts are made available by the Lovinklaan Foundation. The ESPP has been implemented in a number of countries where the Company is located. The personal investment per employee is maximum at €400 per month.

At 31 December 2017, 3,706 employees participated in the ESPP (2016: 3,957). The cost at a set discount. Shares and discounts are made available by the Lovinklaan Foundation. The ESPP has been implemented in a number of countries where the Company is located. The personal investment per employee is maximum at €400 per month.

In 2017, an amount of €9.2 million (2016: €9.7 million) is included for the share-based compensations granted to employees in the period 2015 - 2017. This is excluding the €1.7 million relating to the Employee Share Purchase Plan, see below.

<table>
<thead>
<tr>
<th>In € thousands</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTIP costs recognized in 2017</td>
<td>25,966</td>
<td>29,039</td>
</tr>
<tr>
<td>Finance income</td>
<td>12,022</td>
<td>9,122</td>
</tr>
<tr>
<td>Finance expense</td>
<td>(35,740)</td>
<td>(35,791)</td>
</tr>
</tbody>
</table>
| 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 at fair value 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 7).

The lower net finance expenses were principally driven by lower costs associated with hedging emerging market loans and higher interest income generated on local BRL loans to associates. Higher interest rates on floating US$ bank loans were offset by the lower average net debt and weaker US$ when these costs were translated into EUR equivalents during 2017.

Arcadis utilizes notional cash pools, in which large debit and credit balances both attract significant amounts of interest income and expense that are separately disclosed. In 2017, interest income on US cash pools was €5.7 million (2016: €4.2 million) and interest expense generated on local BRL loans was €1.5 million (2016: €1.2 million). Exchange rate results on operating items are included in Other operational costs (see note 7).

Income tax on profits before income tax, excluding results from investments accounted for using the equity method

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 businesses combinations.

Deferred Tax
Deferred tax is recognized using the balance sheet method and 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 for the periods in which temporary differences are expected to reverse. Deferred tax is not discounted.

A deferred tax asset is recognized for unused allowable 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 in the extent that it is no longer probable that the related tax benefit will be realized.

Income tax recognized in profit or loss:

Income taxes are reported as a tax paid in the cash flow statement, which is the difference between the income tax paid and income tax recognized on individual income tax returns.

Financial statements include income tax paid and income tax recognized, primarily related to income of different periods.

Deferred taxes are 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.

Presentation of the income tax expense is as follows:

• tax expense in profit or loss; and
• tax expense in other comprehensive income.

Effective tax rate reconciliation
The effective corporate income tax rate on the income statement is 19.7% (2016: 19.3%). The 2017 effective income tax rate is impacted by various elements including non-deductible expenses, updates to tax positions from previous years and losses for which no deferred tax assets could be recognized. Furthermore, the US tax reform resulted in a decrease of the net deferred tax position causing a reduction to the 2017 effective tax rate of 11.2%, the impact of which is included in the tax line. At balance sheet date the corporate tax receivable amounted to €25.2 million and the corporate tax liability amounted to €31.8 million. During 2017, the Company paid taxes for a total amount of €4.6 million (2016: €25.0 million).

Effective tax rate reconciliation
The effective corporate income tax rate on the income statement is 19.7% (2016: 19.3%). The 2017 effective income tax rate is impacted by various elements including non-deductible expenses, updates to tax positions from previous years and losses for which no deferred tax assets could be recognized. Furthermore, the US tax reform resulted in a decrease of the net deferred tax position causing a reduction to the 2017 effective tax rate of 11.2%, the impact of which is included in the tax line. At balance sheet date the corporate tax receivable amounted to €25.2 million and the corporate tax liability amounted to €31.8 million. During 2017, the Company paid taxes for a total amount of €4.6 million (2016: €25.0 million).
### Financial Statements

#### Deferred Tax

The movement in deferred tax balances during the year 2017 is as follows:

<table>
<thead>
<tr>
<th>Line item</th>
<th>31 December 2016</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net balance at profit or loss</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income from operations</td>
<td>101,015</td>
<td>90,956</td>
</tr>
<tr>
<td><strong>Gross income from operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recognized in Other comprehensive income as part of the ‘Exchange rate differences’ line</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>17,871</td>
<td>13,970</td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>1,260</td>
<td>1,137</td>
</tr>
<tr>
<td>Derivatives</td>
<td>22,720</td>
<td>198</td>
</tr>
<tr>
<td>Intangible assets and goodwill</td>
<td>9,109</td>
<td>8,060</td>
</tr>
<tr>
<td>Shares-based compensation</td>
<td>3,562</td>
<td>3,536</td>
</tr>
<tr>
<td>Net deferred tax</td>
<td>22,680</td>
<td>19,367</td>
</tr>
<tr>
<td><strong>Deferred tax asset and liability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net deferred tax</td>
<td>30,294</td>
<td>26,976</td>
</tr>
</tbody>
</table>

The movement in deferred tax balances during the year 2016 was as follows:

<table>
<thead>
<tr>
<th>Line item</th>
<th>31 December 2015</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net balance at profit or loss</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income from operations</td>
<td>120,700</td>
<td>107,059</td>
</tr>
<tr>
<td><strong>Gross income from operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recognized in Other comprehensive income as part of the ‘Exchange rate differences’ line</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>22,781</td>
<td>17,871</td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>1,460</td>
<td>1,260</td>
</tr>
<tr>
<td>Derivatives</td>
<td>24,841</td>
<td>22,720</td>
</tr>
<tr>
<td>Intangible assets and goodwill</td>
<td>10,188</td>
<td>9,109</td>
</tr>
<tr>
<td>Shares-based compensation</td>
<td>4,077</td>
<td>3,562</td>
</tr>
<tr>
<td>Net deferred tax</td>
<td>35,502</td>
<td>22,680</td>
</tr>
<tr>
<td><strong>Deferred tax asset and liability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net deferred tax</td>
<td>30,294</td>
<td>35,502</td>
</tr>
</tbody>
</table>

#### Recognition of Net Operating Losses

For the net operating losses recognized, management is of the opinion that it is probable that these losses will be compensated by future taxable profits. An amount of €203 million (2016: €111.9 million) relating to net operating losses was not recognized at balance sheet date.

At 31 December 2017, the gross amount of net operating losses, amounting to €119 million (2016: €38.6 million), for which a deferred tax asset has been recognized expires as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount in € thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2,091</td>
</tr>
<tr>
<td>2019</td>
<td>1,861</td>
</tr>
<tr>
<td>2020</td>
<td>3,505</td>
</tr>
<tr>
<td>2021</td>
<td>3,288</td>
</tr>
<tr>
<td>2022</td>
<td>217</td>
</tr>
<tr>
<td>2023</td>
<td>64</td>
</tr>
<tr>
<td>&gt;2023</td>
<td>8,931</td>
</tr>
</tbody>
</table>

**Total:** 10,377

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off 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.

Deferred income tax assets and liabilities are offset against each other both for financial and tax reporting purposes.

**Deferred tax asset recognized:**

<table>
<thead>
<tr>
<th>Line item</th>
<th>31 December 2016</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net operating losses</td>
<td>9,269</td>
<td>2,365</td>
</tr>
</tbody>
</table>

Deferred tax liabilities are recognized for unrecognized deferred tax liabilities.

**Deferred tax liability recognized:**

<table>
<thead>
<tr>
<th>Line item</th>
<th>31 December 2016</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets and goodwill</td>
<td>77,019</td>
<td>64,011</td>
</tr>
</tbody>
</table>

### Earnings per Share

For calculating the earnings per share, the following numbers of average shares are used:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of average shares in € thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>66,825</td>
</tr>
<tr>
<td>2016</td>
<td>60,908</td>
</tr>
</tbody>
</table>

The total earnings of the Group and the earnings per share are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total in € thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>103,272</td>
</tr>
<tr>
<td>2016</td>
<td>90,401</td>
</tr>
</tbody>
</table>

Of the outstanding options at 31 December 2017, a total of 1,315,235 were in the money and also exercisable (2016: 608,622). Exercising options may lead to dilution. To avoid dilution as much as possible, Arcadis repurchases its own shares, which are reissued at the moment options are exercised.

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 (in shares purchased over share capital raise). 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 in the sense that the exercise price of these options is lower than the share price. The average number of potentially dilutive 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.

#### Key Ratios

<table>
<thead>
<tr>
<th>Year</th>
<th>Net income</th>
<th>Earnings per share/diluted earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>70,804</td>
<td>1.18 / 1.15</td>
</tr>
<tr>
<td>2016</td>
<td>64,154</td>
<td>1.08 / 1.07</td>
</tr>
</tbody>
</table>

### Glossary

Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Glossary for the definition as used by Arcadis.
12 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 acquiree company. Goodwill in its entirety acquired involves is included in the carried 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 business combinations involve the use of estimates for determining the fair value at acquisition date. The manner 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 as profit or loss on a straight-line basis.

SOFTWARE

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.

GOODWILL

The recoverable amount of goodwill for impairment testing purposes is based on a value in use calculation. These calculations use cash flow projections based on historical performance, our plan for the years 2019 and 2020. Projections were extrapolated with stable or declining performance, our plan for 2018 as approved by the Executive Board and our long-term business plan.

The key assumptions used in the projections are:

- Revenue growth: based on experience and market analysis;
- Operating EBITA margin development: based on historical performance, plan 2018 and a three-year period following 2018;
- (Net) revenue growth: based on experience and market analysis;
- Weighted average cost of capital (WACC): based on the market participants view on the cost of capital and the risk of the cash flows;
- Pre-tax discount rate: based on the risk of the cash flows and the estimated performance; and
- Terminal growth rate: based on the expected long term growth of the company.

The weighted average pre-tax discount rate is 10.2% (2016: 10.4%) and has been determined by iterative computation so that value in use determined using pre-tax cash flows and a post-tax discount rate equals value in use determined using post-tax cash flows and a post-tax discount rate. The weighted average post-tax discount rate used is 7.3% (2016: 7.5%) which includes country specific premiums when applicable.

The key assumptions used in the 2017 test for each CGU are disclosed below.

<table>
<thead>
<tr>
<th>Region</th>
<th>Average (net) revenue growth</th>
<th>Operating EBITA margin</th>
<th>Pre-tax discount rate</th>
<th>Terminal growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>8.5%</td>
<td>4.0%</td>
<td>9.5%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Australia Pacific</td>
<td>6.2%</td>
<td>10.4%</td>
<td>-11.4%</td>
<td>9.7% 0.9%</td>
</tr>
<tr>
<td>China</td>
<td>6.0%</td>
<td>4.9%</td>
<td>-10.2%</td>
<td>10.9% 0.9%</td>
</tr>
<tr>
<td>Europe</td>
<td>0.2%</td>
<td>6.7%</td>
<td>-8.0%</td>
<td>9.2% 0.2%</td>
</tr>
<tr>
<td>Middle East</td>
<td>0.0%</td>
<td>6.1%</td>
<td>-7.5%</td>
<td>9.1% 1.0%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0.5%</td>
<td>8.0%</td>
<td>-8.6%</td>
<td>9.0% 0.4%</td>
</tr>
<tr>
<td>Latin America</td>
<td>7.0%</td>
<td>4.0%</td>
<td>-8.2%</td>
<td>13.2% 2.0%</td>
</tr>
<tr>
<td>Continental Europe (0.5)%</td>
<td>6.5%</td>
<td>-6.9%</td>
<td>10.1% 0.1%</td>
<td></td>
</tr>
<tr>
<td>Latin America (1.3)%</td>
<td>2.1%</td>
<td>-8.0%</td>
<td>15.3% 1.5%</td>
<td></td>
</tr>
<tr>
<td>Middle East (0.2)%</td>
<td>6.1%</td>
<td>-7.5%</td>
<td>9.1% 1.0%</td>
<td></td>
</tr>
<tr>
<td>United Kingdom 0.5%</td>
<td>8.0%</td>
<td>-8.6%</td>
<td>9.0% 0.4%</td>
<td></td>
</tr>
</tbody>
</table>

The key assumptions included in the 2016 test for each CGU are disclosed below.

<table>
<thead>
<tr>
<th>Region</th>
<th>Average (net) revenue growth</th>
<th>Operating EBITA margin</th>
<th>Pre-tax discount rate</th>
<th>Terminal growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>8.5%</td>
<td>4.0%</td>
<td>9.5%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Australia Pacific</td>
<td>6.2%</td>
<td>10.4%</td>
<td>-11.4%</td>
<td>9.7% 0.9%</td>
</tr>
<tr>
<td>China</td>
<td>6.0%</td>
<td>4.9%</td>
<td>-10.2%</td>
<td>10.9% 0.9%</td>
</tr>
<tr>
<td>Europe</td>
<td>0.2%</td>
<td>6.7%</td>
<td>-8.0%</td>
<td>9.2% 0.2%</td>
</tr>
<tr>
<td>Middle East</td>
<td>0.0%</td>
<td>6.1%</td>
<td>-7.5%</td>
<td>9.1% 1.0%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0.5%</td>
<td>8.0%</td>
<td>-8.6%</td>
<td>9.0% 0.4%</td>
</tr>
<tr>
<td>Latin America</td>
<td>7.0%</td>
<td>4.0%</td>
<td>-8.2%</td>
<td>13.2% 2.0%</td>
</tr>
<tr>
<td>Continental Europe (0.5)%</td>
<td>6.5%</td>
<td>-6.9%</td>
<td>10.1% 0.1%</td>
<td></td>
</tr>
<tr>
<td>Latin America (1.3)%</td>
<td>2.1%</td>
<td>-8.0%</td>
<td>15.3% 1.5%</td>
<td></td>
</tr>
<tr>
<td>Middle East (0.2)%</td>
<td>6.1%</td>
<td>-7.5%</td>
<td>9.1% 1.0%</td>
<td></td>
</tr>
<tr>
<td>United Kingdom 0.5%</td>
<td>8.0%</td>
<td>-8.6%</td>
<td>9.0% 0.4%</td>
<td></td>
</tr>
</tbody>
</table>

IMPARIAM TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

The recoverable amount of goodwill for impairment testing purposes is based on a value in use calculation. These calculations use cash flow projections based on historical performance, our plan for 2018 as approved by the Executive Board and our long-term plan for the years 2019 and 2020. Projections were extrapolated with stable or declining growth rates for a period up to five years, after which a terminal value was used at an average rate of 0% (2016: 0.7%), being the difference between local and the Eurozone inflation forecast.

The recoverable amount of the Company increased compared to year-end 2016, with a corresponding increase in headroom. The recoverable amount for all CGUs exceeded the carrying amount and did not result in impairments.

For Latin America, the headroom remains limited, mainly due to slower recovery of the market. As a result of the sensitivity analysis, it was concluded that the decrease in EBITA margin of 43 points could cause the value in use to fall to the level of the carrying value.

The key assumptions included in the 2017 test for each CGU are disclosed below.

<table>
<thead>
<tr>
<th>Region</th>
<th>Average (net) revenue growth</th>
<th>Operating EBITA margin</th>
<th>Pre-tax discount rate</th>
<th>Terminal growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>8.5%</td>
<td>4.0%</td>
<td>9.5%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Australia Pacific</td>
<td>6.2%</td>
<td>10.4%</td>
<td>-11.4%</td>
<td>9.7% 0.9%</td>
</tr>
<tr>
<td>China</td>
<td>6.0%</td>
<td>4.9%</td>
<td>-10.2%</td>
<td>10.9% 0.9%</td>
</tr>
<tr>
<td>Europe</td>
<td>0.2%</td>
<td>6.7%</td>
<td>-8.0%</td>
<td>9.2% 0.2%</td>
</tr>
<tr>
<td>Middle East</td>
<td>0.0%</td>
<td>6.1%</td>
<td>-7.5%</td>
<td>9.1% 1.0%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0.5%</td>
<td>8.0%</td>
<td>-8.6%</td>
<td>9.0% 0.4%</td>
</tr>
<tr>
<td>Latin America</td>
<td>7.0%</td>
<td>4.0%</td>
<td>-8.2%</td>
<td>13.2% 2.0%</td>
</tr>
<tr>
<td>Continental Europe (0.5)%</td>
<td>6.5%</td>
<td>-6.9%</td>
<td>10.1% 0.1%</td>
<td></td>
</tr>
<tr>
<td>Latin America (1.3)%</td>
<td>2.1%</td>
<td>-8.0%</td>
<td>15.3% 1.5%</td>
<td></td>
</tr>
<tr>
<td>Middle East (0.2)%</td>
<td>6.1%</td>
<td>-7.5%</td>
<td>9.1% 1.0%</td>
<td></td>
</tr>
<tr>
<td>United Kingdom 0.5%</td>
<td>8.0%</td>
<td>-8.6%</td>
<td>9.0% 0.4%</td>
<td></td>
</tr>
</tbody>
</table>

OBSERVATIONS ON IMPAIRMENT TESTING

The outcome of the Goodwill impairment test calculation at year-end 2017 revealed that the recoverable amount of the Company exceeded the carrying amount for all CGUs.

The recoverable amount for all CGUs exceeded the carrying amount and did not result in impairments.

The key assumptions included in the 2017 test for each CGU are disclosed below.

<table>
<thead>
<tr>
<th>Region</th>
<th>Average (net) revenue growth</th>
<th>Operating EBITA margin</th>
<th>Pre-tax discount rate</th>
<th>Terminal growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>8.5%</td>
<td>4.0%</td>
<td>9.5%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Australia Pacific</td>
<td>6.2%</td>
<td>10.4%</td>
<td>-11.4%</td>
<td>9.7% 0.9%</td>
</tr>
<tr>
<td>China</td>
<td>6.0%</td>
<td>4.9%</td>
<td>-10.2%</td>
<td>10.9% 0.9%</td>
</tr>
<tr>
<td>Europe</td>
<td>0.2%</td>
<td>6.7%</td>
<td>-8.0%</td>
<td>9.2% 0.2%</td>
</tr>
<tr>
<td>Middle East</td>
<td>0.0%</td>
<td>6.1%</td>
<td>-7.5%</td>
<td>9.1% 1.0%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0.5%</td>
<td>8.0%</td>
<td>-8.6%</td>
<td>9.0% 0.4%</td>
</tr>
<tr>
<td>Latin America</td>
<td>7.0%</td>
<td>4.0%</td>
<td>-8.2%</td>
<td>13.2% 2.0%</td>
</tr>
<tr>
<td>Continental Europe (0.5)%</td>
<td>6.5%</td>
<td>-6.9%</td>
<td>10.1% 0.1%</td>
<td></td>
</tr>
<tr>
<td>Latin America (1.3)%</td>
<td>2.1%</td>
<td>-8.0%</td>
<td>15.3% 1.5%</td>
<td></td>
</tr>
<tr>
<td>Middle East (0.2)%</td>
<td>6.1%</td>
<td>-7.5%</td>
<td>9.1% 1.0%</td>
<td></td>
</tr>
<tr>
<td>United Kingdom 0.5%</td>
<td>8.0%</td>
<td>-8.6%</td>
<td>9.0% 0.4%</td>
<td></td>
</tr>
</tbody>
</table>
Other 1,269 1,490
Backlog 5,214 13,141
Trade names 4,583 10,711
Customer relationships 80,793 104,390

The Intangibles under development of €28.3 million are related to the purchase of licenses which is part of the implementation of the Arcadis Way.

SOFTWARE

During 2017 and 2016, no changes were made in the useful lives, amortization methods or the residual values of the Other intangible assets.

SOFTWARE

Investments in Software mainly relate to the implementation of harmonised systems, which is part of the implementation of the Arcadis Way.

INTANGIBLES UNDER DEVELOPMENT

The intangibles under development of €28.3 million are related to the purchase of licenses and development of software not yet in use (2016: €29.3 million). Intangibles under development are not yet amortized.

13 PROPERTY, PLANT & EQUIPMENT

Property and 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.

Depreciation, based on the cost of an asset and its residual value, is recognised in profit or loss on a straight-line basis over the estimated useful lives. The estimated useful lives of Property, plant & equipment vary according to their respective categories, as shown in the table hereafter.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>20-40</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>3-50</td>
</tr>
<tr>
<td>IT Equipment</td>
<td>3-5</td>
</tr>
<tr>
<td>Property, plant &amp; equipment under development</td>
<td>3-5</td>
</tr>
</tbody>
</table>

Depreciation methods and useful lives, as well as residual values, are reviewed annually. When parts of an item of Property, plant & equipment have different useful lives, 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 recognised in Other income in the Consolidated income statement. Losses on the sale of an item of Property, plant & equipment are recognised in Other operational costs in the Consolidated income statement.

During 2017 no changes were made in the useful lives, depreciation methods and the residual values of Property, plant & equipment elements.

At 31 December 2017, the carrying amount of Property, plant & equipment financed by financial leases, was nil (2016: nil). At 31 December 2017 and 31 December 2016, no properties were registered as security for bank loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | FINANCIAL STATEMENTS

The determination of impairments 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 require management to make significant judgements.

LEASED ASSETS

Leases in which the Company is the lessee and assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of the fair value and the present value of the minimum lease payments. Leased assets are depreciated over the shorter of the lease term and their useful life unless it is reasonably certain that the Company will obtain ownership of the leased asset at the end of the lease term. Other leases are operating leases, and such leased assets are not recognised at the Company’s balance sheet.

At 31 December 2017, the carrying amount of Property, plant & equipment financed by financial leases, was nil (2016: nil). At 31 December 2017 and 31 December 2016, no properties were registered as security for bank loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | FINANCIAL STATEMENTS

The determination of impairments 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 require management to make significant judgements.

LEASED ASSETS

Leases in which the Company is the lessee and assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of the fair value and the present value of the minimum lease payments. Leased assets are depreciated over the shorter of the lease term and their useful life unless it is reasonably certain that the Company will obtain ownership of the leased asset at the end of the lease term.

Other leases are operating leases, and such leased assets are not recognised at the Company’s balance sheet.

At 31 December 2017, the carrying amount of Property, plant & equipment financed by financial leases, was nil (2016: nil). At 31 December 2017 and 31 December 2016, no properties were registered as security for bank loans.
14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

JOINT ARRANGEMENTS

Inventories, intangible assets and goodwill 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 arrangements.

Joint ventures are joint arrangements in which the Group has joint control, 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 using the equity method, whereas inventories in joint operations are initially capitalized 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, unless 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 the joint venture, the Group does not recognize further losses, unless the unused investment or made payments on behalf of the joint venture. Loans to joint ventures are carried at amortized cost less any impairment losses.

Joint operations are joint arrangements where 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 using the Group’s direct or indirect ownership 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 the Group’s financial statements.

Assessors 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. Assessors are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. Initial investments in assessors are recognized at cost, including transaction costs. Subsequently, the Group’s share of the profit or loss 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 assessors, after adjustments to align the accounting policies with those of the Group. Where the share of losses exceeds the interest in the associate, the carrying amount is reduced to zero, and recognition of further losses is discontinued unless the Group has an obligation or has made payments on behalf of the investee. Loans to associates are carried at amortized cost or any impairment losses.

JOINT VENTURES

The nature of the business of the Group’s associates and joint ventures is similar. They provide comprehensive knowledge-based consultancy, design, engineering and management services in the infrastructure sector. The Group’s interests in and relationships with its associates and joint ventures are described below.

The following associates and joint ventures are listed below with the Group’s contribution to the associates and joint ventures as at 31 December 2017:

**INVESTMENT IN ASSOCIATES AND JOINT VENTURES**

**The movement in associates and joint ventures in the Consolidated balance sheet is as follows:**

**SUMMARIZED BALANCE SHEET AT 31 DECEMBER**

The balance as at 31 December 2017 includes loans to associates for an amount of €431.4 million (2016: €151.6 million). During 2017, an amount of €424.9 million of new loans have been provided and €92.5 million has been repaid (2016: €623.9 million and €154.4 million). The net increase in loans is included in the investments line above.

The joint ventures have share capital consisting solely of ordinary shares, which are held indirectly by the Group. The non-listed shares. As such, there is no quoted market price available for the shares.

**SUMMARIZED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER**

** MATERIAL ASSOCIATES**

Arcadis Logos Energia S.A. (ALEN) is a material associate, which holds investments in several energy assets in Brazil. The share capital solely consists of ordinary shares, which are not listed and as such there is no quoted market price available for the shares.
GUARANTEES

The Group provided guarantees to the lenders of ALEN for an amount of €84 million as at 31 December 2017. Arcadis is therefore exposed to the risk of ALEN (or an ALEN subsidiary) running into financial difficulty that might trigger a default on debt that would, in turn, result in the relevant lender(s) claiming repayment from the Group. In return for the guarantees Arcadis received cross guarantees from the other shareholders.

FURTHER INVESTMENTS AND FUTURE DIVESTMENT

An update of the business case of ALEN, including the valuations, has been prepared during 2017. The made us conclude that further development of the assets will optimize the value and prepare ALEN for divesting the assets in the future. Additional funding by the Group up to €10 million is needed in 2018 for this continued development in addition to funding that will be provided by another investor to one of the main assets of ALEN.

In the course of 2018, we expect to complete the investment and initiate a divestment process. In case of future divestments of ALEN’s assets, there are no significant restrictions on the ability of ALEN to transfer the funds to Arcadis in the form of cash dividends. However, the Group currently does not hold any cash dividends of ALEN.

15 OTHER INVESTMENTS

Other investments relate to interests in companies over which the Group has no significant influence or control. Other investments are accounted for at cost price.

16 DERIVATIVES

FURTHER INVESTMENTS AND FUTURE DIVESTMENT

An update of the business case of ALEN, including the valuations, has been prepared during 2017. The made us conclude that further development of the assets will optimize the value and prepare ALEN for divesting the assets in the future. Additional funding by the Group up to €10 million is needed in 2018 for this continued development in addition to funding that will be provided by another investor to one of the main assets of ALEN.

In the course of 2018, we expect to complete the investment and initiate a divestment process. In case of future divestments of ALEN’s assets, there are no significant restrictions on the ability of ALEN to transfer the funds to Arcadis in the form of cash dividends, nor on repaying the shareholder loans.

15 OTHER INVESTMENTS

Other investments relate to interests in companies over which the Group has no significant influence or control. Other investments are accounted for at cost price.

16 DERIVATIVES

When a derivative ceases to be highly effective 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 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 will be amortized to profit or loss at the same time as the hedged item.

FAIR VALUE

A fair value is aspirit that would be received to sell an asset or 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 rate curves, interest rate curves and credit risk. The Group uses a fair value model that involves the use of discounted cash flows, which is considered a level 3 model.

The fair values of derivatives held by the Company as at the balance sheet date are presented in the table below:
The market value of those derivatives as of December 31, 2017 was €1.3 million negative and hedge accounting is applied on these derivatives.

Also, during 2017 the Company hedged currency exposures related to transactions in currencies other than the functional currency in the UK, Netherlands, Belgium, Spain, Brazil, and India by way of foreign exchange forward deals in order to minimize volatility in net income due to changes in exchange rates. In addition, foreign currency balance sheet positions arising from hedging foreign currency receivables and loan balances were hedged by way of foreign exchange forward transactions.

The movements in fair value of the derivatives are shown in the table below.

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in fair value due to changes in interest rates</td>
<td>1.6 million positive</td>
<td>1.9 million positive</td>
</tr>
<tr>
<td>Changes in fair value due to changes in volatility</td>
<td>1.3 million negative</td>
<td>0.5 million negative</td>
</tr>
<tr>
<td>Total change in fair value</td>
<td>0.3 million positive</td>
<td>2.4 million positive</td>
</tr>
</tbody>
</table>

Other non-current assets include long-term receivables of €13.6 million (2016: €16.7 million) related to the deferred compensation plan in the United States and other miscellaneous long-term receivables. 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 and are subsequently recognized using the effective interest method and net of any impairment losses.

The market value of these derivatives ultimo 2017 was €3.8 million positive and hedge accounting is applied on these derivatives.

The market value of these derivatives ultimo 2017 was €1.3 million negative and hedge accounting is applied on these derivatives.

The change in fair value of derivatives recognized in profit or loss is €5.6 million positive (2016: €2.3 million loss) together with foreign exchange results of €6.1 million negative (2016: €4.5 million) also flowing through profit or loss. Hence the overall profit or loss for 2017 amounted to €1.5 million negative (2016: €2.0 million negative). In addition, the Company has €40.0 million of fixed to floating cross currency swaps to manage the currency and interest rate risk of a subsidiary. The market value of these derivatives ultimo 2017 was €1.3 million negative and hedge accounting is applied on these derivatives.

The main provisions for trade receivables include the following amounts:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income and advances</td>
<td>11,505</td>
<td>3,605</td>
</tr>
<tr>
<td>Less: Advances received</td>
<td>3,605</td>
<td>1,180</td>
</tr>
<tr>
<td>Advances held by clients</td>
<td>7,900</td>
<td>2,425</td>
</tr>
<tr>
<td>Provision for trade receivables</td>
<td>2,574</td>
<td>1,091</td>
</tr>
</tbody>
</table>

Other non-current assets are non-derivative financial assets, and include long-term receivables due for settlement after one year, long-term investee receivables and trade receivables held at amortized cost, using the effective interest method. Other non-current assets are classified as trade receivables in the balance sheet and are measured at amortized cost less any impairment losses. Trade receivables include amounts billed for work performed but not yet paid by the clients. Trade receivables are measured at amortized cost using the effective interest method and net of any impairment losses.

Trade receivables include amounts billed for work performed but not yet paid by the clients and are measured at amortized cost less any impairment losses. Trade receivables due for settlement within one year are classified as current. Trade receivables are reviewed for collectability at regular intervals; any impairment losses are determined on a case-by-case basis and recognized in Other operational costs when there is objective evidence that the client is not able to meet its obligations for the outstanding invoice(s).

When cost for contract work performed to date plus recognized profits less recognized losses exceeds the contract progress (the balance is shown as Work in progress (floating in excess of cost)), the contract is considered unprofitable. Costs and estimated earnings on uncompleted service contracts and construction contracts are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs and estimated earnings on uncompleted service contracts and construction contracts</td>
<td>18,714</td>
<td>15,194</td>
</tr>
</tbody>
</table>

Other non-current assets are non-derivative financial assets, and include long-term receivables due for settlement after one year, long-term investee receivables and trade receivables held at amortized cost, using the effective interest method. Other non-current assets are classified as trade receivables in the balance sheet and are measured at amortized cost less any impairment losses. Trade receivables include amounts billed for work performed but not yet paid by the clients. Trade receivables are measured at amortized cost using the effective interest method and net of any impairment losses. Trade receivables include amounts billed for work performed but not yet paid by the clients and are measured at amortized cost using the effective interest method and net of any impairment losses. Trade receivables due for settlement within one year are classified as current. Trade receivables are reviewed for collectability at regular intervals; any impairment losses are determined on a case-by-case basis and recognized in Other operational costs when there is objective evidence that the client is not able to meet its obligations for the outstanding invoice(s).

When cost for contract work performed to date plus recognized profits less recognized losses exceeds the contract progress (the balance is shown as Work in progress (floating in excess of cost)), the contract is considered unprofitable. Costs and estimated earnings on uncompleted service contracts and construction contracts are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs and estimated earnings on uncompleted service contracts and construction contracts</td>
<td>18,714</td>
<td>15,194</td>
</tr>
</tbody>
</table>

Other non-current assets are non-derivative financial assets, and include long-term receivables due for settlement after one year, long-term investee receivables and trade receivables held at amortized cost, using the effective interest method. Other non-current assets are classified as trade receivables in the balance sheet and are measured at amortized cost less any impairment losses. Trade receivables include amounts billed for work performed but not yet paid by the clients. Trade receivables are measured at amortized cost using the effective interest method and net of any impairment losses. Trade receivables due for settlement within one year are classified as current. Trade receivables are reviewed for collectability at regular intervals; any impairment losses are determined on a case-by-case basis and recognized in Other operational costs when there is objective evidence that the client is not able to meet its obligations for the outstanding invoice(s).

When cost for contract work performed to date plus recognized profits less recognized losses exceeds the contract progress (the balance is shown as Work in progress (floating in excess of cost)), the contract is considered unprofitable. Costs and estimated earnings on uncompleted service contracts and construction contracts are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs and estimated earnings on uncompleted service contracts and construction contracts</td>
<td>18,714</td>
<td>15,194</td>
</tr>
</tbody>
</table>
192
Annual Integrated Report 2017

20 OTHER CURRENT ASSETS

In accordance with IFRS 9, non-current assets and disposal groups are classified as a held for sale when the following criteria are met:
• Management is committed to a plan to sell;
• The asset is available for immediate sale;
• An active programme to locate a buyer is initiated;
• The sale is highly probable within twelve months of classification as held for sale;
• The asset is measured at the lower of book value or fair value.

For assets to be classified as held for sale, the following criteria have been met, which include the legally enforceable ‘right to set off’ and the intention to settle on a net basis.
• The asset is being actively marketed for sale at a sales price reasonable in relation to its fair value;
• The sale is highly probable within twelve months of classification as held for sale;
• An active programme to locate a buyer is initiated;
• The asset is available for immediate sale;
• Management is committed to a plan to sell;

21 ASSETS CLASSIFIED AS HELD FOR SALE

22 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 and Bank overdrafts are offset to the extent the offsetting criteria have been met, which include the legally enforceable ‘right to set off’ and the intention to settle on a net basis.

23 EQUITY ATTRIBUTABLE TO EQUITY HOLDERS

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue 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.
### PRIORITY SHARES

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of outstanding ordinary shares:</th>
<th>Number of shares issued (stock dividend)</th>
<th>Number of exercised shares and options</th>
<th>Number of repurchased shares in stock (treasury stock)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>84,792,172</td>
<td>1,340,343</td>
<td>419,042</td>
<td>749,585</td>
</tr>
<tr>
<td>2016</td>
<td>71,587,542</td>
<td>785,682</td>
<td>1,450,000</td>
<td>2,259,784</td>
</tr>
<tr>
<td>2015</td>
<td>59,098,648</td>
<td>2,860,000</td>
<td>1,969,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>2014</td>
<td>73,183,008</td>
<td>8,287,112</td>
<td>1,500,000</td>
<td>2,069,474</td>
</tr>
<tr>
<td>2013</td>
<td>73,183,008</td>
<td>8,287,112</td>
<td>1,500,000</td>
<td>2,069,474</td>
</tr>
</tbody>
</table>

The development of the number of shares issued/outstanding during 2017 and 2016 is presented in the table below.

#### CUMULATIVE PREFERRED (PROTECTIVE) SHARES

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of shares</th>
<th>Number of shares issued (stock dividend)</th>
<th>Number of exercised shares and options</th>
<th>Number of repurchased shares in stock (treasury stock)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>86,463,058</td>
<td>2,143,932</td>
<td>342,089</td>
<td>749,585</td>
</tr>
<tr>
<td>2016</td>
<td>83,306,151</td>
<td>1,340,343</td>
<td>342,089</td>
<td>749,585</td>
</tr>
</tbody>
</table>

#### CUMULATIVE FINANCING PREFERRED SHARES

The development of the number of shares issued/outstanding during 2017 and 2016 is presented in the table below.

#### ISSUANCE OF SHARES

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of shares</th>
<th>Number of shares issued (stock dividend)</th>
<th>Number of exercised shares and options</th>
<th>Number of repurchased shares in stock (treasury stock)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>86,463,058</td>
<td>2,143,932</td>
<td>342,089</td>
<td>749,585</td>
</tr>
<tr>
<td>2016</td>
<td>83,306,151</td>
<td>1,340,343</td>
<td>342,089</td>
<td>749,585</td>
</tr>
</tbody>
</table>

#### PURCHASE OF SHARES

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of shares</th>
<th>Number of shares issued (stock dividend)</th>
<th>Number of exercised shares and options</th>
<th>Number of repurchased shares in stock (treasury stock)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>86,463,058</td>
<td>2,143,932</td>
<td>342,089</td>
<td>749,585</td>
</tr>
<tr>
<td>2016</td>
<td>83,306,151</td>
<td>1,340,343</td>
<td>342,089</td>
<td>749,585</td>
</tr>
</tbody>
</table>

#### 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

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. In 2017, €39.7 million was deducted from the Translation reserve (2016: €53.5 million deducted).

#### HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in fair value of those hedge instruments related to hedged transactions that have not yet occurred. In 2017, €1.8 million was added to the Hedging reserve, including a tax effect of €0.2 million (2016: €0.5 million negative and €0.1 million, respectively).

#### RETAINED EARNINGS

The Executive Board proposes, with the approval of the Supervisory Board, which part of the profits shall be retained. 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 value of the priority shares, prior to any dividend distribution being made. On these shares no further distributions shall be made.

### PROFIT ALLOCATION

For the fiscal year 2017, the Executive Board, with the approval of the Supervisory Board, proposes to add the amount of €32.4 million to Retained earnings. The remainder of €71.7 million will be distributed as a dividend, which represents 25% of the shareholders’ equity owned by those shareholders that opted to receive their dividend in the form of shares and options.

#### FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | FINANCIAL STATEMENTS
At 31 December 2017, the non-controlling interests mainly consist of:

<table>
<thead>
<tr>
<th>BALANCE AT 31 DECEMBER</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ thousands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests mainly consist of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,691</td>
<td>2,647</td>
</tr>
<tr>
<td>Dividends to non-controlling shareholders</td>
<td>(970)</td>
<td>(1,811)</td>
</tr>
<tr>
<td>Share in profit for the year</td>
<td>1,062</td>
<td>1,442</td>
</tr>
<tr>
<td><strong>BALANCE AT 1 JANUARY</strong></td>
<td>2,647</td>
<td>3,365</td>
</tr>
</tbody>
</table>

The movements in non-controlling interests are specified below.

<table>
<thead>
<tr>
<th>Movements in non-controlling interests</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ thousands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions/(divestments)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dividends to non-controlling shareholders</td>
<td>(970)</td>
<td>(1,811)</td>
</tr>
<tr>
<td>Share in profit for the year</td>
<td>1,062</td>
<td>1,442</td>
</tr>
</tbody>
</table>

At 31 December 2017, the non-controlling interests mainly consist of:

- Arcadis and Towell Sdh. Bhd (25%)
- Hydre & Solukam Elchingen Consulting Company (10%)
- Cemcementos Nacidas Ltda (45%)
- Arcadis CED Project Service Bureau (49%)

The majority of the defined benefit plans are career average or final salary plans. The pension plans are funded plans that have been segregated in a trust or foundation. These plans are subject to regular actuarial reviews and are required to act on behalf of the plan participants. The management and representatives, are generally required to act on behalf of the plan participants. The plan is subject to 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.

**COVERAGE**

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. The Board of Trustees, which consists of employer and employee representatives, is responsible for the investment strategy in the UK.

**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) framework of funds. Within these frameworks the objective is to match the assets to the pension liabilities 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.

<table>
<thead>
<tr>
<th>In € thousands</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Present value of obligation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECH Harris Group Pension Scheme (ECH)</td>
<td>103,859</td>
<td>105,613</td>
</tr>
<tr>
<td>Acer Group Pension Scheme (AGPS)</td>
<td>227,377</td>
<td>219,648</td>
</tr>
<tr>
<td>ME Termination Indemnity Plan (HME)</td>
<td>12,421</td>
<td>–</td>
</tr>
<tr>
<td>Other defined benefit pension plans</td>
<td>19,436</td>
<td>17,935</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>37,832</td>
<td>50,397</td>
</tr>
</tbody>
</table>

The movement in the defined benefit pension plans is as follows:

<table>
<thead>
<tr>
<th>In € thousands</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BALANCE AT 1 JANUARY</strong></td>
<td>50,397</td>
<td>40,343</td>
</tr>
<tr>
<td>Additions</td>
<td>5,132</td>
<td>6,023</td>
</tr>
<tr>
<td>Amounts used</td>
<td>(875)</td>
<td>(3,714)</td>
</tr>
<tr>
<td>Pension plan changes to net asset position</td>
<td>(13,465)</td>
<td>9,139</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>(3,357)</td>
<td>(1,394)</td>
</tr>
<tr>
<td><strong>BALANCE AT 31 DECEMBER</strong></td>
<td>37,832</td>
<td>50,397</td>
</tr>
</tbody>
</table>

The table on the next page 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), 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.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FINANCIAL STATEMENTS

Arcadis Annual Integrated Report 2017

198

Notes to the Consolidated Financial Statements | Financial Statements

Arcadis Annual Integrated Report 2017 199
ACTUARIAL ASSUMPTIONS

The principal actuarial assumptions at the reporting dates are:

<table>
<thead>
<tr>
<th>Plan Assets Allocation</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share in the scheme's assets</td>
<td>€219,648</td>
<td>€222,990</td>
</tr>
</tbody>
</table>

The principal actuarial assumptions at the reporting dates are:

- **Male/female currently aged 65**: 22.4 / 24.4
- **Male/female currently aged 65 in 20 years**: 24.2 / 26.2
- **Discount rate**: 2.55%
- **Mortality assumptions one-year increase**: 4,500
- **Salary increases (expected, per annum)**: 2.0 / 4.0

The sensitivity analysis as disclosed in the 2016 financial statements was as follows:

- **In %**
- **In € thousands**
- **% change in pension liability**
- **Change in sensitivities**

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. The sensitivity analysis as disclosed in the 2016 financial statements was as follows:

- **In %**
- **In € thousands**
- **% change in pension liability**
- **Change in sensitivities**

DEFINED BENEFIT LIABILITY AND EMPLOYER CONTRIBUTIONS

The Company expects €2.3 million in contributions to be paid to the plan in 2018. The estimated net pension costs to be recognized in the Consolidated income statement in 2018 amounts to €30,000 positive. An amount of €65,000 relates to net interest charges (credit) and €35,000 to service costs/operating charges. The estimated weighted average duration of the defined benefit obligation is around twenty years.

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:

- **Male/female currently aged 65**: 22.5 / 24.5
In € thousands

2017 2018
Balance at January 31, 2017 18,560 21,317
Additions 9,606 14,046 6,207 29,859
Acquisitions/(disposals) − − (158) (158)
Amounts used (5,242) (10,544) (279) (16,065)
Release of unused amounts (1,152) (32,208) (2,369) (35,729)
Exchange rate differences (170) (4,854) (390) (5,414)
Reclassifications (1,091) − 1,091 −
Total 4,706 61,631 5,305 71,642
Balance at January 31, 2018 23,266 86,948 16,612 103,205

Deferred salaries 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 17 for an amount of €13.6 million (2016: €16.7 million).

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 to a third party at that time.

Other deferred compensation includes €3.6 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. The time allowance and conditions of entitlement are set out in legislation, and vary by territory. An amount of €2.7 million is expected to be paid within two years after the balance sheet date (2016: €2.5 million).

Deferred salaries

Deferred compensation plans consist of the following balances:

In € thousands

2017 2018
Balance at January 31, 2017 18,560 21,317
Current 6,077 2,863
Non-current 13,359 19,909
Total 19,436 22,776

The movement in the other deferred compensation is as follows:

In € thousands

2017 2018
Additions 9,606 14,046 6,207 29,859
Acquisitions/(disposals) − − (158) (158)
Amounts used (5,242) (10,544) (279) (16,065)
Release of unused amounts (1,152) (32,208) (2,369) (35,729)
Exchange rate differences (170) (4,854) (390) (5,414)
Reclassifications (1,091) − 1,091 −
Total 4,706 61,631 5,305 71,642
Balance at January 31, 2018 23,266 86,948 16,612 103,205
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 the duration of the debt. 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. 

Debt securities, issued and subordinated liabilities are recognized in the date on which they are originated. 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 and trade and other payables. Initially these liabilities are recognized at fair value plus 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 form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of reporting.

The fair value of the Company's loans and borrowings has been estimated based on quoted market prices for the same or similar loans or on the current rates offered to the Company for debt with similar maturities, and is estimated at €648.6 million (2016: €701.3 million). 

In accordance with agreements with lenders is 2.4 (2016: 2.3). With effect from 31 December 2013, a lease-adjusted interest coverage ratio is also applicable in which EBITDA to Relevant Net Finance Expense (Net Finance Expense plus Operating Lease Expense) must exceed 1.7. At 31 December 2017, this ratio calculated in accordance with agreements with lenders is 2.4 (2016: 2.3).

Aggregate maturities of non-current loans and borrowings are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ thousands</td>
<td>€ thousands</td>
</tr>
<tr>
<td>Total non-current</td>
<td>688,695</td>
<td>755,743</td>
</tr>
<tr>
<td>2018</td>
<td>204,407</td>
<td>227,198</td>
</tr>
<tr>
<td>2019</td>
<td>204,180</td>
<td>230,197</td>
</tr>
<tr>
<td>2020</td>
<td>127,874</td>
<td>136,136</td>
</tr>
<tr>
<td>2021</td>
<td>91,608</td>
<td>104,319</td>
</tr>
<tr>
<td>2022</td>
<td>110,790</td>
<td>115,763</td>
</tr>
<tr>
<td>After 2022</td>
<td>39,977</td>
<td>40,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>474,429</td>
<td>700,464</td>
</tr>
</tbody>
</table>

The movement in current debts and portion of long-term debts is as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ thousands</td>
<td>€ thousands</td>
</tr>
<tr>
<td>Total short-term</td>
<td>474,429</td>
<td>700,464</td>
</tr>
<tr>
<td>New debt</td>
<td>266</td>
<td>1,616</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>(46,581)</td>
<td>15,469</td>
</tr>
<tr>
<td>Re classification from non-current to current</td>
<td>– (1,649)</td>
<td></td>
</tr>
<tr>
<td>Redemptions</td>
<td>(454)</td>
<td>(2,491)</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>226</td>
<td>209</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>(11,221)</td>
<td>(106)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>474,429</td>
<td>700,464</td>
</tr>
</tbody>
</table>

The movement in non-current loans and borrowings is as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ thousands</td>
<td>€ thousands</td>
</tr>
<tr>
<td>Total non-current</td>
<td>688,695</td>
<td>755,743</td>
</tr>
<tr>
<td>New debt</td>
<td>266</td>
<td>1,616</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>(46,581)</td>
<td>15,469</td>
</tr>
<tr>
<td>Re classification from non-current to current</td>
<td>– (1,649)</td>
<td></td>
</tr>
<tr>
<td>Redemptions</td>
<td>(454)</td>
<td>(2,491)</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>226</td>
<td>209</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>(11,221)</td>
<td>(106)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>474,429</td>
<td>700,464</td>
</tr>
</tbody>
</table>

The movement in non-current loans and borrowings is as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ thousands</td>
<td>€ thousands</td>
</tr>
<tr>
<td>Total non-current</td>
<td>688,695</td>
<td>755,743</td>
</tr>
<tr>
<td>New debt</td>
<td>266</td>
<td>1,616</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>(46,581)</td>
<td>15,469</td>
</tr>
<tr>
<td>Re classification from non-current to current</td>
<td>– (1,649)</td>
<td></td>
</tr>
<tr>
<td>Redemptions</td>
<td>(454)</td>
<td>(2,491)</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>226</td>
<td>209</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>(11,221)</td>
<td>(106)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>474,429</td>
<td>700,464</td>
</tr>
</tbody>
</table>

Loans and borrowings at 31 December are as follows:

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ thousands</td>
<td>€ thousands</td>
</tr>
<tr>
<td>Total short-term</td>
<td>474,429</td>
<td>700,464</td>
</tr>
<tr>
<td>Average interest rate</td>
<td>3.2%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Total non-current</td>
<td>688,695</td>
<td>755,743</td>
</tr>
</tbody>
</table>

The interest rate ranges for the total loans and borrowings are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ thousands</td>
<td>€ thousands</td>
</tr>
<tr>
<td>Total non-current</td>
<td>688,695</td>
<td>755,743</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>(46,581)</td>
<td>15,469</td>
</tr>
<tr>
<td>Re classification from non-current to current</td>
<td>– (1,649)</td>
<td></td>
</tr>
<tr>
<td>Redemptions</td>
<td>(454)</td>
<td>(2,491)</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>226</td>
<td>209</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>(11,221)</td>
<td>(106)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>474,429</td>
<td>700,464</td>
</tr>
</tbody>
</table>

The fair value of the Company’s loans and borrowings has been estimated based on quoted market prices for the same or similar loans or on the current rates offered to the Company for debt with similar maturities, and is estimated at €648.6 million (2016: €701.3 million). 


In addition, long-term bank loans include US$110 million in fixed rate 5.1% US Private Placement Notes with a maturity in 2021 and Schuldschein debt consisting of €10 million fixed rate debt maturing in 2022 and 2023 respectively. The current portion of long-term debt amounting to €42.2 million (2016: €35.2 million) mainly relates to syndicated bank debt of €87.5 million and €24.5 million and US$90 million of US Private Placement Notes maturing in 2019.

At year end, €81.5 million of floating rate bank debt has been converted by way of interest rate swaps into EUR fixed rate debt, at a rate of approximately 0.5% and the remaining lifetime of the swaps is 2.5 years. For disclosures on the derivatives, see note 19.

In November 2017 the maturity date of the €430 million Revolving Credit facility was extended by 12 months from December 2021 to December 2022. No changes were made to this loan facility and the debt covenants remain unchanged and consistent with all other debt components.
The carrying amount of financial assets represents the maximum credit exposure at balance sheet date, the maximum exposure to credit risk was:

<table>
<thead>
<tr>
<th>Assets/Provision</th>
<th>Note 16</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans to associates and joint ventures</td>
<td>14</td>
<td>27,442</td>
<td>16,600</td>
</tr>
<tr>
<td>Derivatives</td>
<td>16</td>
<td>6,088</td>
<td>6,156</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>18</td>
<td>579,135</td>
<td>621,601</td>
</tr>
<tr>
<td>Other receivables</td>
<td>20</td>
<td>38,960</td>
<td>32,113</td>
</tr>
<tr>
<td>Work in progress (unbilled receivables)</td>
<td>19</td>
<td>486,352</td>
<td>518,491</td>
</tr>
<tr>
<td>Cash and cash equivalents less bank overdrafts</td>
<td>22</td>
<td>266,137</td>
<td>259,167</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>17</td>
<td>28,921</td>
<td>30,683</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>1,433,035</strong></td>
<td><strong>1,484,811</strong></td>
</tr>
</tbody>
</table>

There are various reasons for delays in payments that result in past due amounts and impact Days Sales Outstanding (DSO). Arcadis has overdue receivables which are generally considered collectible and for which the risk of impairment is remote. Especially for our larger projects the following areas are addressed in our ongoing Working Capital program as part of the Arcadis Way:

- Customers may uphold payments that are due in accordance with invoicing timing schedules until a further milestone in a project is reached, thereby not formally adhering to agreed payment schedules but not disputing the invoice.
- Receivables on larger projects often consist of multiple elements of which individual minor items may be disputed, requiring further clarification or documentation that ultimately upholds the payment of the total invoiced amount.

The Company’s risk management policies and procedures, as set forth above, are designed to minimize credit risk exposure in Cash and cash equivalents by investing in liquid assets and by ensuring that counterparties that have sound credit ratings and good reputation. The related risk is monitored on an ongoing basis both at local entity and corporate level. The Company keeps approximately 78% (2016: 67%) of its cash reserves at our core banks and only invests in 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.

### Guarantees and Letters

The Company provided bank guarantees and letters of credit. The total amount of outstanding guarantees and letters of credit amounted to €2,015 million (2016: €2,159 million). In addition, Arcadis NV has provided financial guarantees to banks for a maximum amount of €117.4 million (2016: €115.6 million) to support local financing facilities.
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 our cash debt service obligations. Operating lease obligations are the non-cancellable future minimum rental payments required under the operating leases that have initial or remaining non-cancellable lease terms in excess of one year at 31 December 2017.

No collaboration has been pledged for liabilities or contingent liabilities.

LINES OF CREDIT

The Company maintains the lines of credit as summarized in the table below:

<table>
<thead>
<tr>
<th>Lines of Credit</th>
<th>31 DECEMBER 2017</th>
<th>31 DECEMBER 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Interest/fees</td>
<td>Available</td>
</tr>
<tr>
<td>Term loan US$LIBOR</td>
<td>$202.5</td>
<td>$202.5</td>
</tr>
<tr>
<td>Term loan EURIBOR</td>
<td>€24.5</td>
<td>€24.5</td>
</tr>
<tr>
<td>Revolving Credit Facility EURIBOR</td>
<td>€300.0</td>
<td>€40.0</td>
</tr>
<tr>
<td>Committed facilities EURIBOR</td>
<td>€35.0</td>
<td>€0.0</td>
</tr>
<tr>
<td>Uncommitted multi-currency facilities Floating</td>
<td>€120.8</td>
<td>€0.0</td>
</tr>
<tr>
<td>US Private Placement notes 5.1%</td>
<td>$110.0</td>
<td>$110.0</td>
</tr>
<tr>
<td>US Private Placement notes 5.0%</td>
<td>$90.0</td>
<td>$90.0</td>
</tr>
<tr>
<td>Schuldschein notes Fixed/floating</td>
<td>€210.0</td>
<td>€210.0</td>
</tr>
<tr>
<td>Schuldschein notes Fixed/floating</td>
<td>$83.0</td>
<td>$83.0</td>
</tr>
<tr>
<td>Guarantee facility 0.3% - 0.65%</td>
<td>€50.0</td>
<td>€31.6</td>
</tr>
<tr>
<td>Other (loans) Various</td>
<td>€61.1</td>
<td>€2.5</td>
</tr>
<tr>
<td>Other (loans and guarantees) Various</td>
<td>€197.6</td>
<td>€169.9</td>
</tr>
</tbody>
</table>

TOTAL | | $2,050,276 | 417,236 | 483,166 | 227,259 | 35,355 | 1,163,016 | 417,236 | 483,166 | 227,259 | 35,355 | 1,163,016 | 1,265,225 | 257,161 | 267,241 | 333,459 | 407,364 |

More about the lines of credit

The Company maintains these lines of credit to support the liquidity of the Group.

FINANCIAL STATEMENTS | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Arcadis Annual Integrated Report 2017

208

Arcadis Annual Integrated Report 2017

209
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 the Company’s profitability subject to competitive conditions and to bring the currency profile of Arcadis in line with shareholders’ expectations.

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 counter party, which results in a currency exposure for the subsidiary. The exposure to currency risk on sales and costs and purchase invoices are mainly denominated in local currencies. In some instances, however, invoices are in the functional currency of the counter party, which results in a hypothetical impact on net income and equity as summarized below.

The key objective of the Company’s foreign exchange transaction exposure management is to reduce and limit the adverse effects of exchange rate changes on the Company’s profitability subject to competitive conditions and to bring the currency profile of Arcadis in line with shareholders’ expectations.

The below exchange rates were applied in the year.

The translation risk relating to subsidiaries with a functional currency other than the euro are not hedged by using financial instruments.

All material balance sheet positions have been hedged with foreign exchange forward contracts. The translation risk relating to subsidiaries with a functional currency other than the euro are not hedged by using financial instruments.

The Company has €81.5 million of floating to fixed interest rate swaps with a fixed rate of 2.0% and €40.0 million of fixed to floating cross currency swaps to manage foreign currency risk. The remainder of the debt, short-term debt and bank overdrafts in the Consolidated balance sheet amounting to €684.0 million at year-end 2017 (2016: €754.1 million).

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 Company at year-end are revalued, which results in a hypothetical impact on pre-tax profit for the year and equity as summarized below.

The key objective of the Company’s foreign exchange transaction exposure management is to reduce and limit the adverse effects of exchange rate changes on the Company’s profitability subject to competitive conditions and to bring the currency profile of Arcadis in line with shareholders’ expectations.

The translation risk relating to subsidiaries with a functional currency other than the euro are not hedged by using financial instruments.

All material balance sheet positions have been hedged with foreign exchange forward contracts. The translation risk relating to subsidiaries with a functional currency other than the euro are not hedged by using financial instruments.

The below exchange rates were applied in the year.

The translation risk relating to subsidiaries with a functional currency other than the euro are not hedged by using financial instruments.

All material balance sheet positions have been hedged with foreign exchange forward contracts. The translation risk relating to subsidiaries with a functional currency other than the euro are not hedged by using financial instruments.

The below exchange rates were applied in the year.
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.

The Company sets the amount of capital in proportion to risk. The Company 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 capital providers, or issue new debt or shares. From time to time, Arcadis purchases its own shares, which are used for transferring shares under the Arcadis’ share option program.

During 2017, Arcadis’ strategic goal on financing, which was unchanged from 2016, was to maintain a net debt to EBITDA ratio not exceeding 2.0 in order to secure access to finance as required to support the strategy, as well as to comply with any debt covenants as disclosed in the notes to these financial statements.

The ratios as disclosed above are calculated based on the definition as agreed with the financiers. The calculation of the average net debt to EBITDA ratio is based on the average net debt of Q2 and Q4.

The fair values of financial assets and liabilities together with the carrying amounts recognized in the Consolidated balance sheet, are as follows:

### RATIO: NET DEBT TO EBITDA1 (AT AVERAGE NET DEBT)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Debt1</th>
<th>EBITDA1</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>416.1</td>
<td>202.5</td>
<td>2.1</td>
</tr>
<tr>
<td>2016</td>
<td>494.1</td>
<td>212.0</td>
<td>2.3</td>
</tr>
</tbody>
</table>

### RATIO: NET DEBT ACCORDING TO DEBT COVENANTS1

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Debt</th>
<th>EBITDA</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>416.1</td>
<td>202.5</td>
<td>2.0</td>
</tr>
<tr>
<td>2016</td>
<td>494.1</td>
<td>212.0</td>
<td>2.3</td>
</tr>
</tbody>
</table>

### FAIR VALUE

The fair values of financial assets and liabilities together with the carrying amounts recognized in the Consolidated balance sheet, are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Carrying Amount</th>
<th>Fair Value</th>
<th>Fair Value Less Cost to Sell</th>
<th>Fair Value Less Cost to Sell Less Credit Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and receivables</td>
<td>1,372,937</td>
<td>1,218,440</td>
<td>1,213,827</td>
<td>1,212,547</td>
</tr>
<tr>
<td>Current assets</td>
<td>173,088</td>
<td>173,186</td>
<td>173,088</td>
<td>173,088</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>476,509</td>
<td>474,429</td>
<td>474,429</td>
<td>474,429</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,211,888</td>
<td>1,213,827</td>
<td>1,212,547</td>
<td>1,212,547</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,218,440</td>
<td>1,218,440</td>
<td>1,218,440</td>
<td>1,218,440</td>
</tr>
<tr>
<td>Total equity</td>
<td>1,211,888</td>
<td>1,213,827</td>
<td>1,212,547</td>
<td>1,212,547</td>
</tr>
</tbody>
</table>

### FAIR VALUE HYBRIDITY

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 liabilities that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value within the Company are categorized in Level 2.
Leases in which the Company does not assume substantially all the risks and rewards are classified as operating leases. For operating leases, 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 systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

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 the guaranty.

Contingent liabilities are probable or present obligations of sufficient uncertainty that it does not meet the recognition criteria as a provision (see note 26), unless it is assumed in a business combination (see note 4). Contingent liabilities are reviewed continuously to assess whether an outflow of resources has become probable.

### SUMMARY OF COMMITMENTS

<table>
<thead>
<tr>
<th>Type of Commitment</th>
<th>Fiscal Year</th>
<th>2017 (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>€1,296,205</td>
<td>€1,306,614</td>
</tr>
</tbody>
</table>

**Operating Leases**

The Company’s operating lease arrangements mainly relate to contracts for leased cars, buildings and IT assets. Car leases typically run for a period of three years; lease contracts for buildings and IT assets generally run for a period between two to ten years, and the operating leases of IT assets run for a period of five years. Steps are being taken to reduce the length of contracts being renewed in order to generate some flexibility for the future and limit the burden of contingent liabilities. During the year ended 31 December 2017, €123 million was recognized as an expense in profit or loss with regard to operating leases (2016: €121 million).

**Contingent Liabilities**

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 believes that these cases are firmly defended. In some of these proceedings, claims arising from transactions for project contract purchases 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 amounts that are reasonably estimable. The amount of contingent liabilities is overstated by €58.7 million (2016: €59.3 million) as in some cases 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 outflows of related proceedings are probable, including defense costs and reimbursements by our insurance policies.

### 30 COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees as a partner in a number of joint ventures, the Company is liable for the contractual obligations these companies enter into. The potential risk pertaining to these obligations amounted to €619.4 million (2016: €615.2 million). Guarantees related to investments in associates are €684.9 million (2016: €659.9 million). At 31 December 2017, it is not probable that these will result in cash outflows.

Note there are instances where corporate guarantees have been issued to local banks in order to make bank guarantee facilities available to subsidiaries with improved pricing. Arcadis separately reports both the outstanding bank guarantee obligations and the related corporate guarantee obligations to maximize transparency. In practice the total amount of contingent liabilities is overstated by €103 million (2016: €105 million) as on the unlikely event of a claim under a bank guarantee guaranty, Arcadis could only be liable for payment obligations under the bank guarantee or the corporate guarantee, but not both.

### OTHER COMMITMENTS

The other commitments include the service part of a long-term IT outsourcing contract, which runs for a remaining period of five years.

### FINANCIAL STATEMENTS

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**IFRS 7 Scope**

Out of the total, €129 million was recognized as an expense in profit or loss with regard to operating leases (2016: €121 million).

### OPERATING LEASES

The Company’s operating lease arrangements mainly relate to contracts for leased cars, buildings and IT assets. Car leases typically run for a period of three years; lease contracts for buildings and IT assets generally run for a period between two to ten years, and the operating leases of IT assets run for a period of five years. Steps are being taken to reduce the length of contracts being renewed in order to generate some flexibility for the future and limit the burden of contingent liabilities. During the year ended 31 December 2017, €123 million was recognized as an expense in profit or loss with regard to operating leases (2016: €121 million).
Since the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, final settlement can differ from this estimate and may 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.

The Company is exposed to varying degrees of uncertainty related to tax and regulatory matters. These uncertainties arise from the different tax jurisdictions in which the Company operates and from the interpretation and application of tax laws and regulations. In order to manage and monitor these uncertainties, the Company maintains a global tax position, and whenever uncertainties arise, the Company assesses the potential consequences and either accrues the liability or discloses a contingent liability, depending on the strength of the Company’s position and the resulting risk of loss.

The Company is continuously reviewing its financial statements to ensure that they comply with the requirements of relevant IFRSs and take into account the substance as well as the legal form.

TRANSACTIONS WITH JOINT ARRANGEMENTS

The Group has entered into transactions on an arm’s length basis through joint arrangements during the year 2017. Total revenues from joint arrangements amounted to €152.8 million (2016: €150.6 million).

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The members of the Executive Board and the Supervisory Board are considered key management personnel. The Company is not party to any employment agreement with any key management personnel or arrangements between the Company and any person to provide services to the Company.

Since the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, final settlement can differ from this estimate and may 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.

The Company is exposed to varying degrees of uncertainty related to tax and regulatory matters. These uncertainties arise from the different tax jurisdictions in which the Company operates and from the interpretation and application of tax laws and regulations. In order to manage and monitor these uncertainties, the Company maintains a global tax position, and whenever uncertainties arise, the Company assesses the potential consequences and either accrues the liability or discloses a contingent liability, depending on the strength of the Company’s position and the resulting risk of loss.

The Company is continuously reviewing its financial statements to ensure that they comply with the requirements of relevant IFRSs and take into account the substance as well as the legal form.

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 VENTURES

The Group holds an interest in joint ventures with third parties in which the Company shares the risks and rewards of the operations. These interests are disclosed in notes 48, 49 and 50. During 2017 (and 2016), 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.

The board of the Foundation consists of Arcadis employees. In 2017, the Foundation had an interest in 18.2% in Arcadis NV (2016: 17.2%). The Foundation has an Employee Stock Purchase Plan (ESPP) also called Global Share Plan (GSP, see note 8). In place which allows Arcadis employees to purchase Arcadis shares from the Foundation with a discount, which is funded by the Foundation. The Company has no involvement in executing the plan, besides processing payments from employees to the foundation.

In 2010, Arcadis and UN-Habitat launched a global partnership under the name Shelter, aimed at improving quality of life in rapidly growing cities around the world. Arcadis contributes with employees, expertise and skills to this initiative. The Lovinklaan Foundation supports the Quest program and the Global Shapers program within Arcadis. The programs are initiatives to collect and exchange knowledge and expertise amongst Arcadis employees and to accelerate the implementation of strategic projects of Arcadis and as such, contributes to the Arcadis strategy of international collaboration and global business lines. In 2017, 127 employees (2016: 141) participated in the Quest program and 100 employees (2016: 105) participated in the Global Shapers program. Financial support amounted to €1.6 million (2016: €1.6 million). This includes a contribution for the Quest program of €0.3 million and Global Shapers €0.4 million. In addition, Arcadis received €0.3 million funding for the Satellite program as well as €0.1 million for the Roots of Arcadis pilot program (as from 2017) and €0.1 million for SuperQuest.

During 2017 and 2016, no other financial transactions apart from the above mentioned took place between the Foundation and the Company except for the dividends on the shares.

Lovinklaan Foundation supports the Quest program and the Global Shapers program within Arcadis. The programs are initiatives to collect and exchange knowledge and expertise amongst Arcadis employees and to accelerate the implementation of strategic projects of Arcadis and as such, contributes to the Arcadis strategy of international collaboration and global business lines. In 2017, 127 employees (2016: 141) participated in the Quest program and 100 employees (2016: 105) participated in the Global Shapers program. Financial support amounted to €1.6 million (2016: €1.6 million). This includes a contribution for the Quest program of €0.3 million and Global Shapers €0.4 million. In addition, Arcadis received €0.3 million funding for the Satellite program as well as €0.1 million for the Roots of Arcadis pilot program (as from 2017) and €0.1 million for SuperQuest.

During 2017 and 2016, 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 related parties in the financial year are disclosed in the table below:

<table>
<thead>
<tr>
<th>Transactions with associates</th>
<th>Transactions with joint arrangements</th>
<th>Transactions with post-employment plans</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (to)</td>
<td>11.0</td>
<td>102.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Purchase (from)</td>
<td>2.0</td>
<td>1.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Loans (to)</td>
<td>27.4</td>
<td>0.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Receivables (from)</td>
<td>0.5</td>
<td>14.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Payables (to)</td>
<td>0.2</td>
<td>1.0</td>
<td>2.5</td>
</tr>
<tr>
<td>Dividends received (from)</td>
<td>-</td>
<td>0.1</td>
<td>-</td>
</tr>
<tr>
<td>Related expenses to these bad or doubtful debts</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Related expenses to these bad or doubtful debts</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**TRANSACTIONS WITH OTHER RELATED PARTIES**

In 2017, Arcadis NV contributed €60,000 to Stichting Preferente Aandelen Arcadis NV (the ‘Preferred Stock Foundation’) (2016: €60,000) and €1,000 to Stichting Prioriteit Arcadis NV (the ‘Priority Share Foundation’) (2016: €1,000). See note 23 for further information on these Foundations.

**32 EVENTS AFTER THE BALANCE SHEET DATE**

The Company announced on 10 January 2018 the acquisition of SEAMS, a UK based software and analytics firm, to further grow its digital and data expertise. SEAMS was established in 2002 and employs 45 people. Arcadis, together with SEAMS, will be able to provide clients with a unique blend of technical and asset knowledge combined with advanced analytics. Due to the limited size of the acquisition, no further disclosures are provided in this note.

Furthermore, in 2017 we announced the decision to perform a strategic review of CallisonRTKL, our architecture and interior design business. This review is part of our effort to sharpen our strategic focus. While a final decision has not been made yet, the process is on track and a market consultation is in progress, allowing us to assess if a sale is viable.
### COMPANY INCOME STATEMENT

**for the year ended 31 December**

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate charges to subsidiaries</td>
<td>€34,000</td>
<td>€79,411</td>
</tr>
<tr>
<td><strong>TOTAL CORPORATE INCOME</strong></td>
<td><strong>€79,411</strong></td>
<td><strong>€92,116</strong></td>
</tr>
<tr>
<td>Personnel costs</td>
<td>(€51,274)</td>
<td>(€40,898)</td>
</tr>
<tr>
<td>Other operational costs</td>
<td>(€17,719)</td>
<td>(€25,964)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(€2,201)</td>
<td>(€3,045)</td>
</tr>
<tr>
<td><strong>TOTAL OPERATIONAL COSTS</strong></td>
<td><strong>(€51,194)</strong></td>
<td><strong>(€69,907)</strong></td>
</tr>
<tr>
<td>Operating income</td>
<td><strong>€28,217</strong></td>
<td><strong>€22,209</strong></td>
</tr>
<tr>
<td>Finance income</td>
<td>12,630</td>
<td>18,524</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>(5,827)</td>
<td>(30,972)</td>
</tr>
<tr>
<td>Fair value change of derivatives</td>
<td>(€10,525)</td>
<td>4,540</td>
</tr>
<tr>
<td><strong>NET FINANCE EXPENSE</strong></td>
<td><strong>€36</strong></td>
<td><strong>(€3,722)</strong></td>
</tr>
<tr>
<td>Profit before income tax</td>
<td><strong>€24,495</strong></td>
<td><strong>€14,301</strong></td>
</tr>
<tr>
<td>Income taxes</td>
<td>1,077</td>
<td>(€9,426)</td>
</tr>
<tr>
<td>Net income subsidiaries</td>
<td>45,232</td>
<td>59,279</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE PERIOD</strong></td>
<td><strong>€70,804</strong></td>
<td><strong>€64,154</strong></td>
</tr>
</tbody>
</table>

*The notes on pages 222 to 232 are an integral part of these Company financial statements.*

---

### COMPANY BALANCE SHEET

**as at 31 December - before allocation of profit**

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>€41,143</td>
<td>€30,573</td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>682</td>
<td>785</td>
</tr>
<tr>
<td>Investments in subsidiaries</td>
<td>€1,389,493</td>
<td>€1,434,963</td>
</tr>
<tr>
<td>Loans issued to subsidiaries and other investments</td>
<td>210,433</td>
<td>223,110</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>704</td>
<td>704</td>
</tr>
<tr>
<td>Derivatives</td>
<td>375</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT ASSETS</strong></td>
<td><strong>€1,642,455</strong></td>
<td><strong>€1,690,510</strong></td>
</tr>
<tr>
<td>Derivatives</td>
<td>5,328</td>
<td>8,813</td>
</tr>
<tr>
<td>Receivables</td>
<td>224,179</td>
<td>151,568</td>
</tr>
<tr>
<td>Corporate income tax receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>23,167</td>
<td>27,762</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>€252,674</strong></td>
<td><strong>€188,143</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>€1,895,129</strong></td>
<td><strong>€1,878,653</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SHAREHOLDERS' EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL SHAREHOLDERS' EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>1,500</td>
<td>1,500</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>393</td>
<td>393</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>€380,897</td>
<td>€355,184</td>
</tr>
<tr>
<td>Derivatives</td>
<td>1,134</td>
<td>2,356</td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT LIABILITIES</strong></td>
<td><strong>€383,924</strong></td>
<td><strong>€359,433</strong></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion of provisions</td>
<td>125</td>
<td>798</td>
</tr>
<tr>
<td>Derivatives</td>
<td>4,567</td>
<td>8,885</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>1,805</td>
<td>865</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>40,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Corporate income tax payable</td>
<td>3,708</td>
<td>4,513</td>
</tr>
<tr>
<td>Trade and other liabilities</td>
<td>483,114</td>
<td>455,090</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td><strong>€533,319</strong></td>
<td><strong>€520,151</strong></td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>€1,895,129</strong></td>
<td><strong>€1,878,653</strong></td>
<td></td>
</tr>
</tbody>
</table>

*The notes on pages 222 to 232 are an integral part of these Company financial statements.*
33 GENERAL

Unless stated otherwise, all amounts are rounded in thousands of euros. The Company financial statements have been prepared using the option of article 2:362 of the Dutch Civil Code, meaning that the accounting principles used are the same as for the Consolidated financial statements. Foreign currency amounts have been translated, assets and liabilities have been valued, and net income has been determined, in accordance with the principles of valuation and determination of income presented in note 2 of the Consolidated financial statements.

In the Company Financial Statements, subsidiaries of Arcadis NV are accounted for using the equity method. The presentation of the Balance sheet slightly deviates from the requirements of Dutch law (e.g. name conventions), in order to achieve optimal transparency between the Consolidated financial statements and the Company financial statements.

34 CORPORATE CHARGES TO SUBSIDIARIES

Corporate charges to subsidiaries include items such as headquarter support service fees, royalty fees, and license fees.

The decrease compared to 2016 is mainly due to ‘true-ups’ for previous years, which have been calculated and settled in 2017.

35 OTHER OPERATIONAL COSTS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy</td>
<td>1,570</td>
<td>1,222</td>
</tr>
<tr>
<td>Travel</td>
<td>1,593</td>
<td>2,479</td>
</tr>
<tr>
<td>Office related</td>
<td>303</td>
<td>184</td>
</tr>
<tr>
<td>Audit and consultancy services</td>
<td>5,596</td>
<td>10,339</td>
</tr>
<tr>
<td>Insurances</td>
<td>8,385</td>
<td>8,895</td>
</tr>
<tr>
<td>Marketing and advertising</td>
<td>554</td>
<td>1,496</td>
</tr>
<tr>
<td>Other</td>
<td>(282)</td>
<td>1,349</td>
</tr>
<tr>
<td>TOTAL</td>
<td>17,719</td>
<td>25,964</td>
</tr>
</tbody>
</table>

The intangibles under development of €26.3 million (2016: €26.1 million) are mainly related to the purchase of licenses and development of Software not yet in use.

36 NET FINANCE EXPENSE

The net finance expense includes income and expenses relating to intercompany loans. Foreign exchange differences on financial liabilities are part of the net finance expenses.

37 INTANGIBLE ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>2,894</td>
<td>19,037</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(6,916)</td>
<td>−</td>
</tr>
<tr>
<td>AT 1 JANUARY 2016</td>
<td>2,894</td>
<td>19,037</td>
</tr>
<tr>
<td>Additions</td>
<td>4,519</td>
<td>7,044</td>
</tr>
<tr>
<td>Depreciation charges</td>
<td>(2,921)</td>
<td>−</td>
</tr>
<tr>
<td>MOVEMENT 2016</td>
<td>1,598</td>
<td>7,044</td>
</tr>
<tr>
<td>Cost</td>
<td>14,329</td>
<td>26,081</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(9,837)</td>
<td>−</td>
</tr>
<tr>
<td>AT 31 DECEMBER 2016</td>
<td>4,492</td>
<td>26,081</td>
</tr>
<tr>
<td>Additions</td>
<td>−</td>
<td>12,667</td>
</tr>
<tr>
<td>Reclassification</td>
<td>12,439</td>
<td>−</td>
</tr>
<tr>
<td>Depreciation charges</td>
<td>(2,097)</td>
<td>−</td>
</tr>
<tr>
<td>MOVEMENT 2017</td>
<td>10,342</td>
<td>228</td>
</tr>
<tr>
<td>Cost</td>
<td>26,718</td>
<td>26,309</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(11,884)</td>
<td>−</td>
</tr>
<tr>
<td>AT 31 DECEMBER 2017</td>
<td>14,834</td>
<td>26,309</td>
</tr>
</tbody>
</table>

The Intangibles under development of €26.3 million (2016: €26.1 million) are mainly related to the purchase of licenses and development of Software not yet in use.

38 PROPERTY, PLANT & EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>2,435</td>
<td>2,435</td>
</tr>
</tbody>
</table>

39 INVESTMENTS IN SUBSIDIARIES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>BALANCE AT 1 JANUARY</td>
<td>1,434,963</td>
<td>463,200</td>
</tr>
<tr>
<td>Share in income of subsidiaries</td>
<td>45,232</td>
<td>59,279</td>
</tr>
<tr>
<td>Dividends received</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>Purchase of controlling interest</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>40,672</td>
<td>939,342</td>
</tr>
<tr>
<td>Capital repayments</td>
<td>(46,261)</td>
<td>−</td>
</tr>
<tr>
<td>Other changes</td>
<td>3,909</td>
<td>(12,256)</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>(89,022)</td>
<td>(14,602)</td>
</tr>
<tr>
<td>BALANCE AT 31 DECEMBER</td>
<td>1,389,493</td>
<td>1,434,963</td>
</tr>
</tbody>
</table>

In 2016, Arcadis NV converted intercompany loans and current account balances of several subsidiaries into equity in order to reduce the administrative burden.
### 42 SHAREHOLDERS’ EQUITY

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Share premium</th>
<th>Hedging reserve</th>
<th>Translation reserve</th>
<th>Statutory reserve</th>
<th>Retained earnings</th>
<th>Subsidiaries</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ thousands</td>
<td>€ thousands</td>
<td>€ thousands</td>
<td>€ thousands</td>
<td>€ thousands</td>
<td>€ thousands</td>
<td>€ thousands</td>
<td>€ thousands</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>64,154</td>
<td></td>
<td>64,154</td>
</tr>
<tr>
<td><strong>Effective portion of changes in fair value of cash flow hedges, net of income taxes</strong></td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>(852)</td>
<td></td>
<td>(852)</td>
</tr>
<tr>
<td><strong>Exchange rate differences</strong></td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>(39,466)</td>
<td>−</td>
<td>(2,680)</td>
<td>−</td>
</tr>
<tr>
<td><strong>Re-measurements on post-employment benefit obligations, net of income taxes</strong></td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>(13,108)</td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>70,804</td>
<td></td>
<td>70,804</td>
</tr>
<tr>
<td><strong>Exchange rate differences</strong></td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>(91,665)</td>
<td>−</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td><strong>Effective portion of changes in fair value of cash flow hedges, net of income taxes</strong></td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>1,760</td>
<td>−</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td><strong>Other changes</strong></td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>(2,098)</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**

**224**

**BALANCE AT 31 DECEMBER 2017**

<table>
<thead>
<tr>
<th>€ thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>704</td>
</tr>
</tbody>
</table>

**TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY**

<table>
<thead>
<tr>
<th>€ thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
</tr>
</tbody>
</table>

**OTHER COMPREHENSIVE INCOME, NET OF INCOME TAXES**

**BALANCE AT 31 DECEMBER 2016**

<table>
<thead>
<tr>
<th>€ thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,721</td>
</tr>
</tbody>
</table>

**TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY**

<table>
<thead>
<tr>
<th>€ thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>43</td>
</tr>
</tbody>
</table>

**BALANCE AT 1 JANUARY 2016**

<table>
<thead>
<tr>
<th>€ thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,678</td>
</tr>
</tbody>
</table>

**NOTES TO THE COMPANY FINANCIAL STATEMENTS**

**43 PROVISIONS**

**BALANCE SHEET AS AT 31 DECEMBER 2017**

<table>
<thead>
<tr>
<th>€ thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>704</td>
</tr>
</tbody>
</table>

**BALANCE SHEET AS AT 31 DECEMBER 2016**

<table>
<thead>
<tr>
<th>€ thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>43</td>
</tr>
</tbody>
</table>

**BALANCE SHEET AS AT 1 JANUARY 2016**

<table>
<thead>
<tr>
<th>€ thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>44</td>
</tr>
</tbody>
</table>

The provisions of Arcadis NV relate to claims and litigations for an amount of €1.5 million (2016: €1.5 million).

**44 DEFERRED TAX ASSETS AND LIABILITIES**

**DEFERRED TAX ASSETS**

<table>
<thead>
<tr>
<th>€ thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>592</td>
</tr>
</tbody>
</table>

**DEFERRED TAX LIABILITIES**

<table>
<thead>
<tr>
<th>€ thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>862</td>
</tr>
</tbody>
</table>

The payable to group companies mainly relate to the internal cash pool. The short-term borrowings consist of €450.0 million drawn on the Revolving Credit Facility (RCF) (2016: €50.0 million). Refer to note 27 and 29 for further information on Arcadis’ lines of credit.
GUARANTEES & SHORT-TERM FACILITIES

Arcadis NV has pledged a limited number of guarantees for the short-term credit and service commitments relating to the global IT outsourcing contract of €33.8 million (2016: €17.9 million). Additionally, the Company entered into long-term guarantees that are available for use to its operating companies. The total amount available under these facilities is €173.6 million of which €34.5 million is used at the balance sheet date (2016: €153.6 million of which €42 million was used). In addition to this amount, Arcadis NV has corporate guarantees for an amount of €167.7 million (2016: €67.4 million).

COMMITMENTS AND CONTINGENT LIABILITIES

As parent company of the fiscal unity in the Netherlands, the Company is severally liable for Arcadis’ businesses in the Americas.

48 REMUNERATION OF EB AND SB MEMBERS

REMNUNERATION OF EXECUTIVE BOARD MEMBERS

In 2017, an amount of €6.4 million (2016: €5.6 million) was charged to the Company for remuneration of the current and former Executive Board members, including pension charges and the LTIP expense.

As reflected in the Remuneration report, a number of 283.110 conditional performance shares were granted as variable remuneration (2016: 97.500). The number of shares repurchased to settle share awards granted to the Executive Board members and other key management personnel is disclosed in note 23 of the Consolidated financial statements.

In the schedule hereafter, the different components of the remuneration for each Executive Board member are provided. For an explanation of the Remuneration Policy, see the Remuneration Report included in this Annual Integrated Report on pages 150 to 155.

OVERVIEW OF REMUNERATION OF EXECUTIVE BOARD MEMBERS IN 2016

<table>
<thead>
<tr>
<th>Executive Board Member</th>
<th>Salary1</th>
<th>Bonus2</th>
<th>Performance Shares</th>
<th>Premium</th>
<th>LTIP expense</th>
<th>Pension</th>
<th>Termination benefit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neil McArthur4</td>
<td>630</td>
<td>48</td>
<td>12</td>
<td>119</td>
<td>1,297</td>
<td>630</td>
<td>2,763</td>
<td>36,500</td>
</tr>
<tr>
<td>TOTAL CURRENT BOARD MEMBERS</td>
<td>1,320</td>
<td>220</td>
<td>43</td>
<td>210</td>
<td>67</td>
<td>1,017</td>
<td></td>
<td>5,592</td>
</tr>
</tbody>
</table>

OVERVIEW OF REMUNERATION OF EXECUTIVE BOARD MEMBERS IN 2017

<table>
<thead>
<tr>
<th>Executive Board Member</th>
<th>Salary1</th>
<th>Bonus1</th>
<th>Performance Shares</th>
<th>Premium</th>
<th>LTIP expense</th>
<th>Pension</th>
<th>Termination benefit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Oosterveer</td>
<td>448</td>
<td>307</td>
<td>99</td>
<td>20</td>
<td>324</td>
<td>87,790</td>
<td>1,459</td>
<td>87,949</td>
</tr>
<tr>
<td>Renier Vree</td>
<td>535</td>
<td>305</td>
<td>83</td>
<td>25</td>
<td>531</td>
<td>57,440</td>
<td>955</td>
<td>57,440</td>
</tr>
<tr>
<td>TOTAL CURRENT BOARD MEMBERS</td>
<td>1,853</td>
<td>1,604</td>
<td>182</td>
<td>119</td>
<td>85</td>
<td>1,480</td>
<td></td>
<td>176,834</td>
</tr>
</tbody>
</table>

1 Salary of Peter Oosterveer represents eight months of salary in 2017. Salary of Renier Vree includes four months temporary gross supplement of €15,000 per month for fulfilling the interim CEO role, as described further in this note.

2 The bonus is based on the results achieved in 2017, this bonus will be paid in 2018. In 2017, the bonus is fully settled in cash (see note 8).

3 In € thousands Salary Bonus1 Performance Shares Premium LTIP expense Pension Termination benefit Total

4 Reference is made to disclosure above on changes in the Executive Board
In 2017, the aggregate numbers of stock options (1) and Conditional performance shares (2) held by members of the Executive Board are as follows:

<table>
<thead>
<tr>
<th>Name of shares (Arcadis NV)</th>
<th>Number of shares</th>
<th>Granted in</th>
<th>Share price at grant date (in €)</th>
<th>Outstanding at 1 January 2017</th>
<th>Increase/(decrease) by performance measure</th>
<th>Vested in 2017</th>
<th>Exercised in 2017</th>
<th>Expired in 2017</th>
<th>Outstanding at 31 December 2017</th>
<th>Expiration date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renier Vree</td>
<td></td>
<td>2010</td>
<td>14.33</td>
<td>80,414</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>80,414</td>
<td>14-05-2020</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2011</td>
<td>16.18</td>
<td>16,660</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,660</td>
<td>19-05-2021</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2012</td>
<td>15.74</td>
<td>23,334</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,334</td>
<td>17-05-2022</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2013</td>
<td>20.96</td>
<td>20,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
<td>09-05-2023</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>140,408</td>
<td></td>
</tr>
<tr>
<td>Stephanie Hottenhuis</td>
<td></td>
<td>2007</td>
<td>19.89</td>
<td>9,450</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,450)</td>
<td>-</td>
<td>18-05-2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2008</td>
<td>13.03</td>
<td>5,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,000</td>
<td>09-05-2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2009</td>
<td>10.91</td>
<td>2,800</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,800</td>
<td>09-05-2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2010</td>
<td>14.33</td>
<td>6,535</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,535</td>
<td>14-05-2020</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2011</td>
<td>16.18</td>
<td>4,998</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,998</td>
<td>19-05-2021</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2012</td>
<td>15.74</td>
<td>23,334</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,334</td>
<td>17-05-2022</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2013</td>
<td>20.96</td>
<td>20,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
<td>09-05-2023</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>72,117</td>
<td></td>
</tr>
<tr>
<td>Stephan Ritter</td>
<td></td>
<td>2013</td>
<td>20.96</td>
<td>20,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
<td>09-05-2023</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>232,525</td>
<td></td>
</tr>
</tbody>
</table>

49 INTERESTS HELD BY MEMBERS OF THE EB

The interests held in the share capital of Arcadis NV by members of the Executive Board were:

<table>
<thead>
<tr>
<th>Name of member</th>
<th>Number of shares</th>
<th>31 DECEMBER 2017</th>
<th>31 DECEMBER 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Oosterveer</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Renier Vree</td>
<td>61,768</td>
<td>46,877</td>
<td></td>
</tr>
<tr>
<td>Stephanie Hottenhuis</td>
<td>24,970</td>
<td>19,806</td>
<td></td>
</tr>
<tr>
<td>Stephan Ritter</td>
<td>7,766</td>
<td>2,316</td>
<td></td>
</tr>
<tr>
<td>Mary Ann Hopkins</td>
<td>20,549</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of conditional performance shares in Arcadis NV</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peter Oosterveer</td>
<td>87,790</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Renier Vree</td>
<td>109,440</td>
<td>78,000</td>
<td></td>
</tr>
<tr>
<td>Stephanie Hottenhuis</td>
<td>74,910</td>
<td>52,500</td>
<td></td>
</tr>
<tr>
<td>Stephan Ritter</td>
<td>74,910</td>
<td>52,500</td>
<td></td>
</tr>
<tr>
<td>Mary Ann Hopkins</td>
<td>98,060</td>
<td>40,000</td>
<td></td>
</tr>
</tbody>
</table>

1 Amounts based on granting of 100% of the reference numbers, with maximal extension to 200% (see note 8). For description of the plan, please refer to the paragraph ‘Long-term variable remuneration’ on page 153 of this Annual Integrated Report.

Arcadis aims to align with current best practices that show a reduced prevalence of option compensation. As from 2014, Arcadis has therefore shifted from a long-term variable remuneration based on options and shares to a long-term variable remuneration based on conditional performance shares only.
50 SHARES AND OPTIONS HELD BY MEMBERS OF THE SB
Members of the Supervisory Board hold no Arcadis shares and/or options.

51 EMPLOYEES
At 31 December 2017, Arcadis NV had 132 full-time employees (2016: 123).

For information on the RSUs and options granted to employees of Arcadis NV - excluding members of the Executive Board - as meant by article 2:383d paragraph 1 of the Dutch Civil Code, see note 8 to the Consolidated financial statements.

Personnel costs for Arcadis NV consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>€ thousands</th>
<th>€ thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>13,098</td>
<td>19,091</td>
</tr>
<tr>
<td>Social charges</td>
<td>1,208</td>
<td>999</td>
</tr>
<tr>
<td>Pension and early retirement charges</td>
<td>779</td>
<td>1,258</td>
</tr>
<tr>
<td>Other personnel costs</td>
<td>16,189</td>
<td>19,550</td>
</tr>
<tr>
<td><strong>TOTAL PERSONNEL COSTS</strong></td>
<td><strong>31,274</strong></td>
<td><strong>40,898</strong></td>
</tr>
</tbody>
</table>

52 EXTERNAL 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 auditor, PricewaterhouseCoopers Accountants NV, including the foreign offices of PricewaterhouseCoopers of the last two fiscal years for various services:

<table>
<thead>
<tr>
<th>Type of services provided</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fees</td>
<td>3.5</td>
<td>3.6</td>
</tr>
<tr>
<td>Audit-related fees</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Tax fees</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>Other non-audit fees</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>3.9</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Audit-related fees consist of fees for services that are traditionally performed by the external auditors. Tax fees consist of fees expended for tax services. Besides the statutory audit of Arcadis NV, PwC Netherlands was engaged by the Supervisory Board to perform specific agreed upon procedures.

Amsterdam, the Netherlands, 14 February 2018

Executive Board
Peter Oosterveer
Reiner Vree
Stephan Ritter
Mary Ann Hopkins
Deanna Goodwin
Wee Gee Ang

Supervisory Board
Niek Hoek
Maarten Schönfeld
Ian Grice
Ruth Markland
Michiel Lap
Deanna Goodwin
Wee Gee Ang
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 of Shareholders.

Profit attributable to the equity holders of the Company over the fiscal year 2017 amounts to €70.8 million. The Executive Board, with the approval of the Supervisory Board, proposes to add the amount of €30.4 million to the retained earnings and to present for approval to the General Meeting of Shareholders its proposal to distribute a dividend amount of €40.4 million from the profits of the fiscal year 2017, which represents a dividend of €0.47 per ordinary share, at the option of the respective shareholder(s) in cash or in the form of shares.

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 board members (with no vacancies at 31 December 2017): seven members of Arcadis’ Supervisory Board, three members of Arcadis’ Executive Board, and ten members from the Board of Stichting Bellevue (a foundation established in Arnhem, whose board members are appointed by and from the international employees of Arcadis). 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 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 23 of the Consolidated financial statements.
INDEPENDENT AUDITOR’S REPORT

To: the General Meeting and Supervisory Board of Arcadis NV

REPORT ON THE FINANCIAL STATEMENTS 2017

OUR OPINION

The Company financial statements comprise:
• the company income statement for the year then ended;
• the notes, comprising a summary of significant accounting policies and other explanatory information.

The Consolidated financial statements comprise:
• the company balance sheet as at 31 December 2017;
• the consolidated income statement, the consolidated balance sheet as at 31 December 2017;
• the following statements for 2017: the consolidated income statement, the consolidated balance sheet as at 31 December 2017;
• Arcadis NV’s Company financial statements give a true and fair view of the financial position of the Group as at 31 December 2017 and of the result for the year then ended in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described 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 NV in accordance with the European Regulation on specific requirements regarding statutory audit of public interest entities, the ‘Wet toezicht op overheidsbelastingen’ (WTB – Code for the Consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code; and Arcadis’s Company financial statements give a true and fair view of the financial position of the Group as at 31 December 2017 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 of Arcadis NV, Amsterdam (the Company). The financial statements include the Consolidated financial statements of Arcadis NV and its subsidiaries (together ‘the Group’) and the Company financial statements.

The Consolidated financial statements comprise:
• the consolidated balance sheet as at 31 December 2017;
• the consolidated income statement for the year then ended;
• the notes, comprising a summary of significant accounting policies and other explanatory information.

The Company financial statements comprise:
• the company balance sheet as at 31 December 2017;
• the company income statement for the year then ended;
• the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been 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 concluded our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described 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.

APPLICATION OF MATERIALITY

We considered the financial statements in their entirety and in the context of the Group’s financial year ended 31 December 2017.

We expressed our opinion in respect of the financial statements as a whole.

THE SCOPE OF OUR AUDIT

To: the General Meeting and Supervisory Board of Arcadis NV

OVERVIEW AND CONTEXT

Arcadis NV’s Global design & consultancy firm for natural and built assets. The group comprises 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.

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 management made important judgements, for example, in respect of project revenue recognition and valuation of unbilled receivables, valuation of goodwill and valuation of the corporate guarantees in relation to associate Arcadis Logos Energia (ALEN) which all involve making assumptions and considering future events that are inherently uncertain. In note 2 of the financial statements the company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of these matters, we considered these to be key audit matters as set out in the section ‘Key audit matters’ of this report. Furthermore, we identified management override of controls as key audit matter given the global presence of the Company and the significant performance-based bonus schemes which the Company has in place at certain components.

Other areas of focus, that were not considered to be key audit matters were the continued roll out of the new financial reporting system for several components and the impact assessment of the new accounting standards IFRS 9 and 15 (which has been disclosed in note 2 of the financial statements).

We ensured that the audit teams both at group and at component level included the appropriate skills and competences which are needed for the audit of a listed client in the global design & consultancy industry. We therefore included specialists in the areas of IT audit, valuations, treasury, tax and, remuneration in our team.

The outline of our audit approach was as follows:

AUDIT SCOPE

MATERIALITY

Key audit matters
• Materiality
  • Overall materiality €4,6 million, which represents approximately 5% of the profit before tax.

Audit scope
• We conducted audit work on locations in the UK and Netherlands.
• Site visits were conducted by the group engagement team to locations in the Netherlands, United States, United Kingdom and Middle East.
• Audit coverage: 79% of consolidated revenues, 81% of consolidated total assets and 90% of consolidated profit before tax.

Other Information
• We conducted audit work on locations in the UK and Netherlands.
• Site visits were conducted by the group engagement team to locations in the Netherlands, United States, United Kingdom and Middle East.
• Audit coverage: 79% of consolidated revenues, 81% of consolidated total assets and 90% of consolidated profit before tax.

Key audit matters
• Materiality
  • Overall materiality €4,6 million, which represents approximately 5% of the profit before tax.

MATERIALITY

The scope of our audit is influenced by the application of materiality which in further explained in the section ‘Our responsibilities for the audit of the financial statements’.

Based on our professional judgment, 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 statements 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.
The group audit primarily focused on the significant components of Arcadis NV which include group entities in the Netherlands, United States, Middle East, United Kingdom, Hong Kong, China and Brazil.

Six components were subjected to audits of their complete financial information as those components are individually financially significant to the group or we assessed them as higher risk. One component was subjected to specific risk-focused audit procedures as it includes higher risk areas as its operating environment is the Middle East which is a territory with higher uncertainties in particular with respect to the valuation of the (un)consolidated goodwill. Additionally, six components were selected for audit procedures 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:

<table>
<thead>
<tr>
<th>Financial Line Item</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>78%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>81%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>90%</td>
</tr>
</tbody>
</table>

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 misstatements identified during our audit above €245,000 (2016: €250,000) and reclassifications above €1 million (2016: €1 million) as well as misstatements below that amount, that in our view, would warrant reporting for qualitative reasons.

THE SCOPE OF OUR GROUP AUDIT
Arcadis NV is the parent company of a group of entities. The financial information of this group is included in the Consolidated financial statements of Arcadis NV.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the level of involvement we needed to have in their audit work to be able to conclude whether significant audit evidence had been obtained as a basis for our opinion on the Consolidated financial statements as a whole.

The group engagement team visits the component teams on a rotational basis. In the current year the group audit team visited local management at the component auditors in the Netherlands, the United Kingdom, the United States and the Middle East. For all components in scope of our group audit, we held multiple conference calls throughout the audit to share knowledge, instruct the teams, discuss the audit approach and evaluate the audit findings. We reviewed working papers of the component teams we visited.

The group consolidation, financial statement disclosures and a number of complex items are audited by the group engagement team at the head office. These include, goodwill impairment testing, accounting for derivative financial instruments and share-based payments.

By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we make on the results of our procedures should be read in this context.

Due to the nature of the Group’s activities, we recognise that certain key audit matters which we reported in our independent auditor's report on the financial statements 2016 are continuing to be significant in the audit of the financial statements and therefore may not change significantly year over year. As compared to prior year, we have identified one new key audit matter, being the valuation of the ALEN corporate guarantees and we have removed the key audit matter related to valuation of litigations and claims, which was specific last year as a result of the acquisition accounting of Hyder.
Project revenue recognition and valuation of (un)billed receivables

We tested the design and operating effectiveness of internal controls over the project revenue recognition and the valuation of (un)billed receivables. We focused our audit effort on those CGUs which have shown impairments or limited headroom in 2016, and evaluated the assumptions made by management. We compared the current year actual results included in the impairment model and a reconciliation to the five-year forecasts and long term strategic plans that were approved by senior management. We compared the results of the impairment model with the forecasts in the previous years to identify any abnormal or unexpected trends. We also challenged the assumptions and estimates applied by management and substantiated them with evidence. Furthermore, for a sample of projects, we agreed the recorded fees including overruns and related cash collections with underlying documents like contracts, variation/change orders, correspondence and invoices. We also obtained evidence from the company’s database of contracts to assess completeness and accuracy of the recorded fees. In order to address and manage the risk of non-compliance in its valuation of the corporate guarantees, which should be the basis for future cash generation and related valuation of the ALEN business to challenge the analysis prepared by management.

Our audit procedures included, amongst others, an assessment of the Cash Generating Unit (CGU) business plans and related financial covenants by ALEN as potential non-compliance could impact the valuation of the corporate guarantees in the financial statements. Our audit procedures included, amongst others, an assessment of the Cash Generating Unit (CGU) business plans and related financial covenants by ALEN as potential non-compliance could impact the valuation of the corporate guarantees in the financial statements. Our audit procedures included, amongst others, an assessment of the CGUs’ business plans and related financial covenants by ALEN as potential non-compliance could impact the valuation of the corporate guarantees in the financial statements. Our audit procedures included, amongst others, an assessment of the CGUs’ business plans and related financial covenants by ALEN as potential non-compliance could impact the valuation of the corporate guarantees in the financial statements.
The Executive Board is responsible for the preparation of the financial statements, and the auditor’s report on these financial statements includes all other information that is necessary to give a true and fair view of the company’s financial position, performance, and cash flows. This includes the notes to the financial statements and the directors’ report. The other information is consistent with the financial statements and contains material misstatements.

We have read the other information. Based on our knowledge and understanding obtained with the audit of the financial statements, we have considered whether the other information contains material misstatements.

We were appointed as auditors of Arcadis NV on 13 May 2015 by the Supervisory Board following the passing of a resolution by the shareholders at the annual meeting held on 13 May 2015 and the appointment has been renewed annually by the shareholders, representing a total period of uninterrupted engagement appointment of 2 years.

SERVICES RENDERED

We have, in the course of the audit, provided the following services to the company and its controlled entities, for the period to which our statutory audit relates, as required by Part 9 of Book 2 of the Dutch Civil Code:

- the preparation and fair presentation of the financial statements in accordance with the reporting frameworks mentioned, the Dutch Civil Code, and the Dutch Standard 720;
- the services as referred to in Article 5(1) of the European Regulation on specific requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement.

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be 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.

Maturity 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 our auditor’s report.

APPENDIX TO OUR AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS 2017 OF ARCADIS NV

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement.

- 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, intimidation, or other complex deprivation schemes that could result in a material misstatement that may not be detected.
- 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 estimates and related disclosures made by management.
- Concluding on the appropriateness of management’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’s ability to continue as a going concern to be in doubt.
- 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 company’s 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 to ensure that we perform an adequate amount of work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit or review of financial information or specific balances was considered necessary.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and where applicable, related safeguards.

Our conclusion based on our review, nothing has come to our attention that causes us to believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We have reviewed these indicators in the accompanying 2017 Annual Integrated Report of Arcadis NV, Amsterdam for 2017. All other information in the 2017 Annual Integrated Report is not in scope of this engagement. Therefore, we do not report or conclude on this other information.

THE BASIS FOR OUR CONCLUSION
We conducted our assurance engagement, in accordance with Dutch law, including the Dutch Standard 2000A Assurance engagements, other than audits or reviews of historical financial information (attestation engagements) (Assurance-opdrachten andere dan attestatie-opdrachten tot controle van historische financiële informatie (attestatie-opdrachten)). This assurance engagement is aimed to provide limited assurance. Our responsibilities under this standard are further described in the section “Our responsibilities for the assurance engagement” of our report.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We have reviewed these indicators in the accompanying 2017 Annual Integrated Report of Arcadis NV, Amsterdam for 2017. All other information in the 2017 Annual Integrated Report is not in scope of this engagement. Therefore, we do not report or conclude on this other information.

THE BASIS FOR OUR CONCLUSION
We conducted our assurance engagement, in accordance with Dutch law, including the Dutch Standard 2000A Assurance engagements, other than audits or reviews of historical financial information (attestation engagements) (Assurance-opdrachten andere dan attestatie-opdrachten). This assurance engagement is aimed to provide limited assurance.

Our responsibilities under this standard are further described in the section “Our responsibilities for the assurance engagement” of our report.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We have reviewed these indicators in the accompanying 2017 Annual Integrated Report of Arcadis NV, Amsterdam for 2017. All other information in the 2017 Annual Integrated Report is not in scope of this engagement. Therefore, we do not report or conclude on this other information.

THE BASIS FOR OUR CONCLUSION
We conducted our assurance engagement, in accordance with Dutch law, including the Dutch Standard 2000A Assurance engagements, other than audits or reviews of historical financial information (attestation engagements) (Assurance-opdrachten andere dan attestatie-opdrachten). This assurance engagement is aimed to provide limited assurance. Our responsibilities under this standard are further described in the section “Our responsibilities for the assurance engagement” of our report.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.
CRITERIA FOR OUR ASSURANCE ENGAGEMENT

Arcadis NV developed its reporting criteria, which are disclosed together with the detailed information on the reporting scope and reporting process and methods in section ‘Glossary financial & non-financial indicators’. We consider the reporting criteria to be relevant and appropriate for our review.

RESPONSIBILITIES FOR THE INDICATORS AND THE ASSURANCE ENGAGEMENT

RESPONSIBILITIES OF THE EXECUTIVE BOARD FOR THE INDICATORS

The Executive Board of Arcadis NV is responsible for the preparation of the indicators in accordance with Arcadis NV’s reporting criteria, including the identification of the intended users and the criteria being applicable for the purposes of the intended users.

The Executive Board is also responsible for such internal control as it determines is necessary to enable the preparation of the indicators that are free from material misstatement, whether due to fraud or error.

OUR RESPONSIBILITIES FOR THE ASSURANCE ENGAGEMENT

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our conclusion. Our conclusion aims to provide limited assurance. The procedures performed by obtaining a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those performed in obtaining reasonable assurance in an assurance engagement. The assurance obtained in assurance engagements aimed at providing limited assurance is therefore significantly lower than the assurance obtained in assurance engagements aimed at providing reasonable assurance.

Misstatements may arise due to fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the indicators. The materiality affects the nature, timing, and extent of our assurance procedures and the evaluation of the effect of identified misstatements on our conclusion.

PROCEDURES PERFORMED

We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our main procedures include:

- understanding the systems and processes for data gathering, internal controls, and processing of other information, such as the aggregation process of data to the information as presented in the indicators;
- interviews with relevant staff responsible for providing the information for the indicators, and responsible for carrying out internal control procedures on the indicators and the consolidation of the indicators;
- reviewing relevant information and internal and external documentation to determine the reliability of the indicators;
- performing analytical review of the data and trends of the indicators;
- reviewing internal and external documentation to determine whether the indicators, including the disclosure, presentation and assertions made in the 2017 Annual Integrated Report, are substantiated adequately;
- assessing the consistency of the indicators and the information in the 2017 Annual Integrated Report, not in scope for this assurance report;
- assessing if the indicators have been presented in accordance with the Arcadis NV reporting criteria.

Amsterdam, 14 February 2018

PricewaterhouseCoopers Accountants NV

Original has been signed by J.E.M. Brinkman RA

OTHER INFORMATION | ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

OTHER FINANCIAL DATA

QUARTERLY FINANCIAL DATA

<table>
<thead>
<tr>
<th>Other financial data</th>
<th>2017</th>
<th>Other financial data</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>QUARTER 1</td>
<td>QUARTER 2</td>
<td>QUARTER 3</td>
</tr>
<tr>
<td>GROSS REVENUES</td>
<td>818</td>
<td>830</td>
<td>766</td>
</tr>
<tr>
<td>Cumulative</td>
<td>818</td>
<td>1,648</td>
<td>2,414</td>
</tr>
<tr>
<td>NET REVENUES</td>
<td>628</td>
<td>628</td>
<td>585</td>
</tr>
<tr>
<td>Cumulative</td>
<td>628</td>
<td>1,256</td>
<td>1,841</td>
</tr>
<tr>
<td>EBITA</td>
<td>42.2</td>
<td>38.2</td>
<td>40.0</td>
</tr>
<tr>
<td>Cumulative</td>
<td>42.2</td>
<td>80.4</td>
<td>120.4</td>
</tr>
<tr>
<td>OPERATING EBITA</td>
<td>46.7</td>
<td>43.8</td>
<td>45.1</td>
</tr>
<tr>
<td>Cumulative</td>
<td>46.7</td>
<td>90.5</td>
<td>135.6</td>
</tr>
</tbody>
</table>

1 Excluding acquisition, restructuring and integration-related costs

Arcadis Annual Integrated Report 2017
## FIVE-YEAR SUMMARY

### PEOPLE & CULTURE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EMPLOYEE ENGAGEMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of employees at 31 December</td>
<td>27,327</td>
<td>27,080</td>
<td>26,947</td>
<td>28,139</td>
<td>21,943</td>
</tr>
<tr>
<td>Average total number of employees</td>
<td>27,208</td>
<td>27,178</td>
<td>27,622</td>
<td>22,964</td>
<td>21,880</td>
</tr>
<tr>
<td>Total Number of FTEs at 31 December (incl. 100%)</td>
<td>2,593</td>
<td>2,019</td>
<td>1,298</td>
<td>1,017</td>
<td>–</td>
</tr>
<tr>
<td>Total Number of FTEs at 31 December (incl. GECs)</td>
<td>25,909</td>
<td>25,594</td>
<td>25,630</td>
<td>26,956</td>
<td>20,934</td>
</tr>
<tr>
<td>Employee engagement score (scale 0 - 4)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### TALENT MANAGEMENT & LEARNINGS AND DEVELOPMENT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Voluntary turnover rate (in %)</strong></td>
<td>14.6%</td>
<td>15.0%</td>
<td>15.0%</td>
<td>12.5%</td>
<td>11.7%</td>
</tr>
<tr>
<td><strong>Identified leadership potential rate (retention %)</strong></td>
<td>94%</td>
<td>90%</td>
<td>72%</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### DIVERSITY AND INCLUSION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Females in total workforce at 31 December (in %)</strong></td>
<td>37%</td>
<td>36%</td>
<td>35%</td>
<td>35%</td>
<td>36%</td>
</tr>
</tbody>
</table>

### HEALTH AND SAFETY

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Recordable Case Frequency (TRCF)</strong></td>
<td>0.26</td>
<td>0.26</td>
<td>0.29</td>
<td>0.33</td>
<td>0.34</td>
</tr>
<tr>
<td><strong>Lost Time Case Frequency (LTCF)</strong></td>
<td>0.11</td>
<td>0.10</td>
<td>0.13</td>
<td>0.15</td>
<td>0.16</td>
</tr>
</tbody>
</table>

### BUSINESS ETHICS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees passing Code of Conduct (AGBP) training (%)</strong></td>
<td>97%</td>
<td>94%</td>
<td>92%</td>
<td>94%</td>
<td>98%</td>
</tr>
<tr>
<td><strong>Number of AGBP alleged breaches</strong></td>
<td>75</td>
<td>99</td>
<td>105</td>
<td>58</td>
<td>37</td>
</tr>
<tr>
<td><strong>AGBP alleged breaches investigated (%)</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### PRIVACY (AND PERSONAL DATA PROTECTION)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of appointed privacy officers under the Privacy Codes</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### RISK MANAGEMENT FRAMEWORK

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of internal audits conducted in the year</strong></td>
<td>24</td>
<td>32</td>
<td>35</td>
<td>23</td>
<td>n/a</td>
</tr>
</tbody>
</table>

### INNOVATION & GROWTH

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ORGANIC REVENUE GROWTH</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic net revenues growth</td>
<td>1%</td>
<td>-4%</td>
<td>0%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Book-to-bill ratio</td>
<td>1.02</td>
<td>0.90</td>
<td>1.00</td>
<td>1.00</td>
<td>0.90</td>
</tr>
<tr>
<td>Revenue growth Key Clients</td>
<td>17%</td>
<td>6%</td>
<td>9%</td>
<td>6%</td>
<td>11%</td>
</tr>
<tr>
<td>Revenue growth Big Urban Clients</td>
<td>6%</td>
<td>14%</td>
<td>10%</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

### ENERGY AND EMISSIONS - CARBON FOOTPRINT PER FTE (IN METRIC TONS OF CARBON DIOXIDE EQUIVALENTS)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auto transport</strong></td>
<td>1.21</td>
<td>1.29</td>
<td>1.25</td>
<td>1.32</td>
<td>1.31</td>
</tr>
<tr>
<td><strong>Air transport</strong></td>
<td>0.83</td>
<td>0.90</td>
<td>0.88</td>
<td>0.98</td>
<td>0.95</td>
</tr>
<tr>
<td><strong>Public transport</strong></td>
<td>0.19</td>
<td>0.18</td>
<td>0.17</td>
<td>0.16</td>
<td>0.16</td>
</tr>
<tr>
<td><strong>Office energy use</strong></td>
<td>1.11</td>
<td>1.13</td>
<td>1.26</td>
<td>1.42</td>
<td>1.39</td>
</tr>
<tr>
<td><strong>Total carbon footprint</strong></td>
<td>3.34</td>
<td>3.50</td>
<td>3.56</td>
<td>3.88</td>
<td>3.81</td>
</tr>
</tbody>
</table>

### ENVIRONMENTAL NON-COMPLIANCE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong># of identified non-environmental compliances</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### INNOVATION & DIGITALIZATION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Arcadis Way implementation progress (in %)</strong></td>
<td>31%</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### FOCUS & PERFORMANCE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIRECT ECONOMIC VALUE GENERATED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross revenues</td>
<td>3,219</td>
<td>3,329</td>
<td>3,419</td>
<td>2,635</td>
<td>2,516</td>
</tr>
<tr>
<td>Net revenues</td>
<td>2,437</td>
<td>2,468</td>
<td>2,597</td>
<td>2,016</td>
<td>1,893</td>
</tr>
</tbody>
</table>

### DIRECT ECONOMIC VALUE DISTRIBUTED

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings per share (EPS, in euro)</strong></td>
<td>0.82</td>
<td>0.76</td>
<td>1.19</td>
<td>1.23</td>
<td>1.34</td>
</tr>
<tr>
<td><strong>Dividend per share (DPS, in euro)</strong></td>
<td>0.47</td>
<td>0.43</td>
<td>0.63</td>
<td>0.60</td>
<td>0.57</td>
</tr>
</tbody>
</table>

### PROFIT & LOSS PERFORMANCE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating EBITA</strong></td>
<td>186.4</td>
<td>175.5</td>
<td>250.3</td>
<td>202.9</td>
<td>188.4</td>
</tr>
<tr>
<td><strong>Operating EBITA margin (in %)</strong></td>
<td>7.6%</td>
<td>7.1%</td>
<td>9.6%</td>
<td>10.1%</td>
<td>10.0%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>200.5</td>
<td>207.4</td>
<td>247.4</td>
<td>206.7</td>
<td>202.3</td>
</tr>
</tbody>
</table>

### BALANCE SHEET PERFORMANCE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net working capital (in %)</strong></td>
<td>16.5%</td>
<td>16.2%</td>
<td>15.6%</td>
<td>17.6%</td>
<td>17.6%</td>
</tr>
<tr>
<td><strong>Days Sales Outstanding (DSO)</strong></td>
<td>88</td>
<td>91</td>
<td>84</td>
<td>83</td>
<td>75</td>
</tr>
<tr>
<td><strong>Return on invested capital (ROIC)</strong></td>
<td>7.3%</td>
<td>6.8%</td>
<td>9.3%</td>
<td>13.7%</td>
<td>13.3%</td>
</tr>
<tr>
<td><strong>Period-end net debt to EBITDA ratio</strong></td>
<td>2.1</td>
<td>2.3</td>
<td>2.2</td>
<td>1.8</td>
<td>1.6</td>
</tr>
</tbody>
</table>

### CASH FLOW PERFORMANCE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Free cash flow</strong></td>
<td>97.7</td>
<td>80.0</td>
<td>120.9</td>
<td>103.4</td>
<td>110.7</td>
</tr>
</tbody>
</table>

As some of the above KPIs are newly defined, some previous years comparatives are not available (n/a)

### OTHER INFORMATION


247 Arcadis Annual Integrated Report 2017
### Segment Information

#### Gross Revenues

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe &amp; Middle East</td>
<td>1,337</td>
<td>1,398</td>
</tr>
<tr>
<td>Americas</td>
<td>1,175</td>
<td>1,227</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>387</td>
<td>378</td>
</tr>
<tr>
<td>CallisonRTKL</td>
<td>320</td>
<td>326</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,219</td>
<td>3,329</td>
</tr>
</tbody>
</table>

#### Net Revenues

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe &amp; Middle East</td>
<td>1,113</td>
<td>1,117</td>
</tr>
<tr>
<td>Americas</td>
<td>751</td>
<td>769</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>344</td>
<td>338</td>
</tr>
<tr>
<td>CallisonRTKL</td>
<td>229</td>
<td>244</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,437</td>
<td>2,468</td>
</tr>
</tbody>
</table>

#### EBITA

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe &amp; Middle East</td>
<td>74.0</td>
<td>67.0</td>
</tr>
<tr>
<td>Americas</td>
<td>36.0</td>
<td>26.3</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>30.1</td>
<td>30.7</td>
</tr>
<tr>
<td>CallisonRTKL</td>
<td>20.8</td>
<td>22.9</td>
</tr>
<tr>
<td><strong>Unallocated1</strong></td>
<td>–</td>
<td>19.4</td>
</tr>
<tr>
<td><strong>Total EBITA</strong></td>
<td>160.9</td>
<td>166.3</td>
</tr>
</tbody>
</table>

#### Non-recurring2

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-recurring</strong></td>
<td>25.5</td>
<td>9.2</td>
</tr>
</tbody>
</table>

#### Operating EBITA3

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe &amp; Middle East</td>
<td>84.3</td>
<td>83.9</td>
</tr>
<tr>
<td>Americas</td>
<td>47.5</td>
<td>36.1</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>30.7</td>
<td>31.3</td>
</tr>
<tr>
<td>CallisonRTKL</td>
<td>23.9</td>
<td>24.3</td>
</tr>
<tr>
<td><strong>Total Operating EBITA</strong></td>
<td>186.4</td>
<td>175.5</td>
</tr>
</tbody>
</table>

1. Net changes in acquisition-related litigation provisions
2. Acquisition, restructuring, integration-related costs and changes in acquisition-related litigation provisions
3. Operating EBITA is EBITA adjusted for non-recurring costs

#### Segment Mix

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe &amp; Middle East</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>Americas</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>CallisonRTKL</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

#### EBITA Margin

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe &amp; Middle East</td>
<td>6.7%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Americas</td>
<td>4.8%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>8.7%</td>
<td>9.1%</td>
</tr>
<tr>
<td>CallisonRTKL</td>
<td>9.1%</td>
<td>9.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6.6%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

#### Operating EBITA Margin

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe &amp; Middle East</td>
<td>7.6%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Americas</td>
<td>6.3%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>8.9%</td>
<td>9.3%</td>
</tr>
<tr>
<td>CallisonRTKL</td>
<td>10.4%</td>
<td>9.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7.6%</td>
<td>7.1%</td>
</tr>
</tbody>
</table>

### Company Addresses

#### Head Office

**Arcadis NV**  
CEO Peter Oosterwijk  
Gustav Mahlerplein 97-103  
1082 MS Amsterdam  
The Netherlands  
Phone +31 20 201 10 11  
info@arcadis.com  
Internet www.arcadis.com

#### Regional Offices

**Europe**  
Arcadis Continental Europe  
CEO Erik Blokhuis  
Gustav Mahlerplein 97-103  
1082 MS Amsterdam  
The Netherlands  
Phone +31 20 201 10 11  
info.europe@arcadis.com

**Austria**  
Phone +43 664 399 0461  
info-at@arcadis.com

**Belgium**  
Phone +32 2 505 75 00  
info@arcadisbelgium.be

**Czech Republic**  
Phone +420 226 207 800  
info-cz@arcadis.com

**France**  
Phone +33 (0)1 46 23 77 77  
info@arcadis.com

**Germany**  
Phone +49 61 51 38 80  
info-de@arcadis.com

**Italy**  
Phone +39 02 72 73 001  
info@arcadis.it

**Poland**  
Phone +48 22 203 20 00  
info-pl@arcadis.com

**Romania**  
Phone +40 21 312 26 99  
info@arcadis-ro.com

**Slovakia**  
Phone +421 905 279 067  
info-sk@arcadis.com

**Spain**  
Phone +34 91 706 00 33  
info@arcadis-es

**Switzerland**  
Phone +41 44 732 92 92  
info-ch@arcadis.com

**The Netherlands**  
Phone +31 88 426 12 61  
info@arcadis.nl

#### United Kingdom

**Arcadis UK**  
CEO Alan Brookes  
Arcadis House 34 York Way,  
London N1 9AB  
United Kingdom  
Phone +44 20 78 12 20 00  
UKenquiries@arcadis.com

**CallisonRTKL**  
CEO Tim Neal  
901 South Bond street  
Baltimore  
MD 21231, United States  
Phone +1 410 537 6000  
info@callisonrtkl.com

#### North America

**Arcadis North America**  
CEO Jacob Elbert  
E30 Plaza Drive, Suite 100  
Highlands Ranch CO 80129-2793, United States  
Phone +1 720 384 35 00  
australian@arcadis.com

**Canada**  
Phone +1 604 614 1974  
Canada@arcadis.com

**Puerto Rico**  
Phone +1 787 777 60 00  
australian@arcadis.com

**United States**  
Phone +1 720 384 35 00  
australian@arcadis.com

**CallisonRTKL**  
CEO Tim Neal  
901 South Bond street  
Baltimore  
MD 21231, United States  
Phone +1 410 537 6000  
info@callisonrtkl.com

#### Latin America

**Arcadis Latin America**  
CEO Felipe Lima  
Rua Líbero Badaró 377, 8º andar  
São Paulo - SP 01009-906, Brasil  
Phone +55 11 31 17 31 71  
contact@arcadis.com

**Brazil**  
Phone +55 11 31 17 31 71  
contact@arcadis.com

**Chile**  
Phone +56 2 23 81 60 60  
info@arcadis.com

**Mexico**  
Phone +52 555 563 5283  
info@callisonrtkl.com

**Uruguay**  
Phone +598 437 0406  
info@callisonrtkl.com
## Glossary Financial & Non-Financial Indicators

In 2017, for the first time, Arcadis requested its external auditor to provide limited assurance on a selection of financial and non-financial indicators included in this Annual Integrated Report.

The selected indicators that fall within the scope of limited assurance by our external auditor are summarized on the '2017 at a glance page' on page 6 and 7 as marked with the symbol, further, these indicators are to be found throughout this Annual Integrated Report. These indicators are amongst the most material indicators for Arcadis. (See page 243 for the Assurance report of the independent auditor, which included details on the scoping and outcomes.)

### People & Culture

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees (headcount as at 31 December)</td>
<td>Employees expressed in number of individuals at the balance sheet date. Employees are defined as individuals that are in an employment relationship with Arcadis, according to national law or its application.</td>
</tr>
<tr>
<td>Manpower turnover rate</td>
<td>Voluntary termination of employees (see definition above) divided by the average number of employees during the period. A termination is voluntary when the decision for termination is made by the employee.</td>
</tr>
<tr>
<td>Identified leadership potential rate</td>
<td>Retention rate of employees who are considered to have top-level potential (A&amp;B level)</td>
</tr>
<tr>
<td>Voluntary turnover rate</td>
<td>Voluntary termination of employees (see definition above) divided by the average number of employees during the period. A termination is voluntary when the decision for termination is made by the employee.</td>
</tr>
<tr>
<td>Identifying leadership potential</td>
<td>Retention rate of employees who are considered to have top-level potential (A&amp;B level)</td>
</tr>
<tr>
<td>Females in total workforce</td>
<td>Percentage of women employed at Arcadis as % of total employees</td>
</tr>
<tr>
<td>Total Recordable Case Frequency (TRCF)</td>
<td>The number of recordable injuries or illnesses per 200,000 working hours. An injury or illness is recordable if it is work-related and is medical according to the US occupational safety and health administration (OSHA) rules</td>
</tr>
<tr>
<td>Lost Time Case Frequency (LTCF)</td>
<td>The number of lost-time injuries or illness per 200,000 working hours. An injury or illness is recordable if it is work-related and is medical according to the US occupational safety and health administration (OSHA) rules</td>
</tr>
<tr>
<td>Number of AGBP alleged breaches (including near misses)</td>
<td>Number reported integrity issues related to the Arcadis General Business Principles</td>
</tr>
<tr>
<td>Investigated AGBP alleged breaches</td>
<td>Number of investigated integrity issues relating to the Arcadis General Business Principles</td>
</tr>
<tr>
<td>Number of appointed privacy officers (in the year)</td>
<td>Number of appointed privacy officers in the year by Arcadis</td>
</tr>
<tr>
<td>Number of internal audits (in the year)</td>
<td>Number of internal audits performed in a calendar year. The objective is to assess the operating effectiveness of business controls and provide recommendations to remediate identified risks that could potentially impact the realization of strategic objectives</td>
</tr>
</tbody>
</table>

### Financial & Non-Financial Indicators

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Engagement Score</td>
<td>The average result of the engagement main questions that are part of the employee engagement survey ‘Your Voice’, measured from 1-5 and being the top grade. The engagement main questions consist of nine questions that are consistent over years</td>
</tr>
<tr>
<td>Identified leadership potential</td>
<td>Retention rate of employees who are considered to have top-level potential (A&amp;B level)</td>
</tr>
<tr>
<td>Females in total workforce</td>
<td>Percentage of women employed at Arcadis as % of total employees</td>
</tr>
<tr>
<td>Total Recordable Case Frequency (TRCF)</td>
<td>The number of recordable injuries or illnesses per 200,000 working hours. An injury or illness is recordable if it is work-related and is medical according to the US occupational safety and health administration (OSHA) rules</td>
</tr>
<tr>
<td>Lost Time Case Frequency (LTCF)</td>
<td>The number of lost-time injuries or illnesses per 200,000 working hours</td>
</tr>
<tr>
<td>Number of AGBP alleged breaches (including near misses)</td>
<td>Number reported integrity issues related to the Arcadis General Business Principles</td>
</tr>
<tr>
<td>Investigated AGBP alleged breaches</td>
<td>Number of investigated integrity issues relating to the Arcadis General Business Principles</td>
</tr>
<tr>
<td>Number of appointed privacy officers (in the year)</td>
<td>Number of appointed privacy officers in the year by Arcadis</td>
</tr>
<tr>
<td>Number of internal audits (in the year)</td>
<td>Number of internal audits performed in a calendar year. The objective is to assess the operating effectiveness of business controls and provide recommendations to remediate identified risks that could potentially impact the realization of strategic objectives</td>
</tr>
</tbody>
</table>
INDICATOR | DEFINITION

**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 reversals within the Arcadis Group.

**Net revenues**
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 subcontractor. Net revenues entail revenues produced by the activities of Arcadis own staff within the Arcadis Group.

**Day’s sales outstanding (DSO)**
The amount of new order intake for the period adjusted for non-net revenues. The DSO is expressed as gross or net revenue.

**Backlog**
The value of signed orders in the portfolio to be fulfilled, expressed as gross or net revenue.

**Peer group**
Group of listed companies that is comparable to Arcadis both in size and activity.

**Percentage of completion**
Method to recognize revenue and expenses in proportion to the percentage of completion of the contract.

**Cash Flow Operating Activities**
Profit for the period adjusted for non-cash items and cash flows from working capital.

**Defined Contribution**
When the value of the contribution to the pension fund made by the company is fixed.

**Defined Contribution**
When the value of the contribution to the pension fund made by the company is fixed.

**Goodwill**
The difference between the costs of an acquisition over the fair value of identifiable net assets acquired.

**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.

**EBITDA**
Earnings Before Interest, Taxes, Depreciation and Amortization/Impairment of goodwill and/or identifiable assets.

**Net income from operations per share**
Net Income from operations in the year, divided by the average number of ordinary shares in the year.
ENQUIRIES AND ACKNOWLEDGMENTS

CONTACT FOR MORE INFORMATION
Jurgen Pullens
Director Investor Relations
Email: Jurgen.Pullens@arcadis.com
Cell phone: +31 6 51 59 94 83

Joost Slooten
Director Sustainability & External affairs
Email: Joost.Slooten@arcadis.com
Cell phone: +31 6 27 06 18 80

DISCLAIMER
Statements included in this Annual Integrated Report that are not historical facts (including any statements concerning investment objectives, other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto) are forward-looking statements. These statements are only predictions and are not guarantees. Actual events or the results of our operations could differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements are typically identified by the use of terms such as ‘may’, ‘will’, ‘should’, ‘expect’, ‘could’, ‘intend’, ‘plan’, ‘anticipate’, ‘estimate’, ‘believe’, ‘continue’, ‘predict’, ‘potential’, or the negative of such terms and other comparable terminology.

The forward-looking statements are based upon our current expectations, plans, estimates, assumptions, and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements.