REPORT BY THE SUPERVISORY BOARD

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 description. 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 became the highest priorities for the Supervisory Board. In the shareholder meeting end of April 2017, Peter Oosterveer was appointed as member of the Executive Board and CEO. Mary Ann Hopkins was also appointed to the Executive Board. After that, the process to confirm the Strategy for 2018 - 2020 cycle could be finalized. The strategy update for that new three-year cycle was presented in November 2017. It included an update of the core values of the organization: we added a value reflective of the importance we put on culture and people: People First. We kept the other four core values that we had, whereby we put integrity at the core. The Supervisory Board believes that the values of People First, client success, integrity, sustainability and collaboration all are essential to both long-term value creation and short-term performance.

Gross revenues were €3.2 billion. Net revenues totaled €2,437 million, and increased organically by 1%. North America, Continental Europe, the UK, and Australia delivered organic growth, compensating for a decrease in other regions. Operating EBITA increased by 6% to €186 million (2016: €176 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 19.7% (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 €26 million (2016: €29 million) 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 clean energy assets in Brazil. Arcadis is investing up to €20 million to optimize asset value, ahead of a future divestment. Net income from operations increased 11% to €101 million (2016: €91 million) or €1.18 per share (2016: €1.08). The free cash flow was €98 million (2016: €80 million), and led to reduced debt. The increased client focus contributed to a return to organic growth and the simplification of the organizational structure and cost reductions resulted in improved 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.

FOCUS ITEMS 2017

The Supervisory Board believes that focus is key to achieving the Company strategy and to creating long-term value. This includes that principal risks related to the strategy of the organization should be addressed. Earlier in this Report we already mentioned the two highest priorities for the Supervisory Board during 2017. In addition, in exercising its task in 2017, the Supervisory Board, in coordination with the Executive Board, put special emphasis on the following topics:

1. RE-ENERGIZE OUR PEOPLE BY BRINGING BACK CLIENT FOCUS.

Since Q4 2016, important steps have been taken by the Executive Board to further increase client focus and to simplify the organization. Those continued during 2017. With Peter Oosterveer joining, the focus has amplified on People & Culture, as well as on project performance. OUR ROLE. This topic has regularly been discussed 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.

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

End of 2016, a simplified operating model was introduced. Further communication and implementation occurred in 2017. OUR ROLE. 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 BACKLOG/PIPELINE.

Pruning the number of initiatives was completed early in the year with clear outcomes. We simplified the organization and realized the €10 million reduction of overhead in line with our announcement in February 2017. Backlog and pipeline improved. More attention is given to winning work. OUR ROLE. Pruning the number of initiatives is not only relevant to reducing overhead and sustaining margin, it is also a direct contributor to item 1 above, promoting client focus. We are pleased with actions taken. This should remain on the attention list in 2018.

4. UNWAVERING DRIVE FOR PROFIT AND CASH.

During the year, there was ongoing focus on cash and EBITDA. The company saw strong cash flow in 2017. OUR ROLE. 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 at the same time the clear intent to further improve the ratios.

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 TO DRIVE PERFORMANCE IN THIS SEGMENT.

The 2017 plan was developed, and ownership was put in place. In 2017, Brazil remained a very difficult market, which impacted performance. We did realize positive development in both Latin America and North America from interventions in leadership and priorities. In North America, performance turned the corner. OUR ROLE. We have continuously challenged the Executive Board to focus on performance, right size the business, ascertain the right leadership and business model, and ascertain the right focus. We are pleased with progress made.

OTHER. HEALTH & SAFETY. ARCADIS WAY. DIGITALIZATION.

Whilst in 2017 we did not call out Health & Safety (H&S) in our list of focus items, we continue to be a strong promotor of Health & Safety and we support the Company's attention for the topic. Whilst in the past focus has been on the Safety side, we saw this year that the Health aspect got more attention. OUR ROLE. All our meetings continue to start with a Health & Safety moment, and an update on H&S status. By sharing experiences and suggestions the Supervisory Board contributes to further awareness and improvement. H&S performance in 2017 was similar to 2016. Although that means that in our industry we are performing well, as a Supervisory Board we expect another push in 2018 to further improve performance.

> **"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 acknowledge that it is a major internal organizational change effort, which includes a potential risk of business disruption. We therefore asked for and received regular updates. Finally, on the business side, one of the areas we focused on during the year is how we can take advantage of the trend in our industry towards Digitalization. This topic was also regularly on the agenda. We note that several of our priorities were (also) extensively addressed in the various Committees of the Supervisory Board. The respective chairpersons of the Committees always report on their discussions during the full Board meetings.

SUPERVISORY BOARD MEETINGS. ATTENDANCE

In 2017, we had eight meetings, five of which were regular scheduled meetings. All our meetings were attended by the members of the Executive Board. We also had three 'Supervisory Board-only' meetings, as per our regular schedule.

In our scheduled meetings we covered the focus items listed on page 143 of this Report, as well as topics that we address every year, such as the financials and performance, governance (including composition of the Supervisory Board and Executive Board and related (re-)nominations, the remuneration of the Supervisory Board and Executive Board, and (other) preparation of the annual shareholders meeting), Risk Management, Legal, Claims, Integrity, Compliance, people, IT, developments in the organization, Client Development, important project wins and M&A (opportunities). During the year we monitor progress against the priorities mentioned earlier in this Report.

We added the additional meeting time in the year in view of the strategic review of CallisonRTKL, and in view of the update of the Arcadis Strategy. We believe that with reviewing the strategic options for CallisonRTKL a good next step is taken to create focus. We also believe that the strategy for the next three-year cycle is well considered and appropriate. Finally, the functioning and composition of the Executive Board and the new CEO was closely monitored.

Supervisory Board members were rarely absent from either Supervisory Board meetings or Supervisory Board Committee meetings. The attendance percentage for the full Supervisory Board meetings, including the extra meetings was 98.2% (2016: 94.9%) and for Supervisory Board-only 95.2% (2016: 93.3%), for the Audit and Risk Committee meetings 100% (2016: 100%), for the Remuneration Committee 100% (2016: 100%) and for the Selection Committee 100% (2016: 100%). Ms. Markland did not attend two of the extra meetings, and Mr. Grice did not attend one Supervisory Board-only meeting. In case members could not attend in person they contributed to the decision making before the relevant meeting. Throughout the year, the Chairman maintained frequent contact with the CEO, CFO 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 also has ten Arcadis employees from across the organization in its Board (as a group these ten employees are joined up in another foundation's board called the Bellevue Foundation). As the board of this foundation we meet at least twice a year to discuss Arcadis affairs. Reference is made to note 23 of the Consolidated financial statements for further 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 meeting we perform our self-assessment, including assessment of our committees and the individual Supervisory Board members. In 2017, we performed the assessment for the Supervisory Board with a structured questionnaire, as well as an elaborate list of governance related questions. In our Supervisory Board-only meeting(s) we also do the assessment of the Executive Board and the individual Executive Board members.

Following the assessments 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 attention 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 five members. In April 2017, Ms. Markland and Mr. Hoek were re-appointed to the Supervisory Board, Mr. Ang was appointed to the Supervisory Board and Ms. Hopkins and Mr. Oosterveer were appointed to the Executive Board.

For information about diversity targets in our Board we refer to the chapter on Corporate Governance in this Annual Integrated Report. For the current composition of the Executive Board and information about its members, please refer to page 116 and 177 of this Annual Integrated Report. For the current composition of the Supervisory Board, its Committees, and information about its members, please refer to pages 118 and 119 of this Annual Integrated Report.

CORPORATE GOVERNANCE

In the chapter on Corporate Governance in this Annual Integrated Report, the governance structure of the Company is described, and we explain the one deviation from the principles and best practice provisions of the Corporate Governance Code of December 2016. The Supervisory Board meets the requirements of the New Code regarding the independence of its Chairman, of the other Supervisory Board members, and of the Supervisory Board as a whole. The Supervisory Board also complies with the best practice provision that its members do not hold more than five supervisory board positions at certain 'large' (listed) companies or entities. The Executive Board members do not hold more than two supervisory board positions with such companies. During 2017, no material transactions involving conflict of interest occurred for Executive or Supervisory Board members.

SUPERVISORY BOARD COMMITTEE REPORTS

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, as well as the internal and external auditors. As is customary, ahead of the February meeting the Committee met with the external auditor and the internal auditor, outside the presence of the Executive Board. The February meeting was attended by the full Supervisory Board. In addition, the Chairman of the Committee had regular contact with the CFO to discuss focus items like financial performance, business risks and other matters. Similarly, the Chairman of the Committee regularly met with the external auditor and the Head of Internal Audit to address any issues and discuss audit findings. In a session moderated by the Company's Head of Internal Audit on 24 October 2017, the performance, independence and financial literacy of the Committee and its members were evaluated, with a positive conclusion.

It is customary that the AARC shares its main deliberations and findings in the Supervisory Board meeting following the AARC meeting. Financial performance of the Company was front and center of the Committee's activities throughout the year. Increasing external focus, the growth of pipeline and backlog, as well as the ongoing dedication to cash collection (in particular in the Middle East) and reduction of working capital were discussed in each meeting. During the year we also assessed the exposure to the energy assets in Brazil and reviewed and discussed the plan to optimize the value of these assets. The meeting reviewed the implementation of cost improvement and portfolio adjustment measures. The Committee invited the CFO of Arcadis Latin America to discuss affairs in his region, including restructuring efforts, working capital, margin pressure, and the transformation of the finance organization to a strategic business partner in the Region. The CFO of Arcadis North America, joined a Committee meeting to present on the results in his region.

For North America, 2017 was a year of improving results after five years of deterioration. In October, the meeting invited the CFO of Arcadis Australia Pacific to share, *inter alia*, lessons learned from the implementation of the Arcadis Way and his region's key focus areas, which include project performance and resource optimization.
In the context of the annual results 2016, the meeting discussed and reconfirmed 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. The AARC identified certain improvement areas for both PwC and Arcadis. During the July Committee meeting, PwC's half-year review report was discussed. PwC's audit findings, both at mid-year and at year-end, were aligned to the focus items identified by the Committee and by the Internal Audit department.

They included project revenue recognition, goodwill impairment testing and related assumptions, the valuation of (un-)billed 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 assessed with PwC the progress made regarding its key audit findings.

Like every year, the Committee frequently reviewed and discussed the Company's quarterly reports on key legal claims and pending litigation, as well as claims statistics and assumptions used for impairment testing. In each meeting, in the presence of the Head of Internal Audit the past quarter's main internal audit findings and follow-up actions were discussed, progress made against the annual internal audit plan was discussed, and the functioning and effectiveness of the internal audit group was assessed. Also, in each meeting, in the presence of the Chief Risk Officer, the meeting dedicated time to discuss various Risk Management topics, including the embedding of Risk Management in the Company's operations. The meetings reviewed high-risk projects and discussed the functioning of the Regional and Global Tender Boards.

This year, there was special attention for (re-)defining the Company's risk appetite considering the extensive revision of the Arcadis risk universe and control framework. A revised risk and control framework will come into effect in 2018 (see also page 139). Also, in light of the new Corporate Governance Code, there were extensive discussions on the core governance topics of risk management, business control, internal audit and culture. The implementation of the new Corporate Governance Code, and the broader effort within Arcadis to review its corporate governance structure (this effort is described in the Corporate Governance Report on pages 122 to 128), led to the amendment of several governance documents and processes. For example, the assessment process of the internal audit function by the AARC and the Executive Board has been further formalized and will be implemented going forward.

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) integrity 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).

Also on the agenda were a presentation by PwC on cybersecurity and the importance of a functioning incident and response manual in addition to continued investment in prevention and protection. The Corporate Treasurer provided insight into Arcadis' committed and contingent liabilities, and the risks associated with them. The meeting was also kept informed on progress made to implement the new IFRS 9, 15 and 16 standards within Arcadis, which will become effective in 2018 (IFRS 9 and 15) and 2019 (IFRS 16), respectively.

REMUNERATION COMMITTEE REPORT

R. Markland (Chair), N. Hoek, G. Nethercutt (until 26 April 2017), D. Goodwin, W.G. Ang (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 meetings. In the first quarter, 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 new 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 in the first quarter the performance evaluation of the Executive Board members for discussion in the Supervisory Board.

Consequently, other meeting topics included the granting of bonuses and performance-based shares to the Executive Board, senior management and other key staff, and the 2017 bonus program for the Executive Board and senior management. The RemCo also determined Arcadis' ranking among the peer group as the basis for the vesting of shares and options in April 2017. In the second quarter, the RemCo decided to make two replacements in the TSR peer group, which were necessary due to market consolidation. Going forward, the RemCo decided not to continue the practice of replacements of companies for the current LTI schemes but to measure the performance of a missing Company synthetically using the methodology of Hay Group Korn Ferry, if the TSR peer group continues to consist of a minimum of ten 'real' companies. Also, the RemCo agreed to a revision of the RemCo Charter to ensure good governance and compliance with the revised Corporate Governance Code. In the third quarter, the RemCo discussed and agreed on an additional benefit for Executive Board Member S. Ritter, based on an amendment of the Taxation Agreement between the Netherlands and Germany which resulted in a significant tax disadvantage for Mr. S. Ritter due to his activities in The Netherlands, whilst being a resident of Germany. In the last quarter, the committee developed the Remuneration Report over 2017 and decided on the Short-Term Incentive Plan measures for 2018.

SELECTION COMMITTEE REPORT

N. Hoek (Chairman), G. Nethercutt (until 26 April 2017), R. Markland, D. Goodwin, W.G. Ang (since 26 April 2017)

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. Oosterveer 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.G. Ang as a new member of the Supervisory Board was discussed and agreed. With the nomination of Mr. W.G. Ang the committee aimed to have 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, based on the believe 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 new Corporate Governance Code. The committee also agreed on the profile for the replacement of Ian Grice as 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 and took place in the fourth quarter of 2017.

2017 FINANCIAL STATEMENTS, AND DIVIDEND

The Executive Board has prepared this Annual Integrated Report, including the 2017 Financial Statements. PricewaterhouseCoopers, the external auditor, has issued its auditor report and certification which can be found starting on page 234 of this Annual Integrated Report.

The members of the Executive Board have issued the statements required under section 5:25c.2.c of the Financial Markets Supervision Act (Wet op het financieel toezicht). All members of the Supervisory Board and Executive Board signed the 2017 Financial Statements in accordance with section 2:101.2 of the Dutch Civil Code (Burgerlijk Wetboek).

We recommend that the General Meeting (i) adopts the 2017 Financial Statements, (ii) approve the proposal to distribute a dividend of €0.47 per ordinary share, to be provided in cash or in shares at the option of the shareholder(s), and (iii) discharge the members of the Executive Board for their management of the Company and its affairs during 2017, and the members of the Supervisory Board for their supervision over said management.

CONCLUDING REMARKS

We believe that in 2017 the Company started heading into the right direction. We saw that in performance and we saw it in the focus on people, projects and clients that is being created. We are very appreciative of and fully support the strategy for 2018 - 2020 as presented on 21 November 2017. The focus on People & Culture, Innovation & Growth and Focus & Performance will further contribute to realizing the potential of this great Company. We take the opportunity to thank the Executive Board, Senior Management Committee, managers and all of the Arcadis staff worldwide for their valuable contribution in 2017, and we look forward to a good 2018.

Amsterdam, the Netherlands, 14 February 2018

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

RELEVANT DOCUMENTS ON OUR CORPORATE WEBSITE

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

www.arcadis.com/en/global/who-we-are/governance/supervisory-board/