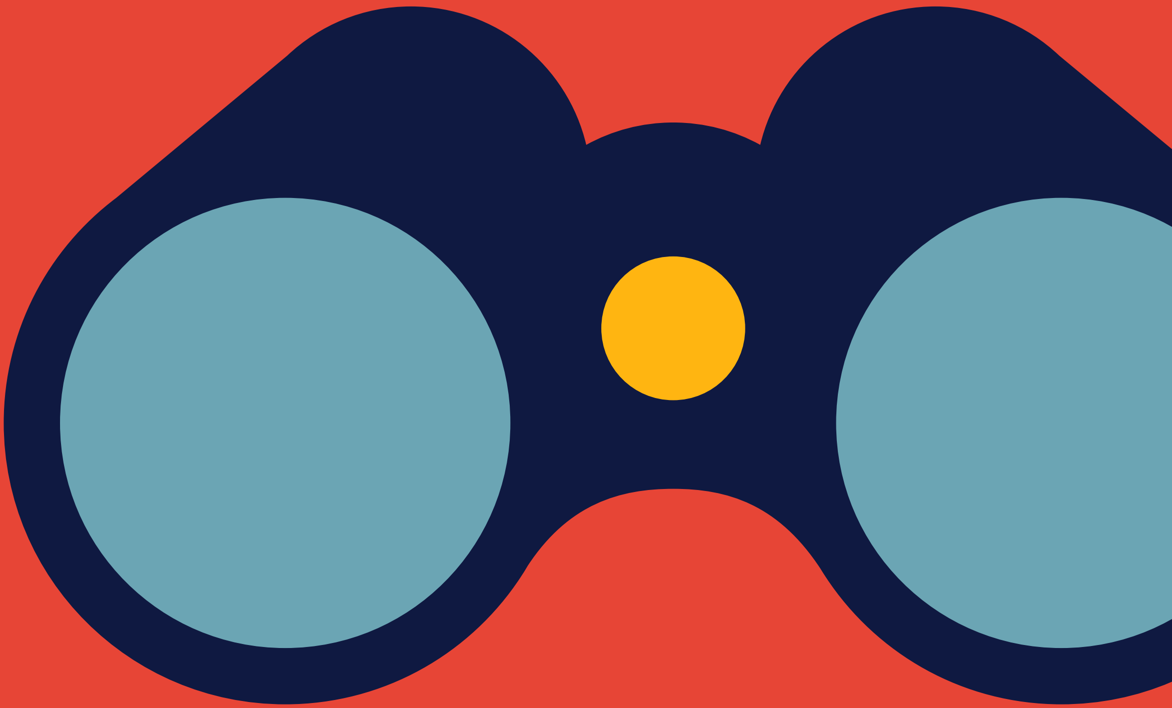
annual report 2017

# human forward.

randstad

# contents.

# randstad



# at a glance.

# key figures 2017.

**revenue in millions**
€ 23,273
› 72

**underlying EBITA margin**
4.6%
› 72

**adjusted net income in millions**
€ 756
› 72

**free cash flow in millions**
€ 586
› 72

**leverage ratio**
0.9
› 72

**number of candidates working (on a daily basis)**
668,800
› 70

**number of permanent placements**
212,200
› 70

**proposed dividend per ordinary share**
€ 2.76
› 46

**randstad outperformance**
68%
› 41

**women in senior leadership positions**
47%
› 41

**number of VSO volunteer hours**
15,200
› 51

**number of employees trained in business principles**
13,000
› 59

# key financials.

| in millions of €, unless otherwise indicated | 2017 | 2016 | Δ |
|---|---|---|---|
| **Underlying**[1] | | | |
| Revenue | 23,272.8 | 20,684.1 | 13% |
| Gross profit | 4,707.9 | 3,934.2 | 20% |
| EBITA[2] | 1,065.3 | 946.7 | 13% |
| **Actual** | | | |
| Revenue | 23,272.8 | 20,684.1 | 13% |
| Gross profit | 4,705.5 | 3,934.2 | 20% |
| EBITA[2] | 993.7 | 892.0 | 11% |
| Net income | 631.4 | 588.2 | 7% |
| | | | |
| Free cash flow[3] | 585.6 | 464.6 | 26% |
| Net debt[4] | 1,025.7 | 793.4 | 29% |
| Leverage ratio (net debt/12-month EBITDA) | 0.9 | 0.8 | |
| Shareholders' equity | 4,251.0 | 4,140.1 | 3% |
| **Ratios (in % of revenue)** | | | |
| **Underlying**[1] | | | |
| Gross margin | 20.2 | 19.0 | |
| EBITA margin | 4.6 | 4.6 | |
| **Actual** | | | |
| Gross margin | 20.2 | 19.0 | |
| EBITA margin | 4.3 | 4.3 | |
| Net income margin | 2.7 | 2.8 | |
| **Share data** | | | |
| Basic earnings per ordinary share (in €) | 3.38 | 3.15 | 7% |
| Basic earnings per ordinary share, underlying (in €)[5] | 4.13 | 3.77 | 10% |
| Diluted earnings per ordinary share, underlying (in €)[5] | 4.11 | 3.75 | 10% |
| Dividend per ordinary share (in €) | 2.76 | 1.89 | 46% |
| Payout per ordinary share (in %)[6] | 67 | 50 | 34% |
| Closing price, year-end (in €) | 51.24 | 51.53 | (1%) |
| Market capitalization, year-end | 9,390.4 | 9,431.2 | 0% |
| Enterprise value, year-end[7] | 10,416.1 | 10,224.6 | 2% |
| **Employees/outlets** | | | |
| Average number of candidates working | 668,800 | 626,300 | 7% |
| Average number of corporate employees | 37,930 | 32,280 | 18% |
| Number of branches, year-end[8] | 2,900 | 2,974 | (2%) |
| Number of Inhouse locations, year-end[8] | 1,958 | 1,778 | 10% |

1 Underlying: actual gross profit and EBITA adjusted for one-offs, such as restructuring costs, integration costs, and acquisition-related expenses.
2 EBITA: operating profit before amortization and impairment of acquisition-related intangible assets and goodwilll.
3 Free cash flow: sum of net cash from operating and investing activities, excluding the acquisition and disposal of subsidiaries and associates, and dividends from associates.
4 Net debt: cash and cash equivalents minus borrowings.
5 Before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, acquisition-related costs, and one-offs.
6 Payout per ordinary share in %: dividend per ordinary share on basic earnings per ordinary share adjusted for the net effect of amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, acquisition-related costs, and one-offs.
7 Enterprise value: the total of market capitalization and net debt.
8 Branches are outlets from which various clients are served with various numbers of services and which are located in residential/commercial areas. Inhouse locations are outlets from which one client is served with a limited number of job profiles and which are located on the site of the client.

# message from the CEO.

Dear Stakeholder,

We can look back on another exciting year for Randstad. Our revenue rose organically by 8% in 2017, the highest level of growth since 2011, and we are proud to have shown outperformance in most relevant markets. Europe remained a key contributor to our strong performance with double-digit sales growth in 2017. Our EBITA margin was stable year-on-year at 4.6% (rising to 4.8% when adjusted for digital investments), reflecting a solid incremental conversion ratio of 40%. Our free cash flow increased by 26% year-on-year to € 586 million, resulting in a comfortable leverage ratio of 0.9 at year-end 2017.

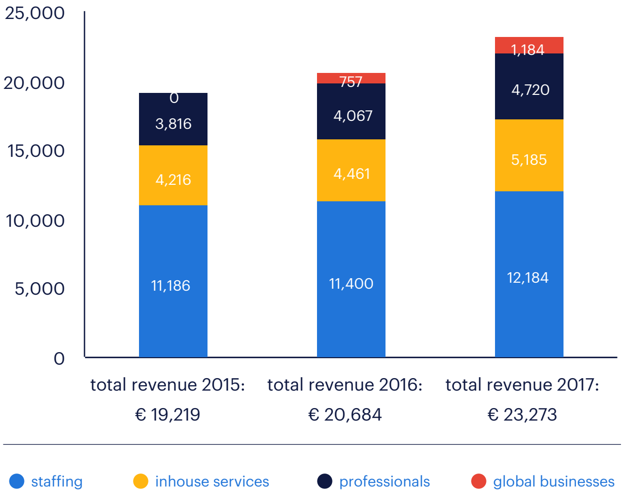
Given our primarily organically focused Tech & Touch strategy, our strong balance sheet, and our favorable free cash flow outlook in various economic scenarios, we will adjust our capital allocation strategy. We will implement a conditional cash floor dividend of € 1.62, while introducing optional additional cash returns in the event of a leverage ratio below 1.0. For 2017, we propose an all-time-high cash dividend of € 2.76 per ordinary share, consisting of a regular dividend of € 2.07 (2016: € 1.89), representing a payout of 50% and a special dividend of € 0.69.

Most acquisitions made in 2016 are on track or even ahead of schedule. Obiettivo Lavoro in Italy, for example, performed particularly well, growing by more than 20% in the first year of integration. Randstad and Obiettivo Lavoro clearly complement each other in terms of clients and regions, and we have quickly been able to create a golden combination. We also expect Monster to add significant value to our business in the coming years, particularly given the unprecedented volume of data we have access to.

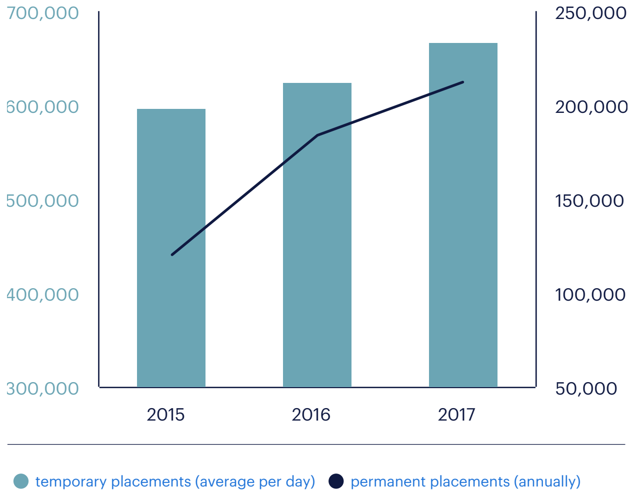
In fact, data management will become increasingly important for Randstad going forward. Strong data, combined with our human touch, will give us a clear competitive advantage – not only over smaller players for whom we raise the barriers to entry, but also over larger, more traditional HR services providers. Our scale, combined with the opportunities offered to us by our Tech & Touch strategy, places us in a position that is both unique and unprecedented.

Although we are increasingly becoming a data-driven business, digital will not be the be-all and end-all of what we do. We are integrating technology into our everyday activities in such a way that we create experiences for our clients and candidates that are smart, personal and effective. Ultimately, it is about the right kind of interplay between technology and people. The transformation we are going through as a company culminated in the launch of our new brand promise in the last quarter of 2017: Human Forward. It is also the theme of this year's annual report, and we explain the rationale behind it on the dedicated theme pages.

revenue in millions of €




candidates placed in jobs




As an influential HR services provider, we see it as our responsibility to act as a thought leader and play an active role in developing the industry. We know our markets inside out, and we see what works well and what does not. That is why we always aim to contribute to better functioning labor markets. On the one hand, this means making it possible for people all over the world to have a meaningful job. On the other hand, it means simultaneously matching shortages and surpluses, not only at local level, but also internationally. This includes providing relevant training opportunities for candidates where appropriate, enabling them to continuously develop their skills and their employability in an ever-changing world of work.

Now that our digital foundation is in place, we will focus on its rollout and execution, creating organic value in a number of different ways. We have identified large addressable markets that Randstad can serve, and by raising the barriers to entry for other players, we aim to gain further market share. In addition, we will increasingly focus on supporting candidates not just in the short term, but throughout their careers. Our digital foundation will make it easier for us to stay in touch with candidates we have placed, and help them again in the next steps they will take.

One of the most important goals we aim to achieve in the coming years is to create the best possible working environment for our consultants. Supported by advanced technological solutions, they will be able to focus on those aspects of their job that they enjoy most and which they are best at: making great connections between clients and candidates. This is where we want to grow and show our leadership. We have put this ambition into words in our ultimate goal: by 2030, we will touch the work lives of 500 million people worldwide. It is a challenge we are taking on with confidence.

Finally, on behalf of the Executive Board, I would like to take this opportunity to thank all our stakeholders for their continued support and trust in our company. And, of course, heartfelt thanks go to all colleagues worldwide for together delivering a very good year!

Best regards,
Jacques van den Broek

# value creation model.

The Randstad value creation model builds on a strong foundation. It follows the sequence from input of our key assets to the way Randstad adds value, resulting in the value we create and deliver, while simultaneously promoting the interests of all stakeholders. All elements of our business and the value created for our stakeholders are explained in detail in this annual report.

## input
## our key assets

### human
Randstad attracts bright, agile, adaptable and human-focused people, with a transformational and change orientation. In addition, we constantly develop our employees' skills and compentencies so they can deal with and respond to rapidly changing circumstances.

### intellectual
Our knowledge and experience, thought leadership and superior brands help us to attract and retain the best people and ensure that our clients and candidates can count on the highest quality service.

### technological
We acquire external knowledge and expertise through acquisitions, partnerships and minority stakes in startups and scale-ups. At the same time, we are innovating from within, scaling up innovations quickly around the world.

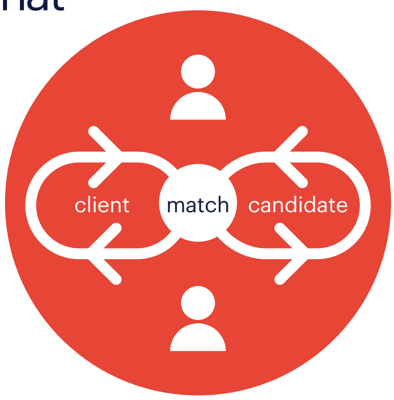
### external relationships
Randstad actively participates in industry and employer bodies and regularly interacts with other influential organizations. As a thought leader in our industry, we help shape the world of work, while contributing to a clear, fair and workable regulatory environment in our global markets.

### financial
We aim to have a balanced mix of debt and equity investments (including institutional investors) and a sound financial position, with a leverage ratio of <2.

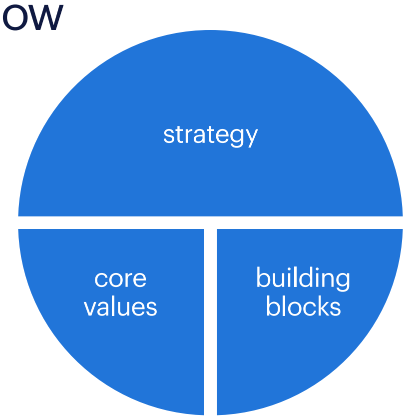
## trends and growth drivers
• globalization • technology • demographics
• variety of work forms • governance of work

## why


## what




## how




## output
## value created and shared

### clients
We help our clients to find the best talent with the most relevant skills for their business. Our technological expertise, combined with our human touch, enables us to focus on our clients' business needs by providing tailor-made solutions and the best personal advice.

### candidates
We help candidates in finding jobs and developing their skills so they can have a meaningful career. Our data-driven insights enable us to quickly identify smart career opportunities and make the perfect match. Candidates are personally guided to short- and long-term career success.

### employees
We are an attractive employer for our employees by offering continuous development and career opportunities. Data-driven insights help our employees to focus on what really matters in their job: serving clients and candidates even better.

### investors
Our strategy and ambitions ensure long-term economic value creation for our investors. We aim to optimize shareholder returns over time.

### society
Having a meaningful job impacts people's lives. Through proactive and constructive dialogue with governmental authorities and other relevant bodies and institutions, we help shape the world of work, maximizing future employment and economic growth.

# about us.

## who

Randstad is a global leader in the HR services industry and specialized in solutions in the field of flexible work and HR services. Randstad was founded in 1960 and is headquartered in Diemen, the Netherlands.

randstad in numbers

| | |
|---|---|
| 39 countries | 4,858 outlets |
| 37,930 corporate employees | € 23.3 billion revenue |

## why


**our purpose**
We support people and organizations in realizing their true potential.

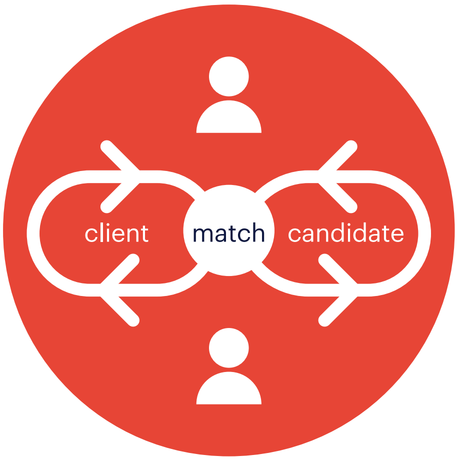
**our mission**
Shaping the world of work.

**our ambition**
By 2030, we will touch the work lives of 500 million people worldwide.

**our positioning**
A trusted human partner in the technology-driven world of talent.

# what

We help candidates with jobs and with developing their skills in order to have a meaningful career. We help our clients to find the best talent with the most relevant skills for their business by offering the following services:




## staffing

In Staffing, our largest business, we focus on recruiting blue-collar and white-collar candidates. Staffing covers temporary staffing, permanent placements, payrolling, training, and specialties focusing on specific market segments.

## inhouse services

Inhouse Services is a unique solution for managing a workforce with specific skill sets for which there is a fluctuating level of demand. It is aimed at improving clients' labor flexibility, retention, productivity and efficiency. We work on-site, exclusively for our clients, providing a large number of candidates.

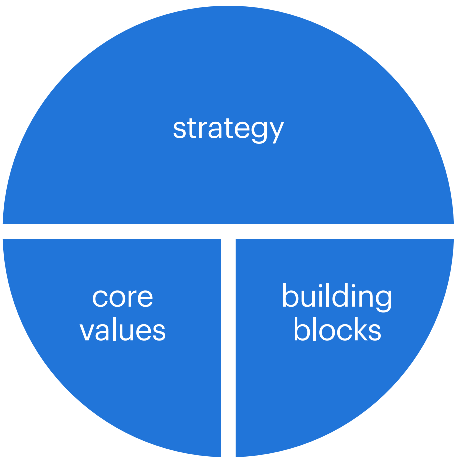
## professionals

For middle and senior leadership positions, we recruit supervisors, managers, professionals, interim specialists and consultants with an academic or equivalent qualification from a wide range of industry backgrounds. Professionals covers both temporary and permanent placements.

## global businesses

Under Global businesses, we provide clients with a range of services, such as job positioning and résumé services on our digital platforms, managed services programs (MSP), recruitment process outsourcing (RPO) and outplacement.

# how




Through our strategy, we create long-term value for all our stakeholders, bearing our ultimate goal in mind. Our strategy is based on four building blocks: strong concepts, best people, excellent execution, and superior brands. Aligned with the drivers of our ultimate goal, these building blocks only work in unison. Strong concepts are of little value without the right people to make them work. Excellent execution is impossible without the right concepts and the best people. The synergy of these three building blocks guarantees our fourth: superior brands.

Our core values, established in the company's early days, guide our behavior and represent the foundation of our culture. They help us develop, grow and better serve our clients, candidates and other stakeholders.

## core values

### to know
We are experts. We know our clients, their companies, our candidates and our business. In our business it is often the details that count the most.

### to serve
We succeed through a spirit of excellent service, exceeding the core requirements of our industry.

### to trust
We are respectful. We value our relationships and treat people well.

### striving for perfection
We always seek to improve and innovate. We are here to delight our clients and candidates in everything we do. This gives us our edge.

### simultaneous promotion of all interests
We see the bigger picture, and take our social responsibility seriously. Our business must always benefit society as a whole.

# our key brands.

randstad

randstad sourceright

tempo team

MONSTER

AUSY

YACHT
a Randstad company

expectra
groupe randstad

RiseSmart
a Randstad company

appel medical
groupe randstad

Dfind
a Randstad company

GULP
experts united

twago

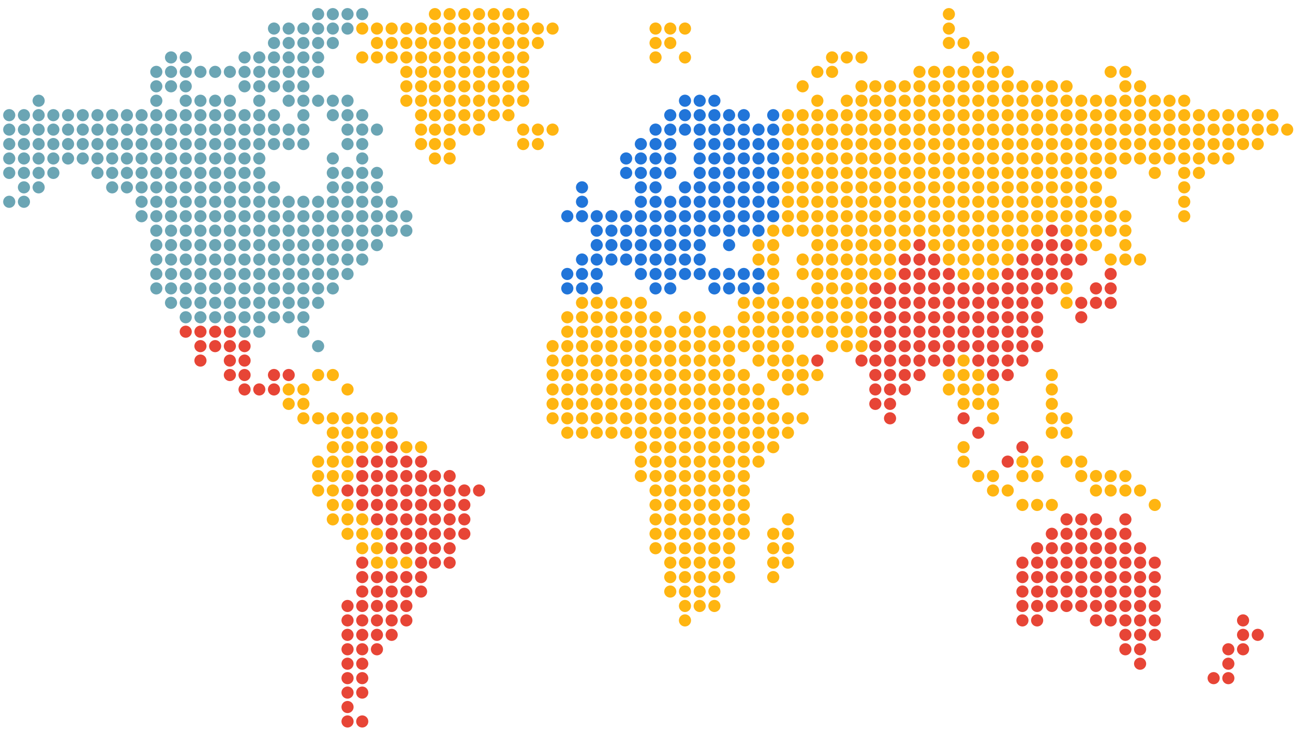
spherion
STAFFING SERVICES

DM Digby Morgan
a Randstad company

QUALITAIR
a Randstad company

PARETO LAW 80/20
a Randstad company

# our global presence.



## north america
- revenue € 4,230.5 million
- 5,720 corporate staff
- 100,900 candidates (avg. weekly)
- 1,111 outlets, including 440 inhouse locations

## europe

### netherlands
- revenue € 3,333.9 million
- 4,230 corporate staff
- 81,800 candidates (avg. weekly)
- 650 outlets, including 383 inhouse locations

### france
- revenue € 3,627.0 million
- 4,140 corporate staff
- 86,600 candidates (avg. weekly)
- 669 outlets, including 234 inhouse locations

### germany
- revenue € 2,335.1 million
- 2,740 corporate staff
- 49,500 candidates (avg. weekly)
- 582 outlets, including 307 inhouse locations

### belgium & luxembourg
- revenue € 1,568.6 million
- 2,070 corporate staff
- 45,600 candidates (avg. weekly)
- 317 outlets, including 169 inhouse locations

### iberia
- revenue € 1,427.4 million
- 2,030 corporate staff
- 68,400 candidates (avg. weekly)
- 354 outlets, including 124 inhouse locations

### italy
- revenue € 1,504.1 million
- 2,090 corporate staff
- 47,400 candidates (avg. weekly)
- 275 outlets, including 28 inhouse locations

### other european countries
- revenue € 2,151.2 million
- 3,810 corporate staff
- 66,600 candidates (avg. weekly)
- 463 outlets, including 186 inhouse locations

## rest of the world
- revenue € 1,911.3 million
- 5,000 corporate staff
- 111,300 candidates (avg. weekly)
- 302 outlets, including 86 inhouse locations

## global businesses
- revenue € 1,183.7 million
- 5,880 corporate staff
- 10,700 candidates (avg. weekly)
- 135 outlets

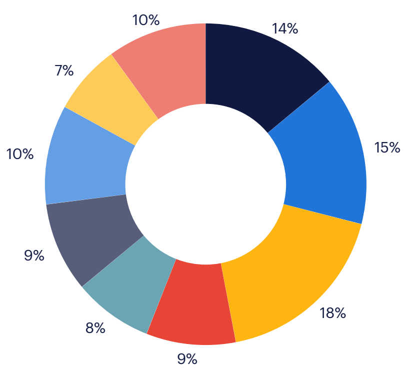
We have the following alliances to expand our reach: Ancor (Russia and Commonwealth of Independent States), Dayalima (Indonesia) and Staffpoint (Finland).

# geographic spread.

As a result of acquisitions and changes in the governance and managerial reporting structure of the Group, the external (primary) segmentation has changed as of 2017. We created an additional segment called Global Businesses, consisting of Monster, Randstad Sourceright, RiseSmart, and twago. Italy is now reported as a separate segment due to its increasing size, while the UK has been included in the segment 'Other European countries' due to its limited size. External (secondary) segmentation on revenue categories now also shows Global Businesses besides Staffing, Inhouse Services, and Professionals. All comparative figures for prior periods have been adjusted accordingly for presentation purposes.

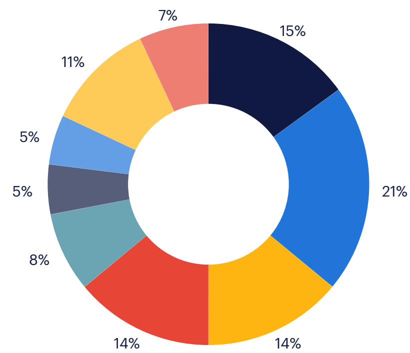
## geographic spread of staffing revenue

staffing revenue € 12,184 million



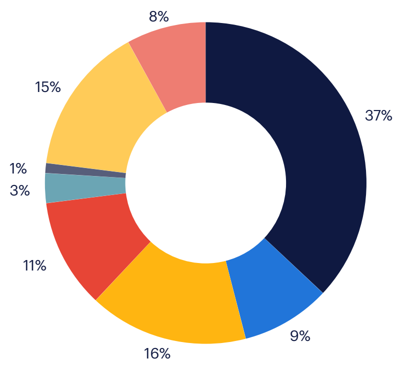

## geographic spread of inhouse services revenue

inhouse services revenue € 5,185 million



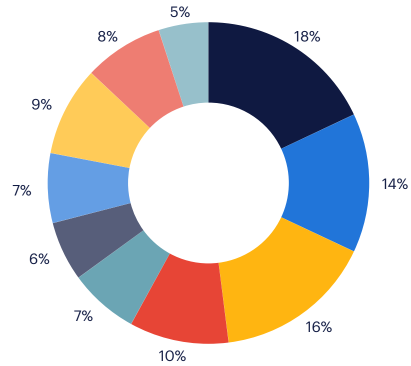

## geographic spread of professionals revenue

professionals revenue € 4,720 million




## split by geography

2017: total revenue € 23,273 million




- north america
- netherlands
- france
- germany
- belgium & luxembourg
- iberia
- italy
- other european countries
- rest of the world
- global businesses

# human forward.

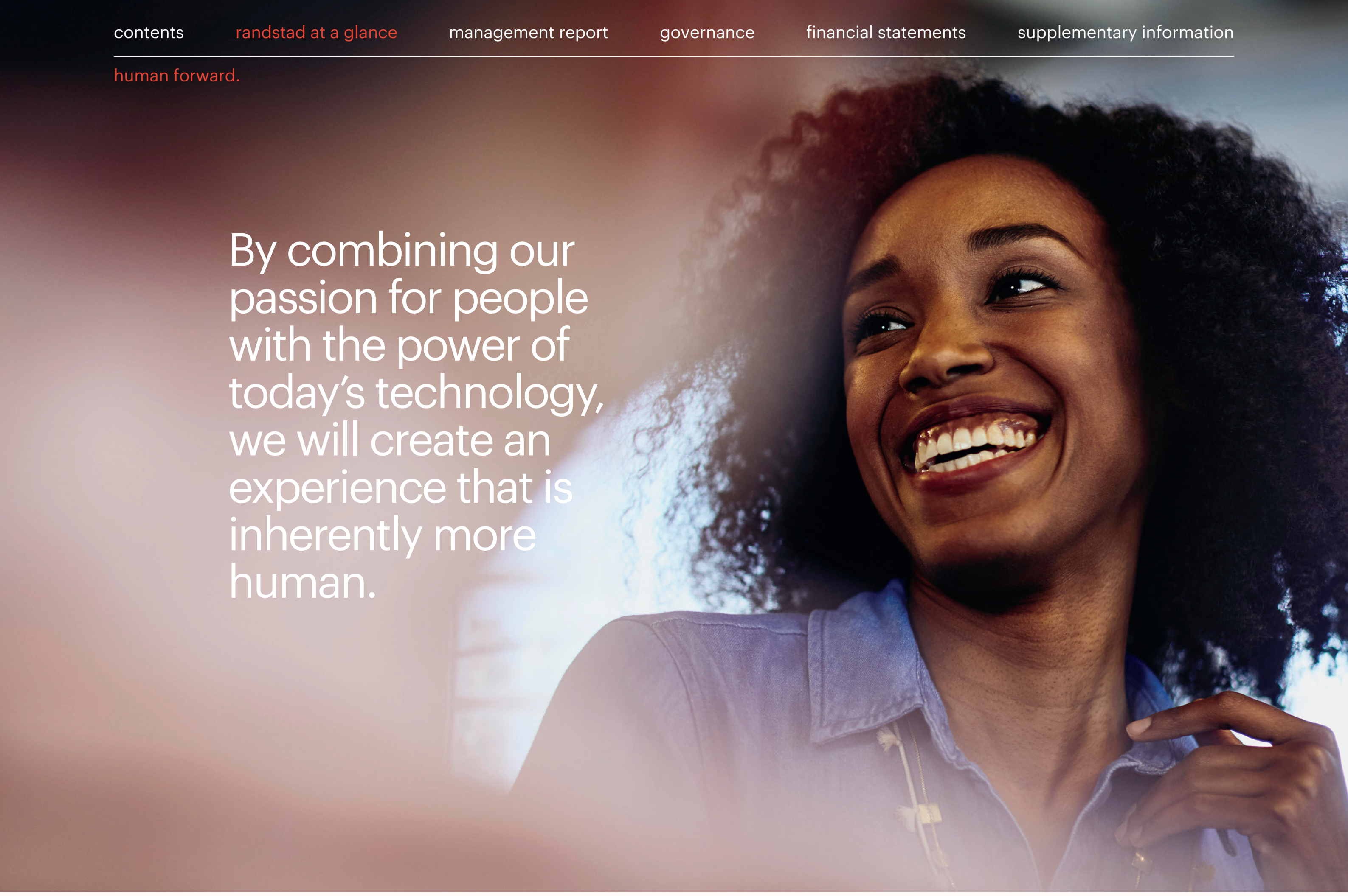
With our Tech & Touch strategy we have embarked on a journey into the future, transforming ourselves in a way that will strengthen our leading role in the HR services industry for years to come. It means changing the way we think and work, and it creates the need for a new, strong Randstad brand positioning.

## the world is changing

We live in a post-digital age, an era of constant technological change, transforming rapidly the way we live, work and relate to each other. Technology has become an everyday component in our lives; it is the invisible engine that powers the world around us. In a 24/7 economy, clients have different needs. The way they work is changing and this also influences the skills and talent they need.

New, digital HR solutions and tools are disrupting our market by drastically changing the way people connect to jobs and the role we play in this space. Clients and candidates expect to be served anywhere, anytime, and through any device, in a way we never imagined possible before, influencing the way we work.

Therefore, Randstad is investing heavily in new technologies, making a giant leap forward into the world of tech. We are acquiring external knowledge and expertise through acquisitions and the Randstad Innovation Fund, and innovating through our Digital Factory. It will enable us to shape our new role and ensure our leading position in an industry becoming predominantly digital and data driven.



By combining our passion for people with the power of today's technology, we will create an experience that is inherently more human.

Where others brace for disruption, we see underlying continuity. Our ongoing journey is not just about digital transformation. While innovative technology will be necessary for connecting clients and candidates in the future, improving our tools is not the end of the story. Offering a seamless digital experience is only the price of entry – what matters most and will have a greater impact than ever before is our unique added value: the human touch we bring to the table. In a fast changing digital world clients and candidates want a trusted human partner. It is here, at the intersection between technology and humanity, where we can distinguish ourselves from our competitors by delivering a true human experience.

## where we come from

We know from our heritage that real connections are not made from data and algorithms – they require human involvement. Empathy. Intuition. Instinct. These human qualities have defined Randstad from the very beginning. They express the strong values on which Randstad was founded and which remain relevant today: to know, to serve and to trust, striving for perfection and the simultaneous promotion of all interests. In knowing more, we can better serve our clients and candidates, delighting them by creating relationships based on trust. This trust is enhanced by continuously striving for perfection, while simultaneously promoting the interests of all our stakeholders and society as a whole.

Living by these core values has provided us with a deep knowledge of clients and candidates spanning more than 55 years. With this in-depth understanding of the world of work, we support candidates in realizing their true potential and enable employers to sustain their success. Our values ensure that people are always at the heart of our process.

## making a meaningful difference

In a world focused on disruptive technologies, our humanity ensures continuity. We know from our heart and history that it is the human side of our business that makes the difference. We know how important a job is in a candidate's life. And we always have been passionate about supporting people and organizations in realizing their true potential. That is Randstad's role in society.

# our humanity ensures continuity.

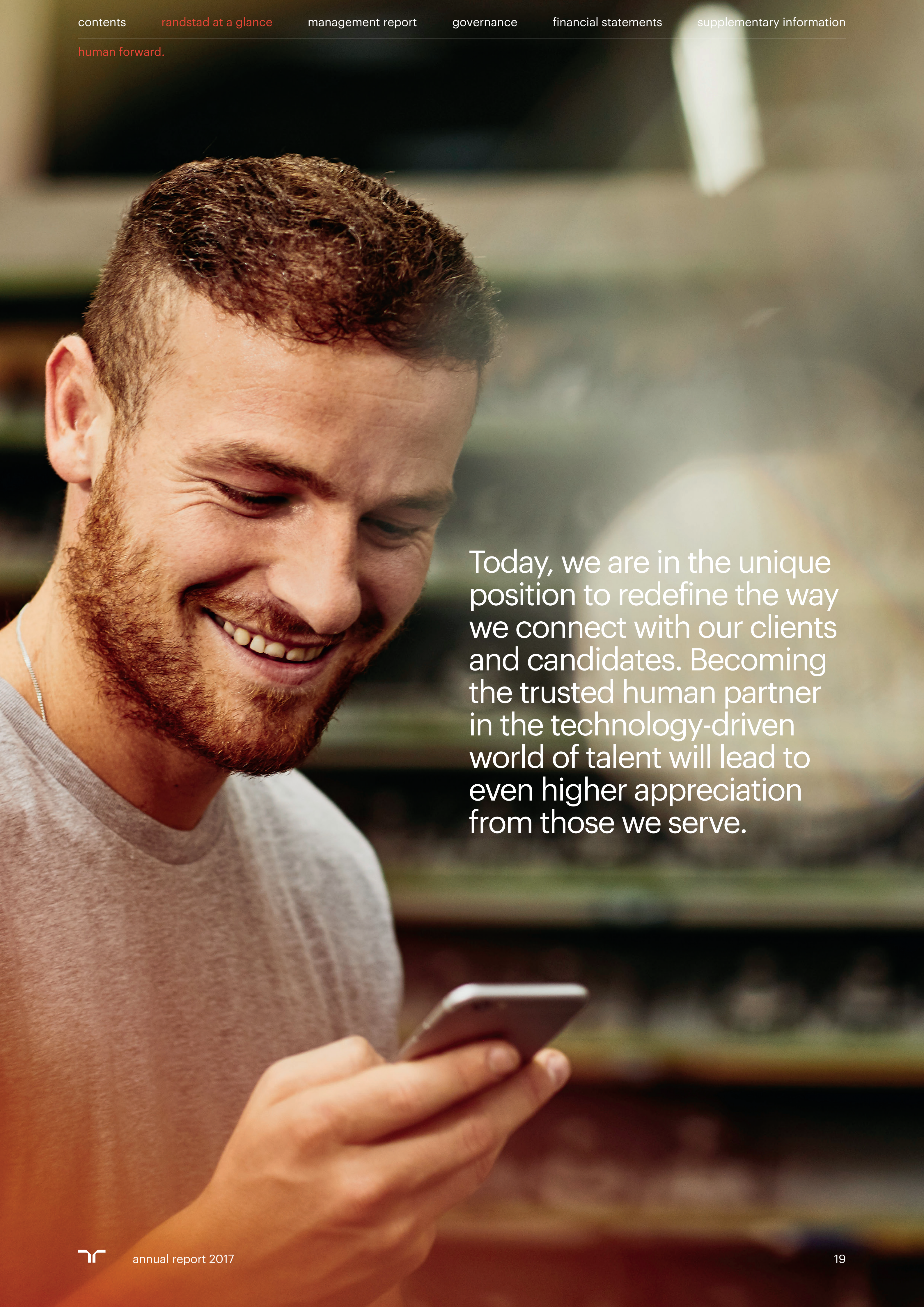
Each of us is committed to going above and beyond to make our candidates and clients successful. To achieve this goal, we use technology to our advantage. We apply digital innovations to improve our services. To make processes smart, simple, and efficient. To get better insights, based on data.

At the same time, we recognize these efficiencies for what they are: a means to an end. A means to free up our people to focus on our most important asset – the personal connection. Creating an HR experience that is more human. One that allows us to ask the right questions. To dive deeper than a résumé or a job opening. To understand the heart and soul of a company. To propel our clients and candidates forward.

This is the essence of our Tech & Touch strategy. Tech enabling our Touch, by empowering our people to change the way we think and work, supported by technology.

Today, we are in the unique position to redefine the way we connect with our clients and candidates. Becoming the trusted human partner in the technology-driven world of work will lead to even higher appreciation from those we serve. It will provide our clients and candidates with the human insight and attention they desire. And, ultimately, it will enable us to maximize future employment and contribute to economic growth for society as a whole. By combining our passion for people with the power of today's technology, we will create an experience that is inherently more human.

We call it human forward.



Today, we are in the unique position to redefine the way we connect with our clients and candidates. Becoming the trusted human partner in the technology-driven world of talent will lead to even higher appreciation from those we serve.

# our ultimate goal.

To underpin our commitment to maximizing future employment and contributing to economic growth for society as a whole, we have set our ultimate goal:

## by 2030, we will touch the work lives of 500 million people worldwide

Our ultimate goal gives words to what we feel and what unites us as a company. It is what we believe in and where we want to go. But it is not just about words. We have developed a roadmap to achieve this ambition. We call it our 500 Million People Plan. In this plan, we have identified four drivers for which we will set objectives and KPIs. By rigorously and conscientiously committing ourselves to these objectives, we will be taking the necessary, and measurable, steps towards our ultimate goal.

### driver 1: contributing to economic growth

Contributing to economic growth is the most obvious way to create more jobs, which will allow us to touch the work lives of more people.

### driver 2: connecting with people

We will connect with people beyond search, selection, and staffing. Through our online platforms and smart solutions, we aim to be present at all stages in a person's career.

### driver 3: fostering inclusive employment

We will support the inclusion of people who experience a distance to the labor market, whether it is because of gender, age, ethnicity, disability, or something else. We strongly promote equal opportunities and human and labor rights in order to maximize future employment for as many people as possible.

### driver 4: shaping the world of work

As a global player in the labor market, Randstad has in-depth knowledge of the world of work. Through our daily interaction with clients and candidates, and our continuous dialogue with governments and labor organizations, we take the lead in shaping the world of work. By contributing to better functioning labor markets in this way, we create for ourselves the opportunity to touch the work lives of more people.

If we aim to touch the work lives of 500 million people worldwide by 2030, we will need to grow, and we will need to grow sustainably. There will be no other way than to constantly innovate in order to increase our impact. And this is exactly what we are doing as part of our Tech & Touch strategy. Technology will improve our services and free up precious time, which we can then use for the most important value that we have to offer to our clients and candidates: our human touch.

We know from our heritage that it is our empathy, our intuition, and our passion for people that make us successful. We believe that it is the human side of our business that makes the difference. Our ultimate goal therefore forces us to develop an HR experience that is more human than that of our competitors, so we can truly touch people's work lives.

# sustainable development goals

In September 2015, the UN launched its 17 Sustainable Development Goals (SDG). Countries have adopted these goals to end poverty, protect the planet, and ensure prosperity for all by 2030. Randstad aims to contribute to a sustainable future, both socially and economically, through facilitating the development of fair and efficient labor markets across the world. We have therefore committed ourselves to the UN's Sustainable Development Goals, in particular with regard to promoting sustainable economic growth, decent work for all, and reducing inequalities.

As an HR services provider, Randstad specifically contributes to four goals and their relevant subtargets:

| goal | our contribution | subtargets |
|---|---|---|
| | SDG 4: We help to ensure inclusive and equitable quality education and promote lifelong learning for all. | SDG 4.4 - Increasing the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. |
| | SDG 5: We help to achieve gender equality and empower all women and girls. | SDG 5.1 – End all forms of discrimination against all women and girls everywhere.<br>SDG 5.5 – Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life. |
| | SDG 8: We promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. | SDG 8.2 – Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value-added and labor-intensive sectors.<br>SDG 8.3 – Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.<br>SDG 8.6 – Reducing the proportion of youth not in employment, education or training.<br>SDG 8.8 – Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. |
| | SDG 10: We want to reduce inequality within and among countries. | SDG 10.2 – Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.<br>SDG 10.3 – Ensure equal opportunities and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.<br>SDG 10.4 – Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality. |

In our reporting framework, we also highlight the SDGs and their relevant subtargets to which Randstad can contribute most.

# safe harbor statement

This management report contains forward-looking statements on Randstad Holding nv's future financial performance, results from operations, and goals and strategy. By definition, forward-looking statements generate risk and uncertainty because they refer to events in the future and depend on circumstances that cannot be foreseen in advance. Numerous factors can contribute to material deviation from results and developments indicated in forward-looking statements. Such factors can include general economic circumstances, scarcity on the labor market, demand for (flexible) personnel or our other HR services, entry into new markets, the provision of new services, changes in staffing and labor legislation, personnel costs, future exchange and interest rates, changes in tax rates and subsidies, future corporate mergers, acquisitions and divestments, and the development of technology. You should therefore not place undue reliance on these forward-looking statements. They are made at the time of publication of the annual financial statements of the company and in no way provide guarantees for future performance. All operating and business environments are subject to risk and uncertainty. For this reason, we can offer no assurances that the forward-looking statements published here will prove correct at a future date, and the company assumes no duty to update any such forward-looking statements.

# management

# report.

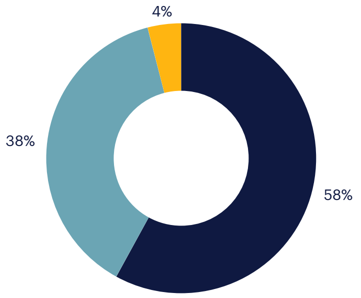
# the world around us.

## global HR market

According to estimates by Staffing Industry Analysts (SIA), in 2017, the HR services industry had a global market size of about € 406 billion, up by 5% compared to 2016. As one of the global leaders in HR services, we see it as our responsibility to play an active role in developing the industry in the long term.

### global HR services market 2017

in billions of €



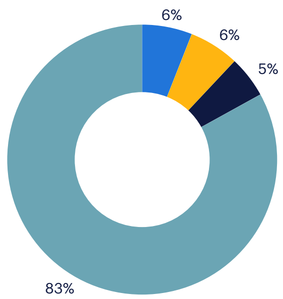

- staffing: € 234 billion
- professionals: € 154 billion
- executive search: € 18 billion

Source: Randstad estimates and 2017 SIA reports

The highly fragmented HR services industry is divided roughly into three main segments: staffing, professionals, and executive search. Randstad is primarily active in the first two. The global staffing market is worth an estimated € 234 billion, comprising Randstad's service concepts of Staffing, Inhouse Services, Recruitment Process Outsourcing (RPO), Managed Services Programs (MSP), Payrolling,

### global market share 2017

Total HR services market: € 406 billion




- Randstad
- Adecco
- Manpower
- Rest of the market

Source: Randstad estimates, 2017 Bloomberg consensus and 2017 SIA reports

Outsourcing, Outplacement, and Project-based solutions, and accounts for around 80% of our revenue. The global professionals market is worth around € 154 billion, and accounts for around 20% of our revenue. Randstad's Professionals segment includes permanent and temporary placement of qualified professionals and candidates from a wide range of industry backgrounds.

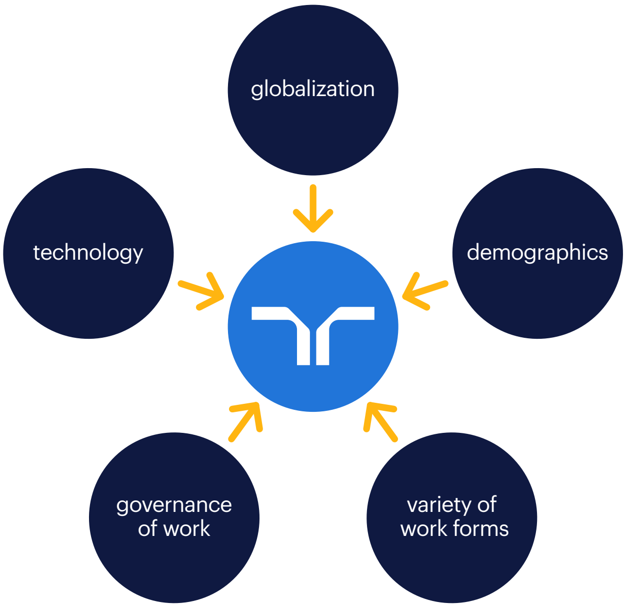
## trends and structural growth drivers in the world of work

Geographically, Randstad is active in countries representing over 90% of the global HR services market, and our strategy has been designed to capitalize on the structural growth drivers in these markets. Throughout our markets, we see that global developments are affecting labor markets, which is leading to an intense discussion about the future of work. This has also led to a redefinition of our growth drivers. Randstad currently identifies five global trends that affect our business and which provide opportunities for growth: globalization, technology, demographics, the increasing variety of work forms, and governance of work.

### globalization

Over the past few decades, the world economy has been characterized by the growing internationalization of production, finance, trade, and services. Companies are increasingly operating across the globe, and people tend to move to countries where they can find the best jobs to match their skills. Facilitated by the reduction in trade and transport costs, as well as technological innovation and the internet, globalization is a driver of changes in global production patterns. This has a significant impact on employment, for instance as a result of the fragmentation of production, tasks and activities due to global supply chains.

In line with this trend, Randstad ensures that it has global presence, serving clients around the world and offering a full range of services. Our global brands, such as Randstad Sourceright and Monster, provide our multinational clients with a consistent approach, ensuring aligned and optimized services irrespective of geographical location. In addition, Randstad aims to structural growth drivers




serve and influence society at a global level by conducting research and participating in global forums, such as the Organisation for Economic Co-operation and Development (OECD) and the B20.

## technology

Technology is fundamentally changing the way we live, work and relate to each other. New innovations and startups, as well as big data, are quickly disrupting the HR services market. In addition, artificial intelligence and robotics are increasingly taking over jobs that used to be performed by people. While some jobs will disappear, new ones will be created. The impact of technology on the world of work will inevitably be huge, changing the nature of work and requiring new and constantly evolving skill sets on the part of workers.

Randstad fully embraces the opportunities offered by technology and has been accelerating its digital transformation over the past few years. Particularly, we aim to leverage the best HR technologies available, combining these with our traditional added value of genuine human interaction with clients and candidates. In addition, we carry out relevant research into the specific effects of digitalization on the labor market, contributing to the discussion and influencing policy-making in this regard. For example, Randstad research has shown that digitalization is leading to an increasing global skills gap, which will require intensive reskilling and upskilling of workers. Randstad is involved in several projects to address this challenge.

## demographics

Aging and declining population growth in the developed world is leading to a shortage of people with vital skills. In addition, there is a growing mismatch between the qualifications, skills and preferences of workers and the rapidly evolving demands of the labor market. At the same time, in emerging and developing countries, changing population dynamics have led to a bulge in the proportion of the young population entering the labor market, fueling urbanization and contributing to international migration.

Randstad supports its clients and candidates in dealing with this growing mismatch and carries out regular research into mobility and labor migration trends to stay ahead of the game. In 2017, Randstad published its People to Jobs, Jobs to People report, which shows the importance of labor migration in resolving future labor shortages. In its quarterly Talent Trends reports, Randstad Sourceright carries out continuous studies into the prospects and preferences of talent around the world, including the younger, digitally native generation.

## variety of work forms

The world of work is constantly changing. In an increasingly competitive environment, companies need to be agile and adaptable. As a result, they tend to focus more on their core activities, increasingly outsourcing HR activities. Changes in legislation and regulation may also lead to an increased demand for outsourcing. This is leading to new and diverse work relationships, from full-time, part-time, temporary and permanent forms to contract work, remote working and self-employment. Companies are looking for a workforce that is committed yet flexible, while workers increasingly want to choose for themselves where, when, and how they work.

As we strive to improve global employment participation, Randstad has long been an advocate of enabling a flexible workforce while adequately protecting workers' rights in terms of remuneration, social security and opportunities for growth and development. Many countries still maintain unjustified restrictions on flexible work arrangements. As a result, so-called 'non-standard' work forms often lack appropriate and fair regulation, which may also lead to an unnecessarily large informal labor market. According to the 'World Employment and Social Outlook 2017', published by the International Labour Office, 60% of workers globally work without a formal employment contract and have no form of security in their career, and of the 40% who do have a formal contract, only 42% have an open-ended contract. In other words, the 'standard' jobs that are currently best regulated are by no means the standard. This underscores the need for appropriate regulation of a diversity of work forms. To promote open, inclusive and future-proof labor markets and to influence policy-making and legislation at an international level, Randstad participates in several platforms and organizations, including the B20 taskforce on employment and education, the International Labour Organization (ILO), and the World Employment Confederation (WEC).

### governance of work

Governance over the way work is carried out is exercised through legislation, agreements and contracts, labor market institutions, and the interaction between governments, trade unions, employers and workers. Ideally, good governance leads to a fair and inclusive world of work that allows for a variety of decent work relationships, while ensuring adequate enforcement of laws and regulations and protection of workers' rights and social security.

Currently, governments and authorities still tend to focus on 'standard', permanent employment contracts, while restricting or ignoring many other work forms. Randstad strongly believes that this needs to change. Randstad supports employment legislation that caters to flexible needs and demands on the part of both employers and employees. At the same time, Randstad is also in favor of a strong social dialogue (i.e., negotiations and consultation between trade unions, employers and government representatives) and collective labor agreements in countries where this is relevant and institutionalized. In other words, the huge and increasing variety of work forms will need to be appropriately regulated, as a whole. This requires a level playing field for all stakeholders and includes providing for decent work and income, equal opportunities, and adequate social security on the part of workers. Randstad aims to play a leading role in achieving the necessary social innovation worldwide by voicing its views in influential settings and by taking part in the dialogue with relevant governments and authorities, trade unions, and employers' organizations, both at the local and international level. As a member of the World Employment Confederation, Randstad has played an active role in representing the employment industry at a global level since 2014. We also made a significant contribution to the WEC's 2017 manifesto entitled 'No future of work without social innovation'.

## regulatory environment in our markets

There are major differences in the levels of legislation around the globe. In mature staffing markets, temporary agency work is regulated, with the nature of that regulation varying from light to heavy. Nationally, staffing is regulated by general labor law, supplemented by specific staffing regulations regarding employment conditions and/or service provision. This is complemented by collective labor agreements (CLAs) and industry self-regulation, such as codes of conduct.

### ILO convention 181

The global HR services industry is regulated by the International Labour Organization (ILO) Convention 181 and Recommendation 188 on Private Employment Agencies. This Convention defines minimum standards for staffing and recruitment, especially recognizing the importance of flexibility in the functioning of labor markets. Since the Convention was adopted in 1997, it has so far been ratified by 32 countries worldwide, 14 of which are in Europe. The World Employment Confederation and ILO are continuously promoting further ratifications.

### agency work directive

A major step forward in the regulation of the European staffing market was taken in 2008, when the European Parliament adopted the Agency Work Directive (AWD). The AWD was subsequently implemented in national legislation by the European Member States. It defines and recognizes the role of agency work and aims to identify and lift unjustified and/or disproportionate restrictions on temporary agency work, while safeguarding social rights, equal treatment, and equal pay of workers.

## update on regulatory changes and developments 2017

In 2017, the most relevant developments with regard to regulation in our markets took place in France, the Netherlands, Germany, and Japan.

### france

Labor market reform in France was announced on August 31, 2017. Based on decrees, this general labor reform aims to foster greater flexibility and simplification. There are three main points that could have an impact on the staffing industry: (1) contract duration and renewal of short-term and flex contracts may need to be negotiated with unions at sector level; (2) in the event of financial difficulties, there will be greater flexibility for companies to negotiate with unions regarding work time, salaries and geographical mobility; and (3) the 'CDI de chantier' will enable an open-ended contract that ends upon completion of a project.

### the netherlands

In the Netherlands, the enforcement of an Act that aims to reduce fraudulent contractor status (DBA Act) has been further postponed until summer 2018. The DBA Act was supposed to replace the Declaration of Independent Contractor Status (VAR), a standard contract required for all independent contractors in the Netherlands. The Dutch government intends to come up with new additional legislation, expected to come into effect by 2020. In addition, the Dutch industry association for private employment agencies (ABU) and the trade unions have concluded a new generally binding staffing CLA. This agreement, which runs from November 5, 2017 to May 31, 2019, focuses on equal user pay, and requires staffing companies to provide information to flexworkers on labor terms and conditions. In the meantime, the industry federations ABU and NBBU are still in the process of harmonizing two sectoral collective labor agreements into one CLA.

### germany

The reform of Germany's temporary agency work legislation has now been adopted by the German Bundestag and Bundesrat (effective as of April 1, 2017). The main points of the reform include the introduction of equal pay after nine months in an assignment, and a maximum length of assignments of 18 months (compared to 24 months previously). Given the importance of the German staffing market at Group level, we will closely monitor the legislative situation. We expect any potential impact on our results to be limited.

### japan

In Japan, overtime regulations will soon come into effect that will benefit dispatch workers. As of April 2018, after five years of work, workers will have the right to become a full-time worker with an open-ended contract. As of September 2018, they will have the right to become a full-time worker with an open-ended contract after three years of working in the same department. And from 2019 onwards, dispatch workers in Japan will be entitled to equal work and equal pay, working time that is limited to 720 hours per year, 50% paid vacation, and paid leave for taking care of an elderly dependent.

#### state of play on staffing regulation and trends, 2017

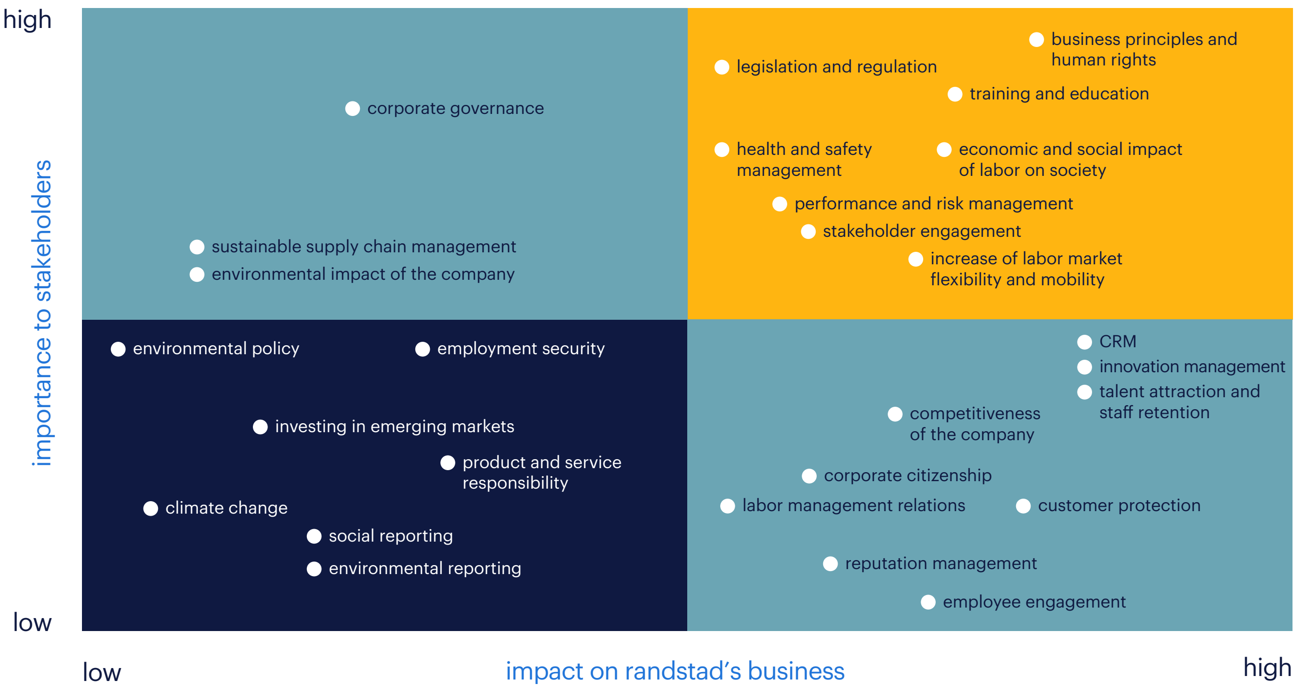
| country[1] | regulation | regulatory trend |
|---|---|---|
| Argentina | restrictive/not specific | unchanged |
| Australia | appropriate/liberal | unchanged |
| Austria | workable/to be improved | unchanged |
| Belgium | workable/to be improved | unchanged |
| Brazil | restrictive/not specific | unchanged |
| Canada | appropriate/liberal | unchanged |
| China | workable/to be improved | unchanged |
| Czech Republic | restrictive/not specific | unchanged |
| Denmark | appropriate/liberal | unchanged |
| France | workable/to be improved | improved |
| Germany | workable/to be improved | reversed |
| Greece | workable/to be improved | unchanged |
| Hungary | workable/to be improved | unchanged |
| India | restrictive/not specific | unchanged |
| Italy | workable/to be improved | unchanged |
| Japan | workable/to be improved | improved |
| Luxembourg | restrictive/not specific | unchanged |
| Mexico | workable/to be improved | unchanged |
| Netherlands | appropriate/liberal | improved |
| New Zealand | appropriate/liberal | unchanged |
| Poland | restrictive/not specific | unchanged |
| Portugal | workable/to be improved | unchanged |
| Spain | restrictive/not specific | unchanged |
| Sweden | workable/to be improved | unchanged |
| Switzerland | appropriate/liberal | unchanged |
| Turkey | workable/to be improved | unchanged |
| UK | appropriate/liberal | unchanged |
| US | appropriate/liberal | unchanged |

1 Main market

# key material matters

To identify key material matters in the dynamic world of work, we take input from both inside and outside Randstad. In 2016, we had a materiality analysis conducted by independent consultants in order to validate our sustainability framework, involving almost 8,000 stakeholders. The stakeholder groups included clients, candidates, employees, suppliers, authorities, investors, the financial sector, trade unions, civil society, and sector organizations. The analysis encompassed desk research, interviews with internal stakeholders, client and candidate surveys, and the Great People Survey for corporate employees. Based on a ranking of the stakeholders (their power to influence, the urgency of issues they deemed important, and the legitimacy of their interests) and an extensive analysis of all data generated during the process, we identified 27 key material matters in the social, economic, and environmental domains. These matters are captured in a materiality matrix, which has been adopted by the Executive Board. The materiality matrix was compiled of overall results for each stakeholder group globally and therefore does not reflect regional or cultural differences. In 2018, we will again conduct a similar materiality analysis.

## materiality matrix




The top 20 materialities and their location in this report:

1 Business principles and human rights - page 59/60
2 Training and education - page 55/56
3 Increase of labor market flexibility and mobility - page 25
4 Economic & social impact of labor on society - page 24
5 Stakeholder engagement - page 28
6 Performance & risk management - page 70/87
7 Legislation & regulation - page 26
8 Health & safety management - page 54
9 Client relationship management (CRM) - page 38
10 Innovation management - page 32
11 Talent attraction & staff retention - page 41
12 Customer protection - page 35
13 Competitiveness of the company - page 24
14 Employee engagement - page 44
15 Reputation management - page 39
16 Labor management relations - page 51
17 Corporate citizenship - page 56
18 Corporate governance - page 119
19 Sustainable supply chain management - page 63
20 Environmental impact of the company - page 63

# our strategy and progress.

## our strategy

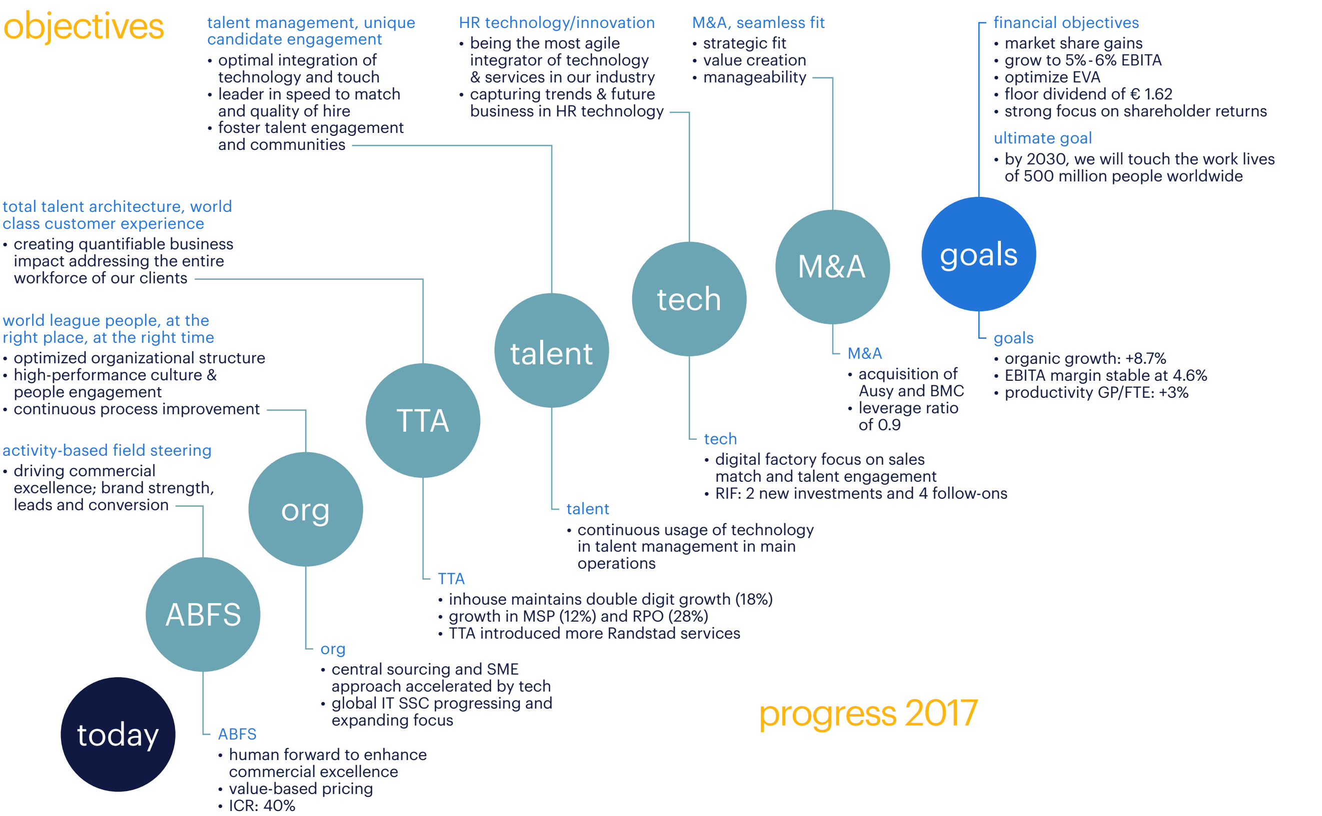
Over the past few years, Randstad has been transforming itself from a traditional staffing company to a data-driven HR services provider. We have strengthened our digital foundation through the acquisitions of RiseSmart and Monster and our Randstad Innovation Fund investments. Going forward, our growth path will be mainly organic, supported by digital initiatives, while also expanding the value of Monster for the entire Randstad Group.

In a largely fragmented global HR services market, Randstad is currently in an excellent position to drive growth in the digital HR services space. As a global HR services company, Randstad already has access to large amounts of valuable data, and we are adding to this database constantly. This data ownership, combined with a high level of investments and our global scale, will enable us to raise barriers to entry in the HR market.

Our Tech & Touch strategy focuses on a solid technological and data-driven foundation, combined with our excellent human touch. We believe that this approach will differentiate us from our competitors, who are either tech disruptors such as self-service and digital platforms, or more traditional HR players with a focus on talent engagement. Randstad takes an integrated approach, claiming presence in all areas of the HR services playing field, from purely digital to specifically human.

In the coming years, it will be crucial to further strengthen our solid foundation and integrated approach. We will need to support our consultants, our clients, and our candidates in adopting and embracing digital where this works best, without compromising on human interaction whenever this adds value. There is a large untapped market that Randstad can serve, and while we are learning along the way, we will move steadily towards our ultimate goal of touching the work lives of 500 million people by 2030.

strategic roadmap



# strategic priorities and financial objectives

Our strategic objectives and roadmap (see above) should enable us to capitalize on the structural growth drivers in our markets.

## strategic priorities for the longer term

We apply the following longer-term strategic priorities, which will support us in realizing our objectives and maximizing shareholder returns:

- capture profitable growth opportunities;
- continue to use activity-based field steering to drive operational excellence;
- use dedicated delivery models to target different client groups;
- develop and roll out our digital strategy in order to support long-term value creation;
- globally expand the value of RiseSmart and Monster for the Randstad Group;
- further improve our business mix by a strong focus on SMEs, professionals and permanent placements;
- focus consistently on an efficient cost structure to optimize conversion of gross profit into EBITA;
- sustained focus on Days Sales Outstanding (DSO) in order to maximize our free cash flow (FCF) generation.

## financial objectives for the longer term

To further guide this process, we adhere to the following financial objectives, which are all closely related:

- apply our differentiating Tech & Touch strategy to drive continuous and profitable market share gains in expanding markets;
- achieve an EBITA margin of 5% to 6% over time, through revenue growth, mix improvement, and efficiency gains;
- optimize our Economic Value Added (EVA);
- maintain a sound financial position, with a leverage ratio of < 2;
- focus strongly on shareholder returns through the implementation of a conditional cash floor dividend of € 1.62, with optional additional cash returns when the leverage ratio is < 1.0.

### financial objectives and progress in 2017

| objective | progress |
|---|---|
| Continuous profitable market share gains | In 2017, we continued our track record of profitable market share gains in core markets such as France, Germany, Belgium, Iberia, and Italy. Overall, we continued to strive for a disciplined pricing policy, driving further profitable growth in many of our markets. |
| EBITA margin of 5%-6% over time | In 2017, our EBITA margin was 4.6%, stable YoY. However, when adjusted for our digital investments (including Monster), our EBITA margin increased by 20bp to 4.8%. In the longer term, we still believe that a 5%-6% EBITA margin is feasible, depending on (1) organic revenue trends, (2) pricing climate and mix effects, and (3) productivity gains, including the effect of digitalization on our traditional business models. |
| Optimize EVA | Randstad has a long-term track record of creating economic value, disrupted only by the severe macroeconomic crisis in 2009/2010. This underpins our vulnerability to the economic cycle. Since then, our ROIC has consistently improved until 2016. The considerable capital deployed to M&A in 2016 temporarily impacted a further recovery of our ROIC and long-term value creation. Our focus from 2018 onward will therefore be on further improving our economic returns on the basis of our current footprint. Being an important driver for optimizing EVA, capital discipline remains a strategic priority. |
| Leverage ratio of < 2 | Our leverage ratio moved up from 0.8 in 2016 to 0.9 in 2017, impacted by acquisitions completed in 2017. This is still comfortably within the targeted range of < 2. Given our largely organic growth focus going forward and generally sound free cash flow prospects through the cycle, we aim to remain comfortably below this level going forward. |
| Strong focus on shareholder returns | Given our primarily organically focused Tech & Touch strategy, our strong balance sheet, and a favorable free cash flow outlook in various economic scenarios, we will adjust our capital allocation strategy. We will implement a conditional cash floor dividend of € 1.62 per share, with optional additional cash returns when the leverage ratio is < 1.0. |

# leading digital strategy.

Over the past few years, Randstad accelerated its digital transformation. In 2014, we launched the Randstad Innovation Fund (RIF), which invests in promising startups in HR technology. In 2015, Randstad acquired RiseSmart, a leading outplacement innovator, which was followed by the acquisition of online recruitment platform Monster in 2016. At the end of that year, we also set up our Digital Factory, which focuses on scaling up the best technologies from both inside and outside the company as quickly and efficiently as possible throughout Randstad worldwide. Through our digital strategy, we embrace a digitalized world of work that will continue to change fast in decades to come.

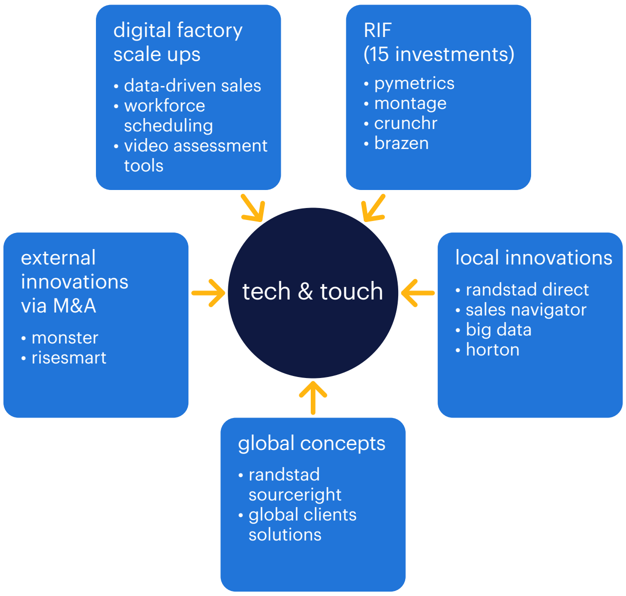
## staying relevant

The core of Randstad's digital strategy is to leverage the best HR technologies available to give our clients, candidates and consultants access to tools and solutions that will help them realize their true potential and make their lives easier. In addition, we aim to help both clients and candidates stay relevant in a fast-changing digital world that increasingly requires new and different skills. In that respect, technology is never a goal in itself, but always a means to an end. That is why we focus on combining digital solutions with services that best fit Randstad's culture and core values.

## agile and lean rollout approach

Within our Digital Factory, our rollout method is based on an agile and lean startup approach. Multifunctional teams work in short development cycles on the basis of feedback provided by clients and candidates. In this way, new tech tools and solutions can be quickly implemented while they are being continuously improved. As soon as a solution is working well locally, it is scaled up globally as quickly as possible. A good example of this 'think big, start small' approach is our self-service Workforce Scheduling tool, which was first implemented in France, where it was developed further. It is now being rolled out in Switzerland, Italy, Portugal, Germany, and the US, and the rest of the world will soon follow. Other successful tools being implemented include a video interviewing and assessment solution and a data-driven sales solution.

digital strategy




## balanced mix of global and local

Randstad's application landscape is a balanced mix of best-practice global and local elements. In essence, digital innovation at Randstad combines external opportunities identified by RIF with existing local innovations, which the Digital Factory turns into global applications. The Digital Factory subsequently helps local Randstad organizations to implement these global solutions, ensuring they are adapted to local concepts and needs, and comply with specific regulatory environments. Once implemented, global platforms may again be optimized and extended locally.

## digital foundation

Randstad's digital transformation is built on a firm digital foundation. First and foremost, digital solutions require a safe, stable and state-of-the-art IT infrastructure. We therefore have a global initiative in place to centralize all our data centers and networks, offering infrastructure in the public cloud. In addition, we have drawn up a global master data strategy and a data connectivity strategy. And as we are fundamentally changing the way we work, close collaboration with functions such as Finance, HR, Legal, Marketing & Communications, IT, and Business Concept Development is also essential.

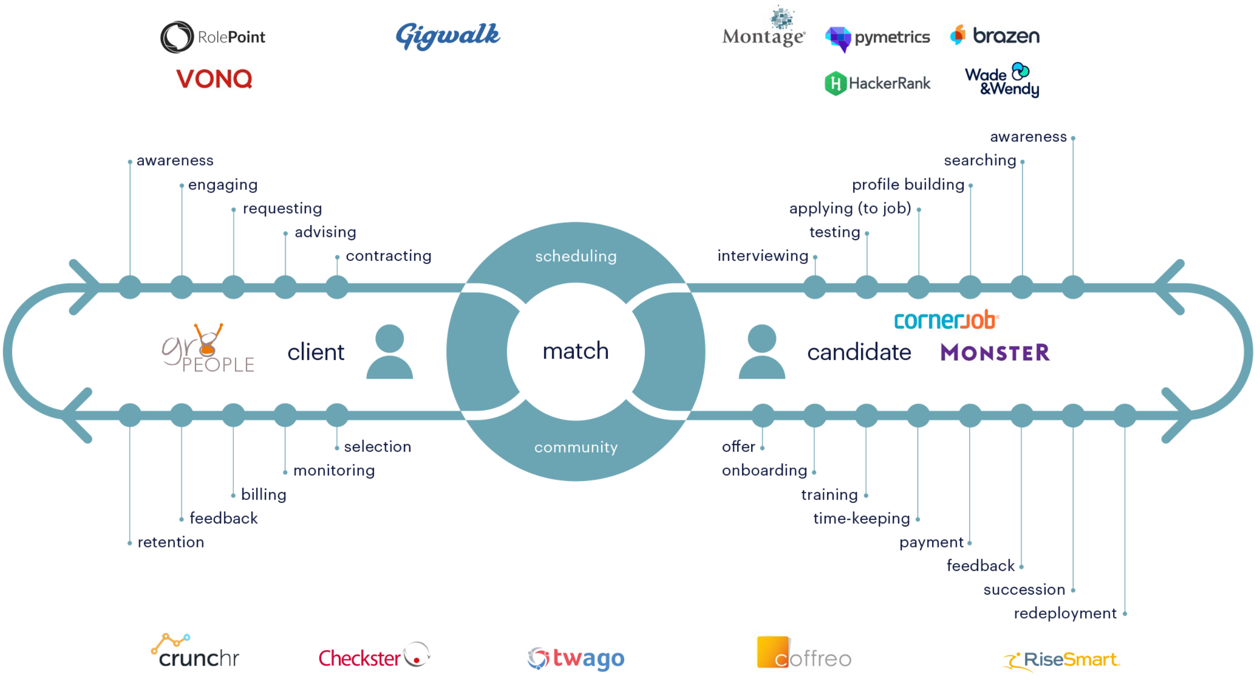
## focus on forward-looking global services for enterprise clients

Our largest multinational clients require a uniform, integrated and global approach in all countries in which they operate. To meet this demand, a dedicated Enterprise Clients workstream was established within the Digital Factory. This workstream brings together experts from our global concept teams (Randstad Global Client Solutions and Randstad Sourceright) and the Digital Factory, to jointly work on bringing new digital initiatives from the space of HR tech to our enterprise clients. The new workstream harnesses the full spectrum of data that is in Randstad's global data lake, as well as investing in external data. New forward-thinking and customized solutions are co-created in cross functional teams together with our enterprise clients. These range from leveraging twago technology and building new freelancer management platforms to creating workforce strategy toolkits that tap into data analytics to accelerate our clients' workforce optimization in the long term.

## monster

The main rationale for acquiring Monster in 2016 was to accelerate the digitalization of our business models and to enhance the access to talent in increasingly scarce labor markets. In 2017, we primarily focused on improving the performance of Monster by means of various management leadership changes, a much more focused product offering, and a revamped go-to-market strategy. In addition, a comprehensive cost optimization program was implemented. In 2018, we will continue to focus on these initiatives. At the same time, Randstad and Monster are working on multiple initiatives to drive innovation across a range of digitally enabled products, services, and marketing initiatives.

tech solutions across our matching process



# randstad innovation fund (RIF)

RIF is a strategic corporate venture fund that invests in promising HR technologies in order to be at the forefront of game-changing technology and build up expertise. Over the years, RIF has proactively tracked more than 2,500 early- to expansion-stage HR technology players and emerging technologies. We invest in HR technology that allows us to make better use of our data and to streamline the candidate journey for both companies and candidates themselves. Through RIF, we also bring the innovators to Randstad, enabling them to work and learn together. In collaboration with these players, RIF develops best practices and advises local Randstad organizations on how to best integrate new technologies.

Over the past few years, RIF has made a substantial number of investments, covering the entire HR technology landscape. In August 2017, in close collaboration with the Digital Factory, RIF completed its investment in Montage, Randstad’s supplier of choice for Video Interviewing & Digital Assessments (VIDA).

By taking minority participations in these companies, with a focus on online platforms, big data analytics, machine learning, and sourcing, screening and selection tools, Randstad is able to complement its own offering and fuel innovation, supporting our ambition to be a thought leader in our field. Our investments, which result in close partnerships with the companies involved, give us unique access to innovative technologies and a better understanding of key drivers. At the same time, the companies in our RIF portfolio benefit from having access to Randstad’s extensive network.

After four years, RIF has reached a stage of maturity. We have built up in-depth knowledge of the technologies available and the value they deliver. As a result, we are now also in a good position to advise clients looking to invest in their own HR tools. We will continue to invest in promising startups and technologies.

# our value for clients and candidates.

We help our clients to find the best talent with the most relevant skills for their business. Our technological expertise, combined with our human touch, enables us to focus on our clients' business needs by providing tailor-made solutions and the best personal advice.

At Randstad, we play a key role in managing our clients' key assets: their people. By partnering with Randstad, our clients can focus on their core business, while we bring them the best candidates for their permanent, temporary and interim vacancies. And with our guidance and expertise, we help candidates develop throughout their careers. Our technology and data-driven insights make the matching process simple and efficient, creating the best possible user experience.

Our four strategic building blocks relate directly to creating value for our clients and candidates. Three of them, 'strong concepts', 'excellent execution' and 'superior brands', are discussed below, while the 'best people' building block is discussed in 'our value for employees'.

## strong concepts

We offer a range of strong concepts: staffing, inhouse services, professionals, payroll services, MSP & RPO, outsourcing, outplacement and project-based solutions. Within all these concepts, we also offer training and career development opportunities for our candidates at all levels. This makes the connection between client and candidate even stronger, also in the longer term. Our strong concepts are well-known for the consistency and quality of their delivery, can be rapidly replicated and leveraged in other markets, and are relatively easy to adapt to meet specific needs.

### staffing

Staffing is our largest business and covers both temporary staffing, where we charge our clients based on the hours worked, and permanent placements, where we charge our clients a fee based on the candidate's salary. Our staffing service offering includes a range of specialties, with dedicated units that focus on staffing for certain market segments that require specific skills or experience. All our staffing consultants are experts in their local labor market, as well as in their clients' businesses. For larger customers, we have dedicated delivery models to maximize results and client satisfaction.

### inhouse services

Randstad's inhouse services concept specifically meets the needs of companies requiring large-volume workforces with client-specific skill sets. Our dedicated consultants work on-site, using processes tailored to our clients' needs. By providing flexible work solutions designed exclusively for each client, we help our clients improve labor flexibility and productivity, as well as achieve cost savings, increased employee retention, and stronger employee engagement. Segments served in this way include fast-moving consumer goods (FMCG), automotive, life sciences, contact centers, manufacturing and logistics, as well as the administrative and professionals segments. We also offer permanent placements at our inhouse locations.

We help candidates in finding jobs and developing their skills so they can have a meaningful career. Our data-driven insights enable us to quickly identify smart career opportunities and make the perfect match. Candidates are personally guided to short- and long-term career success.

## professionals

As part of this concept, we source experienced professionals and executives across a wide range of sectors and disciplines, including engineering, IT, finance, healthcare, HR, education, legal, and marketing & communications. Our experienced consultants are experts in their own specific fields, and have well-developed social networks. They place candidates on a temporary or interim basis, as well as in permanent positions. Clients using these services range from blue-chip multinationals and consulting firms to governments and SMEs. We also offer executive search services (e.g., through Yacht and BMC).

## payrolling and broker services

Our payroll services take over the administrative burden of our clients, so that they can focus on their core business. We provide a broad range of services, including personnel administration, payroll accounting, contract management and broker services for independent contractors; monitoring and addressing absenteeism; and a 24/7 portal that enables clients to register new employees, make changes, or find specific management information.

## MSP & RPO

Our Managed Services Programs (MSP) and Recruitment Process Outsourcing (RPO) services are provided by Randstad Sourceright, which is one of our global businesses. Randstad Sourceright regularly works across borders to serve large, multinational organizations looking for added value through innovative sourcing services, employer branding, HR technology and analytics. Through MSP, we take primary responsibility for the organization and management of a client’s contingent workforce. On behalf of our clients, we manage the entire supply chain of all staffing providers. This gives clients greater control of their recruitment activities and greater transparency regarding their spending. This is particularly valuable when clients are dealing with large volumes of professional skills from many different suppliers. Our RPO services take control of our clients' recruitment and talent acquisition process to strengthen their permanent workforce and reduce their administrative burden and costs. We provide tailor-made, own-branded, and on-site HR services to manage vacancies, screening and assessment.

## outsourcing

We manage several outsourcing activities for our clients, with output responsibility. Our focus areas within this concept are IT, production/logistics, and administrative environments.

## consultancy and project-based solutions

Our consultancy services and project-based solutions focus on high-added-value solutions in the IT and engineering space. We offer these services under a statement of work (SOW) in the higher-level professionals segment. In Europe, these services are mainly provided by Ausy.

## outplacement

Our outplacement services are mainly provided by our global business RiseSmart. We advise and support organizations in situations in which employment contracts need to be terminated for strategic or other reasons. We help employees to find suitable new employment, and try to make the transition as smooth as possible. RiseSmart works on the basis of a unique cloud-based technology platform with a proprietary matching engine.

In the overview below, we visualize how Randstad supports its clients at all levels by providing a wide variety of services.

## our client offering

<table>
<tr><th>randstad supports clients</th><th>senior executives</th><th>management & professionals</th><th>white-collar</th><th>blue-collar</th></tr>
<tr><td>HR strategy</td><td colspan="4">strategic workforce planning & HR consultancy</td></tr>
<tr><td>contingent services</td><td></td><td></td><td></td><td></td></tr>
<tr><td>• supplier management</td><td colspan="4">managed services programs</td></tr>
<tr><td>• resources</td><td>interim mgmt</td><td colspan="2">professionals</td><td>inhouse services<br>staffing</td></tr>
<tr><td>• services</td><td colspan="2">consultancy & projects</td><td colspan="2">outsourcing</td></tr>
<tr><td>perm services</td><td></td><td></td><td></td><td></td></tr>
<tr><td>• recruitment</td><td colspan="4">recruitment process outsourcing</td></tr>
<tr><td>• search & placement</td><td>executive search</td><td colspan="2">permanent professionals</td><td>permanent staffing</td></tr>
<tr><td>• retention & growth</td><td colspan="4">training & career development</td></tr>
<tr><td>• exit</td><td colspan="4">outplacement</td></tr>
<tr><td>payments (contingent & perm)</td><td colspan="4">payrolling & broker services</td></tr>
</table>

● for all clients
● for enterprise clients

## our promise to candidates: smart, personal and long-term support

We see each candidate as an individual, not just another résumé. We understand the importance of a job and a meaningful career in the lives of our candidates. Our technology makes the matching process simple and efficient, creating the best user experience and freeing up our consultants' time to personally guide their candidates to short- and long-term career success. Thanks to our data-driven insights, we are increasingly able to quickly identify smart career opportunities that candidates may not even have considered themselves. Besides finding suitable jobs for our candidates in the short term, we take pride in following them throughout their career and, where appropriate, support them in continuously developing their skills through training and education. We are also offering training and retraining opportunities to long-term unemployed workers in order to increase their chances in the labor market and tackle specific labor shortages.

# excellent execution

The true value of our strong concepts and services relies on excellent execution. To support our consultants in their daily work, we have implemented several best practices and approaches that help them be as effective as possible in meeting and exceeding the needs and wishes of clients and candidates. These include activity-based field steering, Total Talent Architecture, Integrated Talent Solutions, digital tools and platforms, and best practices for field and back-office activities.

## activity-based field steering (ABFS)

Our ABFS model is designed to optimize adaptability and to drive productivity and growth. ABFS is an input-driven field steering model based on end-to-end measurement. It enables us to adjust to changing market circumstances quickly. We use our ABFS model to manage and direct performance across our business. It drives decisions to exploit profitable growth potential or to reduce costs when needed, aligned with local trends and developments. This means we manage on the basis of real-time, bottom-up figures. Managers receive weekly reports, covering a range of performance indicators. The model and performance tools help managers take quick decisions and translate them into immediate action.

## total talent architecture (TTA)

Total Talent Architecture (TTA) is an approach we use for our largest clients (approx. 1,000). TTA enables a company to build a holistic talent strategy and benefit fully from Randstad's innovation strategy. A holistic talent strategy requires an optimum balance in terms of permanent, contingent and freelance talent. TTA provides an in-depth analysis of a client's workforce planning to deliver a talent strategy aligned with growth ambitions and profitability targets. TTA connects all our business lines and enables us to increase our presence in higher-value-added services such as professionals and permanent placements. Our TTA approach keeps us agile, as we continuously adjust our delivery models to serve our clients in the best possible way. As these models evolve, we share insights and drive strategic conversations with clients so that they can benefit from the depth of our service offering, from staffing and recruitment of professionals through to highly customized RPO, MSP and digital solutions. Through TTA, we build long-term, sustainable relationships that are focused on long-term value creation.

## integrated talent solutions

An Integrated Talent Solution is a comprehensive approach to delivering the right talent in the right modes of employment. Our solutions encompass all worker types and sources, including permanent placements, staffing, freelancers and contractors, SOW consultants, part-timers, payrollees and seasonal workers. Depending on the client's requirements, we manage some or all of these workers by integrating our supply models, such as RPO, MSP and payroll services. At the center of every client program is a comprehensive talent analytics platform to provide a thorough view of the client's workforce, and every program is customized to the client's needs, culture and structure.

## digital tools and platforms

To support the continuous improvement of our concepts and to create new delivery models, we integrate innovative HR technology, such as big data analytics, social sourcing, talent networks, and cloud platforms, into our services. The ultimate aim is to maximize our technological capabilities, so technology can take over certain basic tasks in our service delivery to clients, freeing up time for relevant personal contact. What is more, our data-driven insights enable us to identify interesting career opportunities for candidates which they may not even have considered themselves. Our consultants have access to an increasing number of digital tools and platforms, including Data-Driven Sales, Workforce Scheduling, and video interviewing and digital assessment.

## best practices for field and back-office activities

We make use of standardized front- and back-office processes and, where possible, marketing processes. This improves the consistency and quality of our business and our execution. For our head-office activities, our way of working is based on lean management principles and continuous improvement, ensuring that we deliver our services with the right quality and at the lowest costs. In addition, we continuously benchmark our local organizations and processes, in order to further drive the effectiveness and efficiency of our head-office activities. In 2017, we specifically focused on Global IT Solutions, IT data centers, and global procurement.

# superior brands

Our superior brands are a guarantee to our clients that they will receive the highest quality service and the best employees worldwide. Superior brands give us better pricing options and the type of awareness that accelerates selling and prospecting, as well as introducing new services. Superior brands also help us attract, recruit, and retain the best people, while enhancing our visibility and credibility with regulators and legislators. In addition, our superior brands contribute to our good reputation.

Randstad is our main brand in most of our markets. Only in cases where the market situation makes this beneficial do we make use of other brand names. This focused, centralized brand strategy enables us to leverage brand recognition, generate efficiency benefits for our online strategy, and share experiences across the company. It also generates momentum behind our joint sponsorship initiatives, and we achieve significant cost reductions by sharing campaign materials, photo databases, and know-how.

## brand image

The level to which our clients and candidates are engaged with our brand is systematically measured and benchmarked in all major markets through the annual Randstad Brand Guidance Survey. Since 2004, this international survey (formerly the Randstad Brand Tracker Survey) has been conducted by Kantar TNS, covering all countries in which Randstad is active. Its main purpose is to monitor the positions of the Randstad brands, compared to our competitors and selected other benchmarks, by measuring awareness, consideration, preference, recommendation, and the image of our brands.

In 2017, we added an extra module to the survey, designed by TNS (Needscope), which enables us to better assess how the Randstad brand is perceived, allowing us to offer active guidance to operating companies in terms of brand position alignment. The survey now also includes our digital brands, enabling comparison across the full spectrum of the competitive landscape as we move further into the digital space.

## net promoter score

The Net Promoter Score (NPS) represents the relationship between Randstad as a company and our potential and actual candidates and clients. This indicator compares the number of respondents who would recommend us to others with the number who would not. Within our industry, our goal is to have a Top 3 NPS score, which we achieved in the majority of our key countries in 2017. Several of our operating companies also monitor client and candidate satisfaction through bespoke surveys, ISO and other certification systems, as well as review meetings. This enables them to not only measure NPS, but also the drivers behind the scores. In this way, we can continuously improve satisfaction levels of both clients and candidates.

## thought leadership

As a global leader in HR services, we see it as our responsibility to take an active role in developing our industry. Our international reports on the world of work continue their rapid rise in visibility and popularity. In addition, many research projects and events take place on a country level, supporting us and our clients in making sound business decisions.

### randstad workmonitor

One of our key surveys is the Randstad Workmonitor, which covers 33 countries around the world. Published four times a year, the Workmonitor reports make both local and global trends in mobility, job satisfaction and motivation visible over time. The results are published on our website.

### randstad employer brand research

The international annual Randstad Employer Brand Research (previously known as the Randstad Award) investigates what people find attractive in an employer. It is the most representative and inclusive employer brand research in the world, and captures the opinion of the general public between 18 and 65, in 30 countries. The insights help organizations shape their employer branding strategy and talent programs. In 2017, the research was conducted for the 17th time. Participating countries organize local Randstad Employer Brand events, engaging key players in the local HR industry and celebrating the winner of the research as being the most attractive employer of that country.

## randstad sourceright – talent trends report

Randstad Sourceright's Quarterly Talent Trends Reports are a comprehensive guide to the most important trends impacting the world of talent, employees, and business. The reports are based on a global survey of 700 global HR and talent acquisition leaders from 15 countries. By capturing the outlook of their peers, the reports enable HR and talent acquisition leaders to benchmark how their strategies and execution stack up against fellow talent leaders. The reports provide best practices for HR leaders to adapt to talent scarcity challenges, based on the exploration of global workforce trends and the opinions of industry thought leaders from across the talent management space.

# our value for employees.

We are an attractive employer for our employees by offering continuous development and career opportunities. Data-driven insights help our employees to focus on what really matters in their job: serving clients and candidates even better.

The true value of our business lies in our people. We take pride in working with the best talent in the industry. We challenge them to perform to the best of their ability and seize opportunities to develop their career within Randstad, both nationally and internationally.

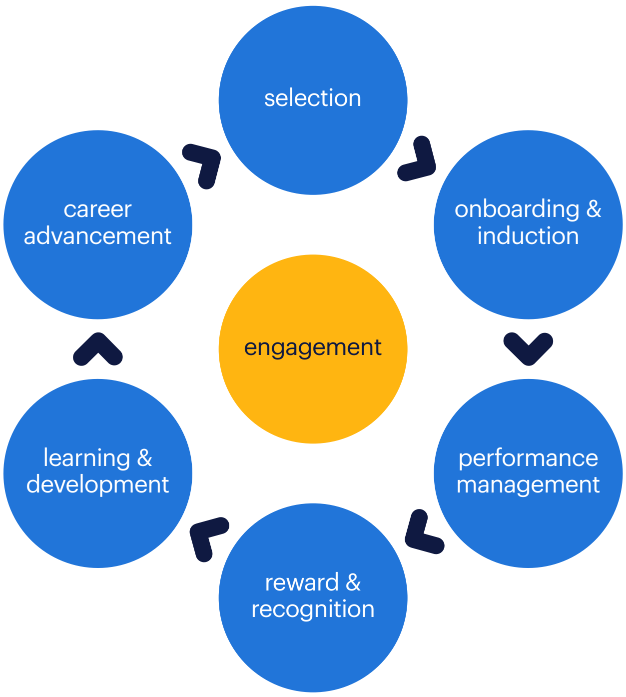
We understand how important it is for people to have a meaningful job, as well as the opportunity to develop themselves. It is our passion to ensure our people enjoy the best work environment, excellent training, exciting and diverse career opportunities, and all the support they need to develop to their full potential.

The Human Resources (HR) function at Randstad focuses on enabling our business performance. Specifically, in 2017, this meant acting as a change agent in the (digital) transformation of our organization, including the use of HR technology. As Randstad is taking a leading role in the new digital world of HR, at the crossroads of technology and humanity, it is essential that our workforce is well-prepared and ready to embrace new ways of working. Our transformation requires a shift in mindset and behavior on the part of our people. This means equipping our people with new skills and competencies and an ability to continuously adapt to the changing demand. The HR function enables this shift by making sure everyone is on board and ready to enhance their performance.

## HR cycle

The way we attract, develop and engage our employees at Randstad is best visualized through the HR cycle.

HR cycle




### selection

At Randstad, we do not hire people to fill a vacancy, but we hire people for a career. This is the core of our Employee Value Proposition (EVP). Randstad aims to attract agile and adaptable people who are capable of effectively dealing with and responding to rapidly changing circumstances and whose values and beliefs match our own. We have a policy of hiring and promoting the best person for the job, based on proven performance and potential assessment. Although we regularly attract new leaders from outside Randstad to bring in new expertise and experience when required, we continue to focus on developing our own employees to fill our leadership roles internally.

## gender equality, inclusion and diversity

Randstad is strongly committed to gender equality, inclusion and diversity. We believe this helps us build a more agile, productive, and innovative workforce that reflects our candidate and client base, and the society in which we work. We actively support women in climbing the career ladder at all levels of our organization. In 2017, Staffing Industry Analysts (SIA) again named eight Randstad executives in their 'Global Power 100 – Women in Staffing' list. Locally, many initiatives have been launched to support diversity and inclusion in the broadest sense. For example, Randstad is a partner of Workplace Pride, a non-profit foundation promoting greater acceptance of LGBTI people in the workplace.

### proportion of women in senior leadership positions[1,2]

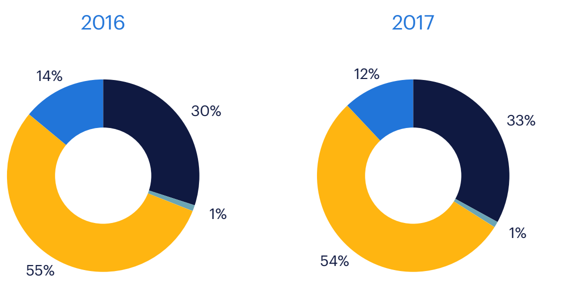
| | % women in organization | | % women in senior leadership positions | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| North America | 60% | 60% | 46% | 46% |
| Netherlands | 71% | 71% | 38% | 36% |
| France | 76% | 76% | 48% | 48% |
| Germany | 61% | 60% | 45% | 42% |
| Belgium & Luxembourg | 83% | 85% | 50% | 50% |
| Iberia | 78% | 78% | 53% | 52% |
| Italy | 80% | 79% | 42% | 41% |
| Other European countries | 68% | 65% | 55% | 53% |
| Rest of the world | 59% | 58% | 44% | 42% |
| Corporate | 45% | 48% | 49% | 36% |
| Total | 68% | 67% | 47% | 45% |

1 Senior leadership refers to all levels equal to or above district/regional management, including account management or commercial management reporting to a regional director or higher.

2 The data includes only part of global businesses. The following entities are not yet covered: Monster, Sourceright North America, RiseSmart, and twago.

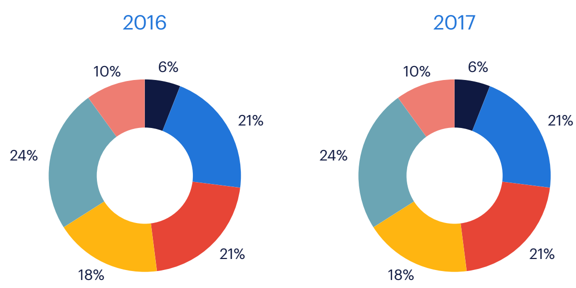
Source: Great People Survey

### composition of our workforce by gender



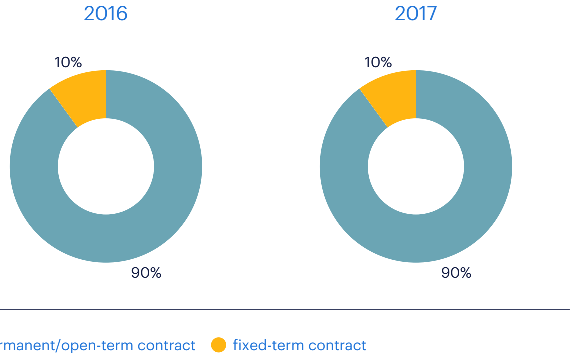

Source: Great People Survey

### composition of our workforce by age group




Source: Great People Survey

composition of our workforce by type of contract




Source: Great People Survey

## onboarding & induction

All new employees follow a formal induction program in the first few months, which helps them to become successful in their new role as quickly as possible. The program covers our ambitions, strategy, values, culture, history, and corporate policies, as well as targeted job-related information. Randstad tracks the effectiveness of the induction programs by measuring awareness of our values and policies, time to productivity and other success metrics. Immediately after the induction period, an individual development plan is drawn up.

## performance management

At Randstad, we see the development of our people as a shared responsibility. To facilitate our people's continuous development and unleash their full potential, our performance management process is based on what we call Great Conversations, a program that was rolled out throughout Randstad in 2017. Besides regular business and performance reviews, employees get together with their managers on a regular basis (at least once a quarter) for a constructive, future-focused conversation in which they receive feedback and coaching. The dialogues and goals set in these Great Conversations are Meaningful, Aspirational and Progress-based (MAP). They do not just focus on numbers and output, but also on people's development areas and ambitions, and are meant to empower employees rather than 'rate' them. Randstad HR supports people in developing and practicing techniques and skills to ask for, receive and apply ongoing feedback and coaching. Our Great Conversations also provide the input for Reward & Recognition and Learning & Development.

## reward & recognition

At Randstad, we aim to provide our employees with meaningful rewards and fair remuneration in order to strengthen their ties with the company, while encouraging outperformance. Remuneration is based on real outcomes, which are assessed regularly. This includes behavior and development. In addition, our annual remuneration process also takes external market developments into account. To encourage our corporate employees' affiliation with Randstad and to enable them to participate in Randstad's success, an employee share purchase plan is in place, with currently over 11,000 active participants. For our senior leadership, a long-term incentive plan is in place, including a performance share plan. The purpose of this plan is to retain our best people and to drive and reward sustained performance of our company by sharing in success.

## learning & development

In our training programs, we combine different forms of learning, including e-learning and gamification. Our programs are always competency-based and focus on leadership, sales, job-related and soft skills. They are offered at all levels within the organization. For field positions, we have dedicated training programs focusing on operational skills and specific knowledge required for the job. In addition, our e-learning platforms offer world-class courses, covering a wide range of topics.

Randstad offers programs on a local, regional and global level. Locally, programs are developed by the operating companies, sometimes in collaboration with business schools. Regionally and globally, the Frits Goldschmeding Academy offers state-of-the-art leadership programs, which are created in cooperation with leading global business schools and partners, such as London Business School, TIAS, INSEAD, IMD, SMU, and Stand & Deliver Group. Our Executive Board and senior leaders are closely involved in the development and delivery of the programs. In 2017, the Frits Goldschmeding Academy trained 359 senior leaders in 10 different development programs.

In 2017, the Frits Goldschmeding Academy redesigned its offering to better support Randstad's transformation and to encourage more efficient exchanges of best practices at a global level. The Frits Goldschmeding Academy increasingly focuses on strategic transformational leadership programs. Through clear design principles, a more integrated approach, and alignment within and across programs, we aim to achieve a higher return on investment, as well as ensuring that all countries have access to top leadership programs.

Randstad's World League Programs are designed to develop our functional communities (Finance, Legal, HR, Marketing & Communications, and IT). These global programs focus on specific skills, knowledge and behaviors within each function, enabling the functional communities to deal with performance and development in an aligned and constructive way.

Experiential learning on the job is one of the most effective learning strategies. Randstad maximizes this learning style by giving people stretching assignments, while providing sufficient coaching and mentoring at all levels. Stretching assignments, such as temporary projects in a different business, encourage growth and development by placing people out of their comfort zone. In addition, we use a 360-degree feedback process to continuously monitor the organizational climate, leadership styles and competencies.

## career advancement

Randstad recognizes the importance of talent management as one of the key factors underpinning company growth and ensuring the continuity of our business. Talent management enables us to attract and retain high-caliber people, identify and develop our talents, and continuously anticipate needs for future positions on a local and global level. Our annual People Review Process is the basis of our leadership and talent management approach. It addresses the performance and potential of all employees on an individual level. Randstad's senior leadership takes a keen interest in the company's strategic workforce planning, focusing on development needs, succession plans, pipeline development, and future leadership talents.

As a company with a global footprint, we require our local leaders to operate effectively and comfortably in a global environment. Randstad provides ample opportunities for employees to further develop their leadership skills, to acquire and build a global mindset, and to effectively manage and leverage cultural differences. For employees working in an international environment, our Intercultural Management Program provides special training in personal effectiveness in such an international setting.

## engagement

By continuously engaging our people, we encourage innovation, accountability, and business outperformance. Once a year, we monitor our progress through our Great People Survey. This survey measures our people's general feeling of empowerment and engagement, as well as how they view our leadership and organizational capabilities. Through the survey, we identify areas where there is room for improvement, so we can champion positive change. We encourage our managers to share results and action plans with their teams, creating a sense of shared ownership. By making Randstad an even better place to work, we drive outperformance and increase our overall success.

In 2017, the participation rate of the Great People Survey went up to 87% (2016: 82%). In addition, of all respondents, 68% agree or strongly agree with the statement that Randstad is an outperforming organization, resulting in an outperformance score that equals the Service Provider Benchmark.

The survey revealed that our employees particularly appreciate the opportunity of working towards clear

### randstad outperformance by geography [1]

as % of total number of respondents

| | outperformance score | | benchmark | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| North America[2] | 77% | 76% | 70% | 70% |
| Netherlands | 69% | 65% | 70% | 70% |
| France | 64% | 61% | 58% | 58% |
| Germany | 66% | 66% | 63% | 63% |
| Belgium & Luxembourg[3] | 72% | 64% | 61% | 61% |
| Iberia[4] | 75% | 73% | 66% | 66% |
| Italy | 60% | 58% | 59% | 59% |
| Other European countries | 69% | 68% | n.a. | n.a. |
| Rest of the world | 61% | 61% | n.a. | n.a. |
| Corporate | 77% | 76% | n.a. | n.a. |
| | 68% | 67% | 68% | 68% |

1 The data includes only part of global businesses. The following entities are not yet covered: Monster, Sourceright North America, RiseSmart, and twago.
2 Benchmark only available for the USA.
3 Benchmark only available for Belgium.
4 Benchmark only available for Spain.

Source: Great People Survey

goals within their teams, that they are proud to work at Randstad, and that they have confidence in their immediate manager. Nevertheless, giving and receiving feedback is still one of the most important topics we need to pay more attention to. Although we increased our score compared to last year, there is still room for improvement in this area. We are confident that Great Conversations will be able to play an important role in improving this aspect. In addition, the survey revealed that, as a company, we need to be more decisive in taking action quickly when this is necessary, and that we could increase our efficiency. To tackle this, we aim to move to a new method involving more frequently measuring engagement, combined with a dashboard with real-time and more actionable results.

### employee retention rate

in % of total number of employees

| | 2017 | 2016 |
|---|---|---|
| Employees staying with their operating company | 76.6% | 75.7% |
| Employees transferred within the Group | 0.3% | 0.4% |
| | 76.9% | 76.1% |

### employee participation

Randstad actively promotes employee participation through a network of national works councils and dialogue with trade union representatives. Managers and employees across Randstad discuss work- and HR-related issues in accordance with national law and practices. The results of these dialogues are also fed into Randstad's European Works Council, which meets on a regular basis to discuss the company's results and strategy, HR issues and any other information relevant to our employees and operating companies. UNI-Europa, the representative trade union federation for services in Europe, is invited to attend the European Works Council meetings as an observer.

# our value for investors.

Our strategy and ambitions ensure long-term value creation for our investors. We aim to optimize shareholder return over time.

## financial strategy

Our financial strategy and ambitions ensure long-term value creation for our investors, ultimately leading to maximized shareholder returns over time. As such, we aim to optimize our Return On Invested Capital (ROIC), driven by a disciplined capital allocation strategy. Our differentiating Tech & Touch strategy will be primarily focused on organic growth, complemented by selective M&A activity. Our sustained focus on Days Sales Outstanding (DSO) ensures an optimal conversion of EBITA into free cash flow (FCF).

### capital allocation strategy

Given our primarily organically focused Tech & Touch strategy going forward, our strong balance sheet, and favorable FCF outlook in various economic scenarios, we will adjust our capital allocation strategy. This amendment will be twofold. First, we will change our dividend policy by implementing a conditional cash floor dividend of € 1.62 per share (based on the average dividend per share (DPS) of 2014, 2015 and 2016). This baseline dividend level will be maintained even when the general 40-50% payout ratio is temporarily exceeded, barring (i) seriously adverse economic conditions, (ii) material strategic changes to the sector and (iii) a material deterioration in our solvency & liquidity ratios. Second, we will introduce optional additional cash returns in the event of a leverage ratio below 1.0 through (i) a special dividend (preferred) or (ii) share buybacks.

## investor relations

Randstad Investor Relations' main goal is to safeguard our 'financial brand'. Whereas clients and candidates recognize the Randstad brand for its reliability and service quality, investors and analysts should recognize our brand for its open and transparent communication. Our aim is to be best in class in terms of disclosure and to provide insight into the strategic direction of the business. These efforts should enable an accurate valuation of the Randstad share over time.

### investor relations policy

We maintain an active, open, and transparent dialogue with existing and potential shareholders, as well as with analysts and banks. We organize roadshows, attend investor conferences, and accommodate meeting requests wherever feasible, as well as adhering to all legal obligations relating to confidentiality.

We are committed to providing high-quality and timely information to all stakeholders, while at the same time ensuring that the entire market has access to such information (including price-sensitive data). Our policy is that, whenever possible, we make a member of the Executive Board and/or a representative of the Investor Relations department available to meet with investors. From time to time, we also involve country management and facilitate field trips (including online).

Bilateral meetings and conference calls with analysts and actual or potential shareholders will not be held during 'closed periods', which normally run from the end of a quarter until publication date. Our policy of holding bilateral meetings with shareholders is set out in the corporate governance section on our website.

### dialogue with investors, analysts, and other stakeholders

We maintain an active dialogue with investors, analysts, and other stakeholders. Each quarter, Randstad organizes a conference call to discuss the latest results. These events are broadcast online. In addition, we hold events to inform the markets on our business. In 2017, we organized a well-attended Capital Markets Day in

London, providing an in-depth view on our digital strategy, as well as highlighting our operational performance, Group strategy, and outlook.

In 2017, we hosted over 40 roadshows and equity investor conferences, spending in total more than 60 days on investor communications. We met with investors in Belgium, Canada, France, Germany, Hong Kong, Italy, Ireland, Japan, the Nordics, Singapore, Spain, Switzerland, the Netherlands, the UK, and the US. In addition, a large number of investor meetings were held at our head office in the Netherlands.

On March 30, 2017, we held our Annual General Meeting (AGM) of Shareholders. More information on the AGM, including key decisions and attendance, can be found in the section 'report of the supervisory board'.

## capital structure

Invested capital amounted to € 5.3 billion, and we achieved return on invested capital of 16.7%, up from 15.9% last year. More information on and an analysis of invested capital can be found in the section 'financial performance'.

### invested capital

| | 2017 | 2016 |
|---|---|---|
| Net debt | 1,025.7 | 793.4 |
| Total equity | 4,251.7 | 4,140.8 |
| | 5,277.4 | 4,934.2 |
| Return on invested capital | 16.7% | 15.9% |

## debt

Our financing policy aims to secure financing that matches the mid- to long-term financing requirements of the Group. The increase in working capital requirements in 2017 was primarily related to funding our accelerating organic sales growth, while our DSO was adversely impacted by M&A and mix effects. Our leverage ratio (net debt/12-month EBITDA) remained largely stable at 0.9 (2016: 0.8), despite significant cash outflow in 2017 due to acquisitions announced in 2016. The leverage ratio is still well within our targeted range of between 0 and 2. We consider being within this range important for continuity. We maintained our policy of using floating interest rates. We believe this adds value for shareholders in the long term, as over time floating interest rates are on average significantly lower than fixed interest rates. Also, our policy of using floating interest rates, provides a natural hedge against the development of operational results, which continued to pay off significantly during 2017.

### debt

| | 2017 | 2016 |
|---|---|---|
| Total debt facility | 1,850.0 | 1,920.0 |
| Net debt | 1,025.7 | 793.4 |
| Leverage ratio | 0.9 | 0.8 |

## total equity

In 2017, the number of issued and outstanding ordinary shares remained virtually stable compared to 2016 at 183 million.

We offset the dilutive effect from our annual performance share plans for senior management through share buy backs. The next allocation of shares will take place on February 13, 2018. The number of Randstad shares we purchased during the period between October 25, 2017 and February 12, 2018 was 0.7 million.

### total equity

| | numbers year-end (in millions) | | nominal value per share |
|---|---|---|---|
| | 2017 | 2016 | |
| Ordinary shares | 183.3 | 183.0 | € 0.10 |
| Preference shares B | 25.2 | 25.2 | € 0.10 |
| Preference shares C | 50.1 | 50.1 | € 0.10 |
| Total number of shares | 258.6 | 258.3 | € 0.10 |

On March 30, 2017 the Annual General Meeting of Shareholders approved a proposal to pay a cash dividend of € 1.89 per ordinary share.

On December 31, 2017, there were 50.1 million preference shares C in issue. The dividend yield on these shares is 5.8%. For preference shares B, there were 25.2 million shares in issue, with a dividend yield of 2.7%. We consider preference shares to be an attractive part of equity. It provides fully committed long-term capital at relatively low cost.

## voting rights on shares

The ordinary shares have equal voting rights (one share, one vote). The voting rights on the preference shares B and C are aligned with the historical capital contribution. This means that there are 3.6 million voting rights on preference shares B and 5.6 million voting rights on preference shares C.

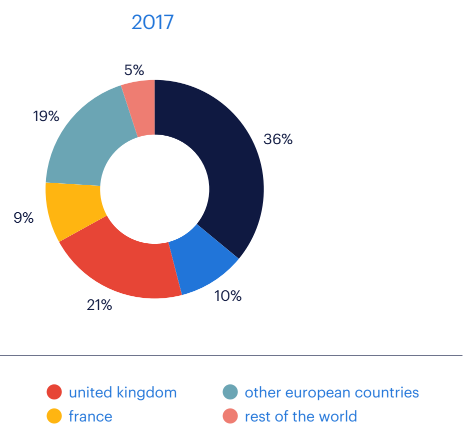
## listing and indices

Randstad Holding is publicly listed on Euronext Amsterdam (ticker symbol RAND.AS), where Randstad shares and options can be traded. Randstad shares are also included in a number of other indices, such as Euronext 100, Dow Jones Stoxx Europe Sustainability, Dow Jones Sustainability World Index, Euronext Vigeo Benelux 20, and the Euronext Vigeo Eurozone 120. Inclusion in major indices is important, because it improves visibility and liquidity.

## indicative free float

Randstad's free float amounts to approximately 60%. The majority of the free float of ordinary shares is held outside the Netherlands. We actively pursue an international spread, reflected by 50% of shares held by Anglo-Saxon investors (2016: 52%). We estimate that in total approximately 84% of our ordinary shares are held by institutional investors, while retail investors hold around 9%.

### indicative geographic spread of ordinary shares (free float)




## major shareholders

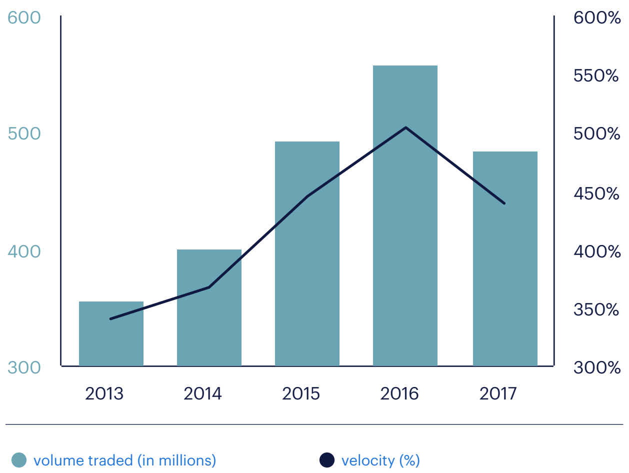
A list of our major shareholders can be found in the report of the Supervisory Board under 'legal transparency obligations'.

Growth investors overtook value investors as the largest holders of Randstad shares, comprising 25% of the free float. Value-focused investors own 23% of the ordinary shares, with the remainder being held by alternative, index, and yield investors.

## liquidity

The number of shares traded has risen substantially over the years, from 86 million in 2005 (mainly on Euronext) to about 490 million in 2017 on various trading platforms, but mainly on Euronext. Velocity (measured as the total number of shares traded divided by the average number of shares outstanding) was down slightly compared to 2016. Our velocity level implies that the average holding period is around four to six months for the total number of outstanding shares, or approximately two to four months for the free float.

### share volume traded and velocity[1]




1 Numbers of previous years were restated to include OTC (Over the Counter Trades).

## dividend policy on ordinary shares

We aim for a payout ratio of 40% to 50% of net profit adjusted for amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs. Additionally, we have implemented a conditional cash floor dividend of € 1.62 per share. This baseline dividend level will be maintained even when the general 40-50% payout ratio is temporarily exceeded, barring (i) seriously adverse economic conditions, (ii) material strategic changes to the sector and (iii) a material deterioration in our solvency & liquidity ratios.

In 2017, we further enhanced our financial position. Our business showed sustained growth throughout the year, and we improved our underlying earnings. As a result, we will propose to our shareholders an all-time high cash dividend of € 2.76 per ordinary share for 2017, up 46% year-on-year. This consists of a regular dividend of € 2.07 (2016: € 1.89), representing a payout of 50% of the basic underlying EPS. In addition, we propose a special cash dividend of € 0.69 per ordinary share, given our year-end 2017 leverage ratio of 0.9 and our new capital allocation strategy immediately applied to FY 2017.

The ex-dividend date for the regular dividend will be March 29, 2018. The number of shares entitled to the regular dividend will be determined on April 3, 2018 (record date). The payment of the regular cash dividend will take place on April 5, 2018.The payment of the special cash dividend will take place in Q3 2018, on a specific date to be determined by the Executive Board and to be announced on the Randstad website.

We are also proposing a dividend payment on preference shares B and C of € 12.6 million.

### per share data

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Dividend (€) | 2.76 | 1.89 | 1.68 | 1.29 | 0.95 |
| Dividend yield (%) | 5.4 | 3.7 | 2.9 | 3.2 | 2.0 |
| Payout (%) | 67 | 50 | 50 | 50 | 45 |
| Basic EPS (€)[1] | 4.13 | 3.77 | 3.35 | 2.57 | 2.09 |
| Diluted EPS (€)[1] | 4.11 | 3.75 | 3.32 | 2.54 | 2.07 |
| EBITA (€)[2] | 5.82 | 5.18 | 4.74 | 3.92 | 3.26 |
| Free cash flow (€) | 3.20 | 2.54 | 2.75 | 2.66 | 1.65 |
| Equity (€) | 23.22 | 22.66 | 21.25 | 18.28 | 16.40 |

1 Before amortization and impairment of acquisition-related intangible assets and goodwill, badwill (2013 only), integration costs and one-offs.
2 Underlying.

# share performance

## share price development

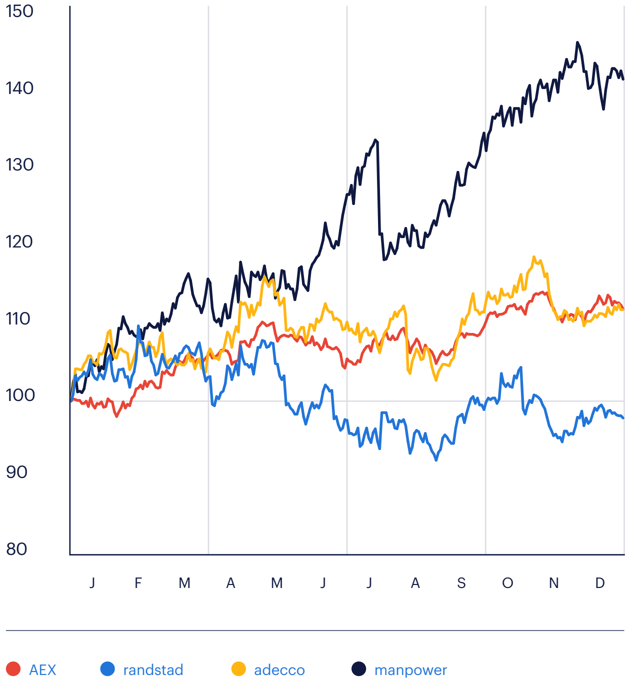
The share price ended the year 2017 at € 51.24, which was virtually flat versus the 2016 closing price of € 51.53. In April, a dividend of € 1.89 per ordinary share was paid out. As a result, the total shareholder return (TSR) for 2017 was 3%. In August, the share price reached a low point of € 48.38, ultimately ending the year at € 51.24.

### share price development

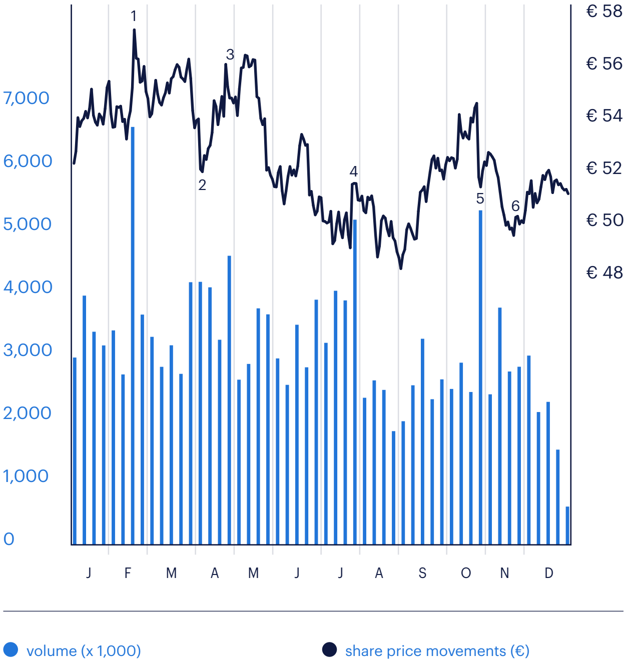
in millions of €, unless otherwise indicated

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Closing price (€) | 51.24 | 51.53 | 57.53 | 40.06 | 47.15 |
| TSR (%) | 3 | (8) | 47 | (12) | 74 |
| High (€) | 57.51 | 57.53 | 64.92 | 49.54 | 47.15 |
| Low (€) | 48.38 | 32.58 | 38.37 | 31.40 | 27.81 |
| P/E ratio | 12.4 | 13.7 | 17.3 | 15.8 | 22.8 |
| EV/Sales | 0.45 | 0.49 | 0.56 | 0.44 | 0.55 |
| Market capitalization | 9,390.4 | 9,431.2 | 10,529.1 | 7,215.2 | 8,366.0 |
| Enterprise value | 10,416.1 | 10,224.6 | 10,702.3 | 7,637.2 | 9,127.0 |

### share price development 2017 of randstad ordinary shares compared to euronext AEX index and peers



## share price development 2017 of randstad ordinary shares




1 february 14, 2017 – Q4 and full year 2016
2 april 3, 2017 – ex-dividend
3 april 25, 2017 – Q1 results
4 july 25, 2017 – Q2 results
5 october 24, 2017 – Q3 results
6 november 21, 2017 – capital markets day

## analyst recommendations

Approximately 15 financial analysts regularly publish reports on Randstad. At the end of 2017, around 50% had a 'buy' rating, while 44% of analysts recommended holding on to our shares; one analyst had a 'sell' rating. On December 31, 2017, the average target share price – according to analyst consensus – was around € 58. The highest target price was € 68, and the lowest was € 42.

## earnings per share reporting

Randstad reports earnings per share on a fully diluted basis. We focus on earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs. In our view, this gives the best reflection of underlying business performance.

### diluted earnings per share[1]

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Q1 | € 0.81 | € 0.67 | € 0.50 | € 0.45 | € 0.33 |
| Q2 | € 0.98 | € 0.93 | € 0.83 | € 0.64 | € 0.51 |
| Q3 | € 1.10 | € 1.05 | € 0.93 | € 0.77 | € 0.65 |
| Q4 | € 1.22 | € 1.10 | € 1.05 | € 0.68 | € 0.58 |
| Full year | € 4.11 | € 3.75 | € 3.32 | € 2.54 | € 2.07 |

1 Before amortization and impairment of acquisition-related intangible assets and goodwill, badwill (2013 only), integration costs, and one-offs.

# our value for society.

Having a meaningful job impacts people's lives. Through proactive and constructive dialogue with governmental authorities and other relevant bodies and institutions, we help shape the world of work, maximizing future employment and economic growth.

Randstad aims to make a positive contribution to society through industry involvement, research, surveys and publications, memberships, sponsorships, and events, and a comprehensive approach to Corporate Social Responsibility (CSR).

## industry involvement

We strongly believe that social dialogue and active participation in industry bodies will help produce clear, fair, and workable regulations in the markets in which we operate. By investing in strong industry federations – on a national, regional, and global level – we believe we can contribute to the future development of the HR services industry. The overview 'highest randstad positions in industry associations' shows Randstad's participation in staffing industry institutions in countries where we are active and where such associations exist.

### sectoral social dialogue

Randstad actively engages in the national and international dialogue with labor unions. At EU level, UNI-Europa and the World Employment Confederation Europe (in which Randstad is represented) meet regularly in the Sectoral Social Dialogue committee on temporary agency work to discuss issues of mutual importance, and to further professionalize and gain more societal acceptance for the industry. Moderated by the European Commission's Directorate-General for Employment, Social Affairs and Equal Opportunities, the committee met three times in 2017. The 2017/2018 work program included issues such as promoting national social dialogue by inviting representatives of the national bipartite funds. It also included a presentation from the European Commission on the Posting of Workers Directive, the EU Agenda for the Collaborative Economy (EU DG Grow), and the New Skills Agenda for Europe (EU DG Employment).

In 2017, the World Employment Confederation and UNI-Europa carried out a joint project on labor market intermediaries, online talent platforms, and the changing world of work, making a comparison with the characteristics and regulation of temporary agency work. The project led to a set of joint conclusions and recommendations, which will be fed into the activities of the EU Sectoral Social Dialogue Committee on temporary agency work.

### overview of membership costs

in €

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| WEC | 80,657 | 77,293 | 64,088 | 59,088 | 57,930 |
| Businesseurope | 30,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| IOE | 4,342 | 4,609 | 4,609 | 4,609 | 4,609 |

### employment market KPIs

In accordance with our reporting framework, we also report on our contribution to employment markets. In this respect, two relevant KPIs are staffing penetration rates and our contribution to the regulation of labor markets. The former shows the development of the number of temporary workers as a percentage of the total labor market, while the latter provides insight into the status of regulation in the main countries in which Randstad operates, as well as the expected trends.

A third relevant KPI is our involvement in national and international employment institutions. The overview 'highest randstad positions in industry associations' shows Randstad's participation in staffing industry institutions in countries where we are active and where such associations exist.

# research, surveys and publications

As a global HR services player, we aim to be a thought leader in developing our industry. To enhance our labor market knowledge and expertise, Randstad carries out regular research and surveys, both independently and in collaboration with academic partners and other institutes. In addition, we give presentations around the world, and our multiple publications are well received by our stakeholders and the industry in general.

## people to jobs, jobs to people

In the first quarter of 2017, together with the IZA Institute of Labor Economics, Randstad published the results of its 'People to Jobs, Jobs to People' research. In the report, we summarize the determinants of worker migration, highlight expected changes in labor supply, and offer a comprehensive discussion of firms' location choices in the light of skill shortages. Randstad CEO Jacques van den Broek presented this study to the Dutch Minister of Economic Affairs in March 2017.

## flexibility@work

Since 2013, Randstad has published Flexibility@Work, a yearly report on flexible labor and employment. In the 2017 report, Randstad placed the results of its 'People to Jobs, Jobs to People' study in context. The report recommends that governments introduce a well-managed skill-related migration policy to take full advantage of growing global mobility.

## workforce360

Workforce360 is the thought leadership blog where Randstad promotes its insights, opinions and research on specific areas of the world of work. Now in its fourth year, it has narrowed its focus to Employer Branding, HR Tech, and Talent Development. In 2017, workforce360 increased its readership by 400%.

## local industry insights

Randstad also conducts research through its operating companies around the world, collecting relevant industry insights. This work yields a valuable source of information for local stakeholders. Publications issued include the World of Work research (Asia Pacific), the Workpocket (Netherlands, Belgium and other countries), various salary surveys tailored to specific target groups (e.g., the Professionals segment), white papers, and online polls.

# memberships

## world employment confederation

Through our membership of the World Employment Confederation and its European arm, we strive for recognition of the economic and social role played by the employment industry in enabling work, job security and prosperity in our societies and in acting as facilitators of change. In May 2014, our Managing Director Group Public Affairs was elected President of the World Employment Confederation. She also chaired the European arm of the World Employment Confederation from 2005 to 2017.

## B20 employment & education taskforce

The Business 20 (B20) is the official G20 dialogue with the global business community. Its mission is to support the G20 through consolidated representation of interests, expertise, and concrete policy proposals, combined with promoting dialogue among policymakers, civil society, and business at an international level. In 2017, the B20 was organized in Germany by the Federation of German Industries (BDI), the Confederation of German Employers' Associations (BDA), and the Association of German Chambers of Commerce and Industry (DIHK). The primary focus of the B20 Employment & Education Taskforce was on creating 'Open, Dynamic and Inclusive Labor Markets Harnessing the Potential of Technological Change and Creating a Global Level Playing Field'. During four working group sessions, Randstad contributed to the policy recommendations, including a reference in the official Policy Paper to our latest report on global mobility and migration 'People to Jobs, Jobs to People'. In this report, we emphasize the need for migration policies to be aligned with labor market needs in order to enable the voluntary movement of workers and eliminate structural and legal barriers. Other policy recommendations promoting open, dynamic and inclusive labor markets include removing structural and legal barriers, developing diverse forms of work, and advancing female employment.

A full overview of our sustainability and industry memberships is presented under 'supplementary information'.

# sponsorships

## OECD forum

Randstad is Gold sponsor of the annual OECD Forum, which has become a global showcase for thoughtful and revealing discussions on economic trends, especially on the topic of human capital. At the OECD Forum in June 2017, Randstad CEO Jacques van den Broek spoke with leaders from governments, civil society and business on 'Bridging Divides in the Future of Work'. He also participated in sessions on the gig economy and inclusiveness in the future of work.

## HR transformation forum

As one of the founding partners, Randstad has sponsored the HR Transformation Forum since 2013. The Forum is a high-level think-tank consisting of chief human resources officers from global blue-chip companies based across Europe. It provides HR leaders with a safe platform to candidly discuss the challenges they face within their companies' transformations, spur cross-industry fertilization of ideas, and exchange views on the global HR themes of the future. As this forum has evolved and put many big digital-transformation dilemmas under a microscope since its inception, the focus is now on the post-digital age. In 2017, the key insights from the discussion focused on culture change and transformation: how we will continue to thrive and grow as an organization with all our technological innovations, and ensure harmony.

# events

## international business & human rights conference

On April 19, 2017, Randstad, the IOE and the Confederation of Netherlands Industry and Employers (VNO-NCW) organized the International Business and Human Rights Conference at Randstad's head office in the Netherlands. The conference was attended by some 150 participants, the vast majority from business. Topics covered were responsible business conduct, flexible forms of work, ethical recruitment, respecting human rights in the supply chain, and the private sector's role in helping to achieve the Sustainable Development Goals.

## digital frontrunners

On October 11, 2017, Google and Randstad organized a full day of conversation on the Future of Work with 200 leaders from governments, civil society and businesses in the Netherlands. Keynote speeches were given by Randstad CEO Jacques van den Broek, who addressed our new Human Forward brand promise, and Eric Schmidt, Executive Chairman of Alphabet Inc. At the conference, a report drawn up by McKinsey & Company on the 'Future of Work in the Digital Frontrunner Countries' was presented, providing the backdrop for the discussion.

## pact for youth closing event

On November 23, 2017, Randstad CEO Jacques van den Broek spoke at the First European Business-Education Summit in Brussels, the closing event of the European Pact for Youth, one of the biggest projects on youth employment in Europe. Initiated in 2015, Pact for Youth was an appeal to businesses, social partners, education providers, and other stakeholders to develop and consolidate partnerships in support of youth employability and inclusion. In just two years, 23,000 business-education partnerships were formed, and 160,000 new opportunities for youth were created. Randstad operating companies contributed to Pact for Youth through several projects and programs.

# corporate social responsibility

Our core values inspire us to use our knowledge and experience to make a positive contribution to the world around us. Through our social and volunteer programs, we help communities around the world, particularly in terms of skill and career development.

## social innovation programs

Since 2016, we have been tracking all social labor market projects our various operating companies are running at a local level. In 2017 we saw a total of 100 social innovation programs around the world. An overview of these local initiatives is available on our website.

## youth employment

Recognizing skills and striving for an inclusive labor market are key in helping youth navigate their way to sustained employment. Improving youth labor numbers requires an in-depth understanding of employment and labor market issues at local country level. Effective cooperation between the private employment industry and various public partners will be the recipe for success in combating youth unemployment.

Our operating companies offer an array of initiatives to assist young people in finding the right job. More information about our initiatives on youth employment can be found on our website.

## diversified workforces

We value diversity. We do not discriminate on the grounds of age, skin color, disability, gender, marital status, nationality, race, religion, or sexual orientation, and we have a non-discrimination policy to underline this. Many of our operating companies have long-standing diversity and reintegration programs, and some provide consultancy services to clients on equal opportunity and competency management. By forging links with local community stakeholders, including public, private, NGO, and institutional partnerships, we stimulate diversity in the workplace. Our Randstad Institute in France and our foundations in Germany and Spain provide access to employment for disadvantaged groups, such as immigrant workers, women at risk, victims of domestic violence, single parents, older workers, and the long-term unemployed. Addressing the challenges that the growing number of older workers face in entering, re-entering, or staying active in the workforce is also part of our approach to furthering employment market sustainability.

In line with our aim to promote diversity in our workforce, we also welcome candidates with a disability. We have found that registration of disabled candidates varies in the different countries in which we operate. This may be related to local legislation, but also to the personal wishes of the people concerned. In addition, we are running a variety of local programs to advance employment participation of minority groups. More information about our local initiatives regarding diversified workforces can be found on our website.

## a healthy and safe work environment for candidates

Caring for people is embedded in our core values and forms a mandatory part of our induction programs. It is in this context that our consultants work with clients and candidates to support workplace safety. Several of our operating companies have specialized health and safety managers to provide guidance. We advise our clients on matters of occupational health and safety; for example, by pointing out how to prevent workplace risks and by providing 'security at work' training. Formal audits at client locations are conducted in some business areas, such as construction, where taking extra health and safety precautions is best practice. More information about our local initiatives for a healthy and safe work environment can be found on our website.

Health and safety is also an ongoing topic at the European Platform meetings, a Randstad network of national works council representatives, in which candidates are also represented.

We have a global Health & Safety Policy which states that Randstad is committed to providing and maintaining a healthy and safe work environment, and promotes well-being at work, doing all that is reasonably practical to prevent personal injury and illness and to protect our candidates, employees, clients, and visitors from foreseeable work hazards.

All workers across the labor market have a right to a healthy and safe work environment. Our health and safety management is organized locally at operating company level, designed to safeguard business continuity and deal with risks. Our operating companies adhere to all applicable local standards and regulations, and are expected to have a sophisticated health and safety structure in place. We track sickness rates, work-related accidents or incidents resulting in lost-time injury, as well as work-related fatalities, both for employees and candidates. Fatal incidents are immediately reported to the Executive Board.

In the past year, we provided work to more than two million people. Our first duty as a company is to make sure we do not send anyone into a work environment that may be harmful to them. Unfortunately, despite our best efforts, accidents occurred that resulted in injuries. The aggregated number of work-related injuries among our candidates globally amounted to 25,995 (2016: 24,972), while the number of working days lost due to these injuries added up to 377,873 (2016: 338,797). Based on these data, our 'injury rate' is stable at 0.2% of overall days worked.

Much to our regret, in 2017, we were also confronted with 8 fatal incidents among candidates:

### number of fatal incidents among candidates

| | 2017[1] | 2016 |
|---|---|---|
| At work | | |
| USA | 0 | 1 |
| Netherlands | 3 | 1 |
| Germany | 1 | 0 |
| Belgium & Luxembourg | 1 | 0 |
| France | 2 | 2 |
| In traffic (while working) | | |
| France | 0 | 1 |
| Japan | 0 | 2 |
| India | 1 | 3 |
| | 8 | 10 |

1 Excluding natural causes.

We treat prevention, training, and safety awareness in general as very important subjects. We realize that while a zero score may prove impossible to achieve at the scale we operate, this is nevertheless the only acceptable target.

## a healthy and safe work environment for our employees

Our operating companies use a variety of measures designed to advance employee well-being. These include procedures to promote safety at work, training programs, health checks, and services and products to enhance overall employee wellness. In our countries, we have formal agreements with trade unions on health and safety topics. Local initiatives to stimulate a healthy and safe work environment include online platforms for a healthy lifestyle, driver safety programs, and more.

In 2017, the overall sickness absenteeism rate was 1.7% of overall days worked (2016: 1.8%). The total number of working days lost due to sickness was 166,963 (2016: 153,747).

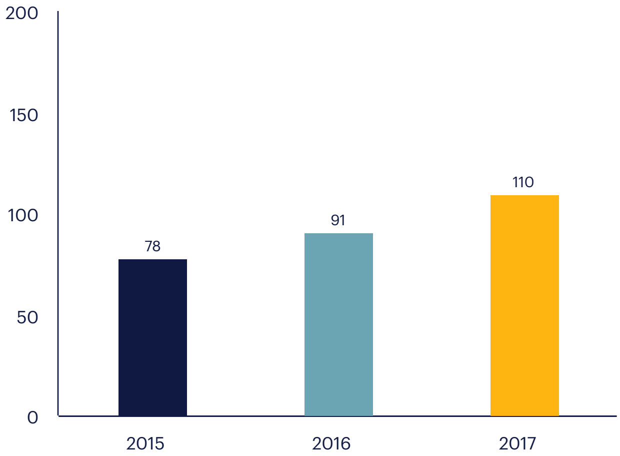
Randstad has globally aligned crisis and continuity plans. Serious security incidents are reported (and in some cases dealt with) at the highest level. Unfortunately, despite our high safety standards, we again faced several incidents in 2017, causing 162 injuries among our employees (2016: 217). The number of working days lost due to these injuries amounted to 1,249 (2016: 944). This results in an overall injury rate of 0.01% of overall days worked.

## employability advancement

Ongoing skills development is essential for employability and sustainability in any workforce. Our training programs are tailored to meet the needs of clients and candidates in individual employment markets. Such programs include courses specific to IT, sales, contact centers, hospitality, and technical skills. Specialized programs leading to additional professional qualifications are also part of training and development. More information about our local initiatives in employability advancement can be found on our website. The development of funds invested in training and development of candidates in recent years is shown in the graph below.

## candidate training costs

in millions of €

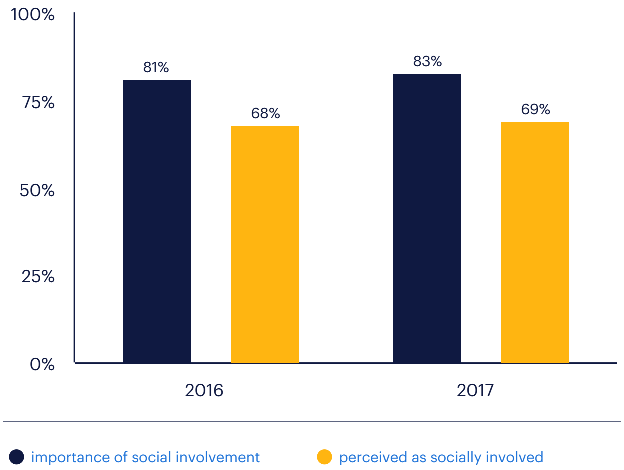



## social involvement

We measure staff perception of social involvement in the organization to gain a better understanding of how our own people feel about Randstad's social performance. More specifically, we ask them if they feel it is important for their company to be socially involved, and whether they perceive Randstad as being so. The results are shown in the graph 'Employee perception of social involvement'.

## employee perception of social involvement

as % of total number of respondents




Source: Great People Survey

In early 2018, we will launch a global online platform to connect Randstad employees worldwide to good causes they care about. This platform will also be instrumental in bringing the human forward mission to life, will help to further elevate our employee experience, and will enable us to showcase the tremendous impact that Randstad people have on the lives of others every day. YourCause has been selected as platform partner for this initiative. Randstad employees around the world are engaged in a wide array of corporate citizenship or social activities, often using internal communication mechanisms to promote their cause, engage colleagues and raise funds. This platform will assist in initiating projects, gaining and providing support, and engaging with colleagues both at a local and global level.

## voluntary service overseas (VSO)

For almost 14 years now, Randstad has had a valuable partnership with VSO, the world's leading development NGO that fights poverty through the knowledge and skills of volunteers. Randstad is VSO's global employability partner, supporting VSO's work to help marginalized people to access the labor market. This is achieved by giving our employees an opportunity to volunteer in international VSO projects that focus on employability. We also use our knowledge and infrastructure, pro bono secondments, and joint marketing efforts to help VSO become better at recruiting volunteers across the world.

Driven by our (and VSO's) strategic focus on employability, in 2017, we directly supported two VSO projects that focus on improving employment and entrepreneurship opportunities for the most vulnerable, especially youth and women: the Randstad Youth Employment Project (RYEP) in Tanzania and the Aaghaz project in India.

The RYEP project went from strength to strength in 2017. The project was revised to focus specifically on three interventions that maximize the use of Randstad's skillset: providing career guidance, soft skills training/coaching, and developing connections between the private sector and youth looking for employment opportunities.

In 2017, 19 Randstad volunteers supported six VSO projects looking to enhance youth employability through skills development. Specifically, Randstad's RYEP team in Tanzania provided career guidance and soft skills training, resulting in 330 students starting apprenticeships and 24 teachers receiving training on randstad vso volunteers overseas 2013–2017

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Volunteer hours | 15,200 | 11,000 | 10,200 | 10,300 | 10,500 |
| Volunteers | 19 | 20 | 19 | 16 | 15 |

the world of work. The team's achievements were recognized by VSO by granting them the Volunteer Team Award in December 2017. The team was commended for acting as role models and quickly learning and understanding the culture. They were also praised for using sustainable models of development, so that the work they did in Tanzania will have a lasting impact.

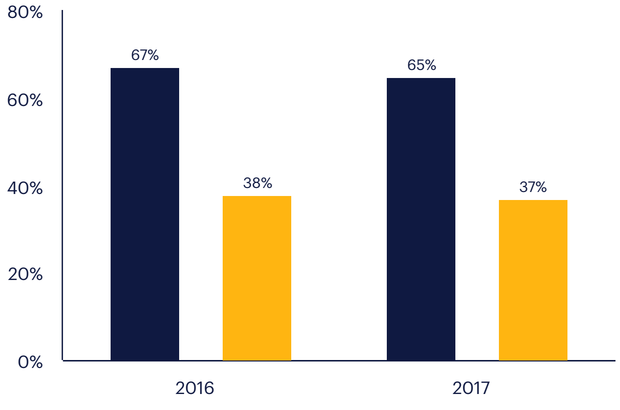
Randstad also provided a recruitment consultant to develop and build the capacity of VSO's in-country recruitment function in Tanzania. In addition, one of our senior leaders went to Tanzania on a two-week placement as a senior private sector engagement volunteer with the goal of creating relationships between the private sector and national partners across three Youth Employability and Enterprise projects. As a result, links have now been established and/or strengthened with several influential organizations, which have subsequently offered vacancies and/or internships to graduates.

Until September 2017, Randstad was also involved with the Bharti Infratel Aaghaz project in India. Five Randstad International, and two Randstad India volunteers strengthened the design, delivery, and impact of the project by providing coaching and mentoring, placement and marketing, communications, and organizational development support. In the space of one year, the project was able to train 1,003 young women from urban slums in selected trades, placing 712 of them into employment opportunities.

From October 2017, Randstad embarked on an exclusive partnership with VSO India to help train and enhance the employability of disabled youth in the Ranchi district in India. Two international volunteers are starting their placements in early 2018 to support VSO in developing and implementing a communications strategy.

For 2018, our aim is to offer more diverse volunteering opportunities to reach more Randstad employees and maximize our impact. In addition, we will increase our focus on the actual impact we have in our target countries by measuring it. In this way, we will be able to make our vision of 'improving the employability of poor and marginalized people' more tangible.

attitude of employees towards VSO
as % of total number of respondents




Source: Great People Survey

## other volunteer projects

In addition to the VSO projects, Randstad participated in many other volunteer projects in 2017, including socially involved and philanthropic initiatives. The total amount spent on corporate philanthropy (excluding VSO) in 2017 was € 1,888,787 (2016: € 1,359,080). We have a global policy for corporate citizenship and philanthropy. The purpose of this policy is to define common shared rules within Randstad for identifying corporate citizenship and philanthropy initiatives that, in line with our mission, core values, business principles, and internal policies, are aimed at meeting the needs of communities or societies in which Randstad operates.

other volunteer projects on behalf of randstad

| | 2017 | 2016 |
|---|---|---|
| Volunteer hours | 9,200 | 5,900[1] |
| Volunteers | 1,560 | 980 |

1 Adjusted.

For example, Randstad Belgium participated in the Action Day of a regional youth association called 'Youca'. Randstad published a job offer on its website for 'one day as an employability coach'. Young people could apply and several were selected to spend a day with Randstad colleagues. During this day, they were informed about Randstad's work methods and participated in a workshop that would help them coach others.

Randstad USA is continuing to build a strong relationship with its national charitable partner Junior Achievement. This partner's new program, JA Career Bound, enables high school students to learn the skills necessary to succeed in today's workforce. Randstad USA also continued the Hire Hope program, which is designed to impact the lives of young women affected by human trafficking. The program teaches them résumé writing, interview skills, and behavior in the workplace in weekly sessions for ten weeks. Upon completion, they will be given the opportunity to interview for an apprenticeship at Randstad Sourceright. If they are accepted, the women work five days a week screening candidates and are paid for their duties.

Randstad UK Construction Property & Engineering has established a new charity partnership with the Lighthouse Construction Industry Charity, which focuses on helping unemployed construction workers to get back into the industry, supporting them from both a financial and rehabilitation perspective.

Randstad Germany has a project called 'Ehrensache', which allows Randstad employees to receive funding for voluntary work they undertake in their free time. The purpose is to support projects for the common good, to promote voluntary work, and to stimulate employees to broaden their personal outlook and build networks.

Randstad Argentina supports a program against child labor, called 'Jardines de Cosecha' (Harvest Kindergarten). The program runs during harvesting seasons, and provides rural workers with a safe place to leave their children during the work day.

Randstad Hong Kong wants to #payitforward to its local community through a series of small actions. The focus areas are enhancing education and empowering youth.

More information about these initiatives and other examples of local volunteer initiatives can be found on our website.

# sustainability basics.

'Shaping the world of work' can only be achieved if attention is also paid to sustainability 'basics'. These range from safeguarding ethical behavior, applying decent environmental care, and taking supply chain responsibility to being a good corporate citizen and ensuring our organization is transparent. Our goal is to have management tools, business principles, policies, and a governance structure in place that are in line with, or exceed, the standards set for our industry.

Our Executive Board bears ultimate responsibility for the Group's social responsibilty and sustainability basics, while related topics are regularly discussed with the Supervisory board. Depending on their size, our operating companies have their own CSR or sustainability managers, or a dedicated coordinator. The Group Sustainability Manager reports directly to the Company Secretary.

## business principles

Randstad's business principles are based on – and support – our core values. They project a positive message, help us live up to our values, and ensure that the needs of the world in which we work, as well as our business and personal behavior, are well aligned and reinforce one another. Our business principles can be found in the 'corporate governance' section on our website.

understanding of business principles [1]

| | 2017 | 2016 |
|---|---|---|
| North America | 86% | 86% |
| Netherlands | 92% | 92% |
| France | 77% | 78% |
| Germany | 95% | 96% |
| Belgium & Luxembourg | 94% | 88% |
| Iberia | 84% | 84% |
| Italy | 83% | 85% |
| Other European countries | 81% | 74% |
| Rest of the world | 72% | 73% |
| Corporate | 93% | 96% |
| Group | 84% | 83% |

1 The data includes only part of global businesses. The following entities are not yet covered: Monster, Sourceright North America, RiseSmart, and twago.

Source: Great People Survey

Our business principles – coupled with our key corporate policies referred to below – are an integral and mandatory part of our global induction program. Local induction training programs include an explanation of our core values, the business principles, some of our policies, and the misconduct reporting procedure. Since 2014, training in business principles is part of our key control framework for ensuring global execution.

In 2017, around 7,000 new employees and 6,000 existing employees received business principles training. To set a minimum standard, we developed a compliance induction training program format, both in PowerPoint and as an e-learning tool. In addition, we developed a set of five cartoons that support training and communication on our business principles and corporate policies. These cartoons are available in 16 different languages.

Understanding of our business principles is measured through our annual Great People Survey. The results of this part of the survey can be found in the table 'Understanding of business principles'.

To further enhance awareness of the business principles, they are included in our HR Standards and communicated through various internal communication channels across the Group.

## corporate policies

The majority of our corporate policies are directly linked to our business principles. They provide our people around the world with specific guidance and instructions on their business behavior.

Over the years, we have developed other key corporate policies related to compliance with business principles: competition law; insider dealing; bribery, gifts & hospitality; data protection; non-discrimination, intimidation & harassment; contract approval; and e-communications. These policies are a mandatory part of our induction training, and are highlighted during refresher training, tailored to the local operating company and the position of the relevant employee, and included as controls in our key control framework.

Promoting best practices and raising awareness of relevant laws and policies is an ongoing process worldwide. In 2015, we developed a tailor-made compliance refresher training program: Randstad Rules! This e-learning program can be easily adapted to other languages and local rules. In 2016, it was already used by several Randstad operating companies worldwide, and more operating companies adopted it in 2017. Randstad Rules! is also an effective tool to make recently acquired companies familiar with the Randstad core values, business principles, and related policies.

Our position with regard to tax control, tax contribution, tax compliance, and tax planning is elaborated on in our tax policy. In line with our core value 'simultaneous promotion of all interests', and in order to safeguard our good reputation, Randstad demonstrates ethical tax behavior by paying the proper amounts of taxes in the countries where value is created. Randstad Holding was listed in fourth position in VBDO's (Dutch Association of Investors for Sustainable Development) Tax Transparency Benchmark. We scored the maximum points for our knowledge and management of risks and for our monitoring and testing of tax controls.

Randstad also has an environmental policy. Realizing that the world's natural resources are limited and fragile, we believe environmental protection is consistent with our overall goals and core values, and should therefore be an important consideration in our activities. This commitment to environmental protection is reflected in our sustainability framework. It is validated through a materiality analysis, and included in all our programs and practices that encourage the conduct of operations in a manner that is both environmentally and economically responsible.

In addition, we have a global Health & Safety Policy and a global Corporate Citizenship & Philanthropy Policy. In 2017, we developed a Diversity Policy.

Our corporate HR Standards are not only based on our core values and business principles, but also on our sustainability ambitions. These standards are designed to guide our company and to safeguard the recruitment, development, and retention of our employees – our most important asset. They are essential in helping us achieve our strategic goals, which is why our policies and sustainability framework are not only included in our HR Standards, but also form a mandatory part of our induction training.

Randstad's corporate policies are published on our intranet sites and on our website (in whole or in summary). Through our in-control framework (which includes the key control framework), our operating companies certify, semi-annually, their compliance with many of the policies, or explain any deviations.

# human rights

Randstad recognizes its impact on labor markets, which is often closely related to human rights. We therefore consider this topic relevant and operate in accordance with several global agreemens and conventions.

We are signatories to, and participants in, the United Nations Global Compact, and we support its Ten Principles regarding human rights, labor rights, the protection of the environment, and anti-corruption. More details about our progress are available on the website of the UN Global Compact (www.unglobalcompact.org).

The principles regarding labor are those outlined in the ILO Declaration on Fundamental Principles and Rights at Work. These are freedom of association and the right to collective bargaining, elimination of forced or compulsory labor, the abolition of child labor, and the elimination of discrimination in respect of employment and occupation. While always complying with national laws and practices, we are also committed to making the Global Compact's principles part of Randstad's strategy, culture, and day-to-day operations. We therefore regard the Ten Principles as forming part of our business principles. Our CEO explicitly expressed Randstad's support to the UN's Secretary-General.

Randstad Holding's CEO and CFO signed the UN's Call to Action to Governments to promote anti-corruption measures and to implement policies to establish systems of good governance. Signing this Call to Action underlines our commitment to opposing corruption in all its forms, including extortion and bribery. We believe that corruption is one of the greatest obstacles to economic and social development around the world. For this reason, Randstad will join Transparency International as of 2018.

Over the past years, Randstad has participated in the Business and Human Rights Initiative of the Global

Compact Network Netherlands. As part of this, we have embedded the Ten Principles into our corporate policies and developed a tool for human rights risk mapping. To that end, we published our Human Rights Impact Assessment. We also reviewed our global key control framework and expanded it to cover a number of relevant risks and controls related to business and human rights, notably bribery, workers' rights, health and safety, and discrimination. Other ways in which we monitor potential human rights risks include continuous training of our employees and management locally, and promoting organizational sensitivity to human rights issues in general.

Based on the outcome of its 2016 human rights self-assessment, Randstad has adopted the human rights chapter of the OECD Guidelines as a benchmark for its international activities. As we recognize our role in public labor market debates, we aim to increase our efforts in safeguarding human rights. In 2018, we will work on optimizing our human rights self-assessment and decide how we can further contribute to the public debate.

## benchmarks

In 2017, for the third consecutive year, Randstad was included in the annual Dow Jones Sustainability Index (DJSI) review. Launched in 1999, the DJSI World is the first global index to track the leading sustainability-driven companies worldwide, based on RobecoSAM's analysis of financially material Environmental, Social, and Governance (ESG) factors. Randstad is the only HR services provider to be admitted to membership of the Professional Services industry section of the DJSI World and DJSI Europe indices. Randstad was assessed best in class on the social dimension, including the areas of human capital development, labor practice indicators, and talent attraction and retention. Other areas assessed as best in class were materiality and policy influence. As one of the top-scoring companies in our industry, Randstad also qualified for inclusion in RobecoSAM's 2018 Sustainability Yearbook and received the Silver Class distinction for its excellent sustainability performance.

We are also an active participant in other international benchmarks and platforms, such as the MSCI ESG, FTSE4 Good, Dutch Transparency Benchmark, Euronext Vigeo, Ethibel Sustainability Index, VBDO's tax transparency benchmark, the Carbon Disclosure Project, Ecovadis, and Sedex.

## integrity and grievance mechanism

The Randstad misconduct reporting procedure encourages the reporting of serious misconduct, preferably directly to local management and through established operational channels. If, for any reason, these reporting lines are considered inappropriate or are likely to be ineffective, or if a complainant fears retaliation, use can be made of our special reporting facility, which consists of a telephone hotline (accessible 24 hours a day via free local access numbers) and a secure web page. The reporting facility is open to all of Randstad's stakeholders: employees, candidates, and third parties. Although reports can be submitted anonymously, Randstad encourages complainants to reveal their identity when they submit a report. This greatly facilitates the investigation of the issue. Reports can always be made in the local language. The reporting facility is operated by an independent external provider and allows communication between the parties, even if the misconduct was reported anonymously. This way of communicating with an anonymous complainant has proven to be successful in several instances. Consistent with Randstad's decentralized organization, reports are received by local integrity officers, who are responsible for handling complaints, supported, where appropriate, by other functions, either locally or within Randstad Holding. Actions resulting from this procedure vary from apologizing to the complainant and correcting mistakes to termination of employment, be it of a candidate or an employee, including in senior positions. These actions must make clear to all involved or impacted that breaches are not tolerated by Randstad.

Taking into consideration the implications of the UN's 'Protect, Respect and Remedy' framework, we continue to work on raising and maintaining awareness of our grievance mechanism, including among our employees and candidates. In 2017, we again focused on raising awareness within those operating companies that showed a lower awareness score in the Great People Survey, as well as within recently acquired companies, while keeping awareness elsewhere at least at the same level. This resulted in an overall increased score of 78% (+5%). In some countries, the increase was particularly notable, such as in Sweden (+48%), Norway (+26%), and Belgium (+21%). Our e-learning tool Randstad Rules! has proven to be effective here. We also saw a substantial increase in the total number of complaints and concerns raised in 2017 (+50%) compared to 2016. However, these again included a substantial number of complaints that bypassed the normal appropriate local reporting channels, such as the branch manager or local complaint or help desks. This is fairly consistent at approximately two-thirds of all complaints. Through local communication efforts, we aim to maintain and increase awareness of the correct routing.

Of the total of 221 reports made in 2017, 71 were accepted as admissible. After thorough investigation of these 71 reports, 49 were found to be not proven, and 22 were (partially) proven. The proven complaints (22) related to intimidation and harassment (10), non-compliance with internal policies and procedures (4), improper management practices (3), health and safety issues (2), fraud (2), and breach of non-compete (1).

### misconduct reporting

| | 2017 | 2016 |
|---|---|---|
| New complaints | 221 | 174 |
| Of which anonymous | 86 | 47 |
| | | |
| Concerns referred to other channels/not legitimate | 150 | 119 |
| Proven or partially proven | 22 | 14 |
| Not proven | 49 | 41 |
| Under investigation[1] | 0 | 0 |
| Total | 221 | 174 |

1 Of the 5 complaints reported as 'under investigation' in 2016, one was referred to another channel and 4 were investigated and appeared to be 'Not proven'.

The vast majority of the reports (141) were made by candidates or former candidates; most of these were referred to local management or the local complaint or help desks. A total of 14 reports were made by clients and other external parties, and in 32 cases – due to insufficient information being provided by anonymous reporters – it was not clear who made the report. The remaining 34 reports came from employees or former employees.

All valid reports were followed up internally, usually by local teams with the support of the local integrity officer and/or the risk manager. If the report related to local management, it was followed up by the central integrity officer and the Group Business Risk & Audit staff. All proven reports were followed up by corrective action, which varied depending on the facts. Corrective action included additional training, coaching and/or monitoring for the people involved; this was especially relevant in cases of non-compliance with internal policies and procedures, and improper management practices. One report related to a candidate carrying out activities at a client. This was followed up with the client and resulted in offering the candidate another assignment; the client handled the case internally. In the cases of intimidation and harassment and racism, the corrective action varied from a written warning and further coaching (4) to demotion (1) and dismissal (2) of the accused.

Understanding of our misconduct reporting procedure is measured through our annual Great People Survey. The results of this part of the survey can be found in the table below.

### awareness of misconduct reporting procedure [1]

| | 2017 | 2016 |
|---|---|---|
| North America | 79% | 76% |
| Netherlands | 66% | 70% |
| France | 86% | 85% |
| Germany | 89% | 87% |
| Belgium & Luxembourg | 78% | 58% |
| Iberia | 72% | 70% |
| Italy | 74% | 75% |
| Other European countries | 74% | 62% |
| Rest of the world | 68% | 70% |
| Corporate | 90% | 85% |
| Group | 76% | 73% |

1 The data includes only part of global businesses. The following entities are not yet covered: Monster, Sourceright North America, RiseSmart, and twago.

Source: Great People Survey

# supply chain responsibility

Our suppliers make an important contribution to the quality of our services. We therefore ask them to embrace our standards and to comply with our Supplier Code. This code is an integral part of our international terms and conditions. It aims to ensure that the procurement of goods, works, and services takes place in a socially responsible manner and in conformity with our business principles. In this code, we explicitly request that our suppliers respect our regulatory, social, and ecological principles, and adopt practices consistent with those principles. Suppliers must ensure that their own suppliers and subcontractors also respect the principles set out in the code. We consult with suppliers periodically in order to verify compliance with the code. If deemed necessary, Randstad may have an audit conducted at the supplier's premises. The Supplier Code is published on our website. At the end of 2017, around 32% of our procurement expenditure worldwide was covered by our Supplier Code.

A good example of our supply chain management is the procedure followed by Randstad Argentina. This works as follows: the first mandatory step for suppliers in formalizing the relationship is to register on Randstad's website and explicitly subscribe to the Supplier Code. Once they are in the system, they are automatically notified when changes are made to the Supplier Code or to other conditions. Randstad Italy launched a new web portal for the qualifications of its suppliers. This consists of a very detailed questionnaire with general information about the supplier company, its organizational structure, its approach to quality and social responsibility, and relevant certifications.

On a global scale, around 9.5% of our cost base consists of supplier spending. The graph 'Composition of the supply chain' shows the proportions of the various supplier categories across the globe.

# our impact on the environment

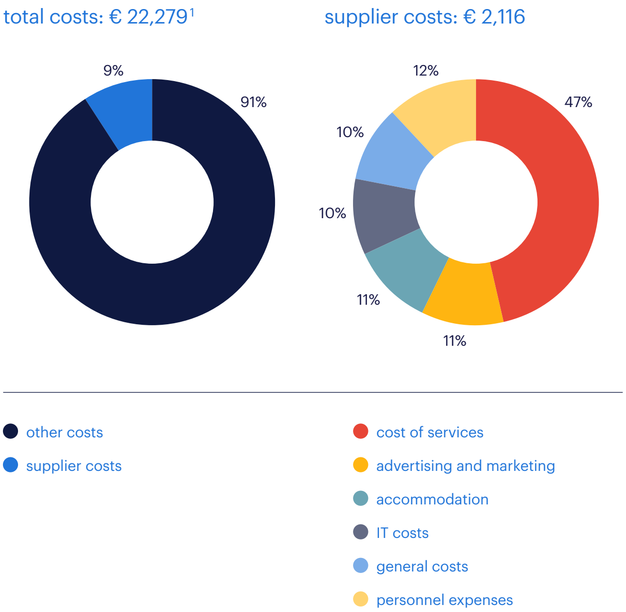
Because Randstad is a 'people' business, our impact on the environment is much less than that of some other sectors, such as manufacturing. Almost all of our business is conducted in local markets, and we have many locations close to both clients and candidates, greatly reducing travel and the resulting $CO_2$ emissions. Despite this inherently minimal impact, we do what we can to limit our ecological footprint by conserving energy, using sustainable energy sources, and reducing water and paper usage, while re-using or recycling wherever possible. We have set the target to use at least 50% electricity from sustainable sources in 2018, and to reduce our $CO_2$ emissions by 8% in 2018. In 2017, we set an additional target on emissions related to business travel by car. We aim to decrease the weighted average $CO_2$ emission per km driven by 10% by the end of 2022, for example by using cars running on sustainable sources.

In mid-2015, we established a global environmental policy. This commitment to environmental protection is reflected in our sustainability framework, validated through a materiality analysis, as well as in our programs and practices for conducting operations in an environmentally, as well as economically, responsible manner. The policy can be found on our website.

In 2016, we participated in the Global Climate report of the Carbon Disclosure Project (CDP), where we scored

## composition of the supply chain

as % of total (supplier) costs (x 1,000)




1 Actual reported operating expenses and cost of services excluding amortization and impairment of acquisition-related intangible assets.

a B (management level), which is above industry average. Our operating companies are taking further steps at management level to effectively reduce emissions, indicating more advanced environmental stewardship.

## $co_2$ footprint

As a part of our framework, we continue to improve the completeness and accuracy of our Group environmental data, using a step-by-step approach. In 2012, we concentrated on measuring our impact due to travel, in particular journeys made using company cars. In 2013, we added to this the distances traveled by air. In 2015, we performed an internal review on the environmental data reported in 2013 and 2014. The main operating companies (constituting 90% of the total) were asked to check their data and make adjustments where necessary. This gave us better insight into the challenges related to collecting and reporting environmental data, which led to improvements and more extensive coverage. In 2016, a consulting company completed an audit in order to gain even more insight into the possible improvements regarding data collection and reporting, and the feasibility of external assurance.

We report our $CO_2$ footprint according to the Greenhouse Gas Protocol. We therefore no longer report the emissions of water, paper and waste (formerly scope 3). We still face challenges with regard to collecting actual figures on water and general waste. We use mostly estimates to calculate the numbers, because only a few operating companies are able to receive this information from their suppliers. Most of our branches are located in collective tenant buildings, where there is collective water usage and the collection of waste is centralized, which means we cannot collect our own data. For 89% of our operating companies, the estimated water usage in 2017 was 325,000 $m^3$ (2016: 245,000 $m^3$) and our waste 1,600 metric tons (2015: 1,400 metric tons).

## energy resources

To limit the use of fossil fuels, we constantly seek to increase the use of alternative, efficient, and natural energy resources (e.g., by replacing traditional lighting by LED lighting in our buildings). We transferred most of our computing capacity to the cloud and are in the process of rolling this out to all operations on a global. Thereby we expect to further reduce our energy consumption of servers by only making them available

### our $CO_2$ footprint[1]

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | usage | $CO_2$ emission | usage | $CO_2$ emission |
| Scope 1 (direct emissions) | | | | |
| Gas for heating (m3) | 3,204,011 | 6,036 | 3,311,360 | 6,239 |
| Fuel for heating (ltr) | 59,000 | 188 | 41,000 | 131 |
| District heating (Gj) | 13,207 | 264 | 13,369 | 267 |
| Business cars petrol (ltr) | 5,381,000 | 15,067 | 4,926,000 | 13,793 |
| Business cars diesel (ltr) | 11,003,000 | 35,210 | 10,887,000 | 34,838 |
| $CO_2$ metric ton scope 1 | | 56,765 | | 55,268 |
| Scope 2 (indirect emissions) | | | | |
| Electricity (Gj) | 190,531 | 20,588 | 188,786 | 19,488 |
| Sustainable electricity (Gj) | 76,429 | - | 73,497 | - |
| $CO_2$ metric ton scope 2 | | 20,588 | | 19,488 |
| Scope 3 (remaining emissions) | | | | |
| Airplane (km) | 48,072,640 | 9,615 | 43,111,049 | 8,622 |
| $CO_2$ metric ton scope 3 | | 9,615 | | 8,622 |
| Total $CO_2$ metric ton | | 86,968 | | 83,378 |

1 Based on our largest operating companies. In the near future Randstad aims to have 100% coverage of operations.

when we need them. The Randstad corporate head office is the only major building we actually own; almost all other buildings worldwide are rented. Our head office uses 100% certified green electricity and the Randstad Belgium head office is certified for BREEAM (Building Research Establishment Environmental Assessment Method).

Increasing our people's awareness of simple ways to reduce the use of energy in our offices is the least we can do. At the same time, its impact is difficult to measure, given the fact that our offices are often leased all-in, and we share buildings with other tenants. We continue to try convincing our landlords to provide us with specifications of energy use, separate from lease costs, or to install smart meters. Our European operating companies have taken the necessary steps to comply with the European Commission's Energy Efficiency Directive and will increasingly have better insight into their energy consumption and possible improvements.

## travel and company cars

We are limiting our business travel impact on the environment by increasing the use of video and phone conferencing and VoIP. However, due to the growth of our organization and the fact that a number of recent acquisitions are now included and reported for the first time, we saw an increase in the number of business flights in 2017. Increasingly, we are digitalizing time sheets and staffing contracts, including signatures, which reduces paper use and traveling by both candidates and our own consultants. Several operating companies have switched to hybrid or fuel-efficient cars, or cars with capped $CO_2$ emissions. In addition, various operating companies run bike schemes, commuting projects, gas-saving contests, and other initiatives to reduce conventional energy usage. If traveling cannot be avoided, we prefer train travel over plane or car travel, which in several countries is supported by strict policies. In the Netherlands, we participate in a $CO_2$ compensation program for business flight emissions with our national airline.

More information about our local initiatives on the environment can be found on our website.

### company cars

| | average number of cars | | kilometers driven (x 1,000) | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| North America | - | - | - | - |
| Netherlands | 3,361 | 3,382 | 97,088 | 98,376 |
| France | 1,854 | 1,735 | 32,988 | 34,129 |
| Germany | 1,801 | 1,732 | 55,026 | 50,820 |
| Belgium & Luxembourg | 1,848 | 1,657 | 47,213 | 41,812 |
| Iberia | 759 | 748 | 18,824 | 17,634 |
| Italy | 456 | 393 | 9,265 | 7,452 |
| Other European countries | 796 | 548 | 11,283 | 11,719 |
| Rest of the world | 554 | 571 | 12,327 | 10,595 |
| Global businesses[1] | 192 | 17 | 2,354 | 211 |
| Corporate | 139 | 125 | 3,053 | 3,302 |
| Group | 11,760 | 10,908 | 289,421 | 276,050 |

1 Global businesses (Monster, Risesmart, Sourceright and twago) are now included and reported separately for the first time, except Sourceright, which used to be included in the country reporting in 2016.

### business flights

total distance traveled (x 1,000 km)

| | 2017 | 2016 |
|---|---|---|
| North America | 27,548 | 22,681 |
| Netherlands | 615 | 364 |
| France | 3,614 | 3,482 |
| Germany | 2,452 | 2,370 |
| Belgium & Luxembourg | 484 | 134 |
| Iberia | 5,514 | 5,110 |
| Italy | 1,006 | 849 |
| Other European countries | 3,931 | 2,120 |
| Rest of the world | 13,750 | 14,038 |
| Global businesses[1] | 12,383 | 1,810 |
| Corporate | 9,458 | 9,945 |
| Group | 80,755 | 62,903 |

1 Global businesses (Monster, Risesmart, Sourceright and twago) are now included and reported separately for the first time, except Sourceright, which used to be included in the country reporting in 2016.

# our tax contribution

Throughout the world, Randstad companies pay various taxes levied by tax authorities. The main categories of taxes are corporate income tax, value-added tax (VAT), and wage tax and social insurance. The breakdown is as follows:

## corporate income taxes paid

in millions of €

| | 2017 | 2016 |
|---|---|---|
| North America | 2.7 | (1.5) |
| Netherlands | 26.7 | 27.7 |
| France | 43.0 | 38.7 |
| Germany | 15.0 | (3.9) |
| Belgium & Luxembourg | 27.9 | 3.2 |
| Iberia | 7.7 | 6.2 |
| Italy | 12.9 | 20.8 |
| Other European countries | 7.4 | 12.6 |
| Rest of the world | 13.5 | 23.6 |
| Global businesses | 1.3 | 4.8 |
| Corporate | 28.2 | 27.7 |
| Total | 186.2 | 159.8 |

Corporate income taxes paid in North America are relatively low as a result of accumulated net operating losses that are offset against taxable income.

Randstad Holding and its Dutch subsidiaries form a fiscal unity for corporate income tax.

In Germany, the 2016 taxes paid were distorted due to receipts from prior years. The 2017 taxes paid in Belgium were impacted by payments related to 2016.

## other taxes paid in 2017

in millions of €

| | VAT[1] | wage tax and social insurance | total |
|---|---|---|---|
| North America | 59 | 1,226 | 1,285 |
| Netherlands | 630 | 879 | 1,509 |
| France | 640 | 1,347 | 1,987 |
| Germany | 359 | 733 | 1,092 |
| Belgium & Luxembourg | 263 | 494 | 757 |
| Iberia | 269 | 421 | 690 |
| Italy | 33 | 475 | 508 |
| Other European countries | 336 | 569 | 905 |
| Rest of the world | 211 | 363 | 574 |
| Corporate | (6) | 22 | 16 |
| Total | 2,794 | 6,529 | 9,323 |

1 Value added tax/sales tax.

In 2016, other taxes paid amounted to € 8,147 million (€ 2,449 million for VAT and € 5,698 million for wage tax and social insurance).

# reporting framework.

## our ambition:
## by 2030, we will touch the work lives of 500 million people worldwide

| | pillars | | |
|---|---|---|---|
| | our value for clients: optimal workforces | our value for candidates: the best jobs | our value for employees: employer of choice |
| key material matters | • client relationship management<br>• innovation management<br>• increase of labor market flexibility and mobility | • training and education<br>• health & safety management | • talent attraction and staff retention<br>• employee engagement<br>• training and education<br>• health & safety management<br>• labor management relations |
| risks | • changing economic and geopolitical conditions<br>• contract liability and delivery<br>• workplace health and safety | • technological disruption<br>• information technology and cyber security<br>• workplace health and safety | • talent attraction and retention<br>• technological disruption<br>• information technology and cyber security |
| 500 million people plan | • enabling clients to improve their performance<br>• developing Tech & Touch innovations | • developing Tech & Touch innovations<br>• improving employability<br>• promoting equal opportunities | • developing Tech & Touch innovations<br>• improving employability<br>• promoting equal opportunities |
| KPIs[1] | • net promoter score (NPS)<br>• market share<br>• investments in innovation | • # of initiatives to place candidates with disabilities<br>• # of initiatives to guide people from unemployment to employment<br>• # of training hours; training costs<br>• # of candidates<br>• # of permanent placements | • proportion of males and females in senior leadership positions<br>• # of training hours; training costs<br>• employee retention rate<br>• outperformance score |
| measurable targets | • NPS: top 3 position or position improvement in our top 12 markets<br>• increase market share in our main markets<br>• professionals growth above market<br>• two digitally driven new business models with above average topline growth | • increasing # of initiatives to place candidates with disabilities<br>• increasing # of initiatives to guide people from unemployment to employment<br>• permanent placements growth above market | • proportion of females in senior leadership positions: 50% in 2017<br>• outperformance score higher than benchmark (with a participation rate of 80% or higher in the Great People Survey) |
| SDGs | • targets: 8.2 and 8.3 | • target: 4.4<br>• targets: 5.1 and 5.5<br>• targets: 8.2; 8.5 and 8.6<br>• target: 10.2 | • target: 4.4<br>• targets: 5.1 and 5.5<br>• targets: 8.2; 8.5 and 8.6<br>• target: 10.2 |

1 Progress on KPIs per pillar is reported both in the value chapters and in the performance section.

# our mission:
# shaping the world of work.

| | pillars | | |
|---|---|---|---|
| | our value for investors: creating EVA | our value for society: shaping the world of work | sustainability basics |
| key material matters | • performance & risk management<br>• competitiveness of the company | • increase of labor market flexibility and mobility<br>• legislation & regulation<br>• economic and social impact of labor on society<br>• corporate citizenship | • business principles & human rights<br>• stakeholder management<br>• customer protection<br>• reputation management<br>• environmental impact<br>• corporate governance<br>• sustainable supply chain management |
| risks | • credit risk<br>• other financial reporting risks<br>• changing economic and geopolitical conditions | • competition law compliance<br>• tax and labor law compliance | • data protection laws and regulations |
| 500 million people plan | • enabling clients to improve<br>• developing Tech & Touch innovations | • promoting equal opportunities<br>• contributing to labor markets | • contributing to society<br>• safeguarding labor & human rights<br>• taking environmental care |
| KPIs | • EBITA<br>• incremental conversion ratio<br>• recovery ratio | • staffing penetration rates in our markets<br>• thought leadership<br>• dialogue with policy makers | • # of hours and employees involved in VSO<br>• other community engagements<br>• sustainable procurement<br>• injuries and fatalities during work<br>• sickness absence<br>• corporate employees covered by a CLA<br>• # of employees trained in business principles<br>• # of business principles incidents (misconduct reporting procedure)<br>• measures to decrease our environmental footprint |
| measurable targets | • EBITA margin of 5% to 6% over time<br>• incremental conversion ratio towards 50%<br>• recovery ratio ≥ 50%<br>• dividend payout ratio of 40% to 50% of adjusted earnings per share (EPS)<br>• increase of market share<br>• optimization of economic value added (EVA) | • staffing penetration rates: increased in top 8 markets, where measurable | • included in the Dow Jones Sustainability Index<br>• zero fatalities and relative reduction of injuries<br>• % of electricity from sustainable sources: 50% in 2018<br>• reduction of $CO_2$ emissions of 8% in 2018<br>• business cars: 10% decrease of the weighted average $CO_2$ per km by the end of 2022 |
| SDGs | • targets: 8.2 and 8.3<br>8 DECENT WORK AND ECONOMIC GROWTH | • targets: 5.1 and 5.5<br>• targets: 8.5 and 8.8<br>• target: 10.2; 10.3 and 10.4<br>5 GENDER EQUALITY<br>8 DECENT WORK AND ECONOMIC GROWTH<br>10 REDUCED INEQUALITIES | |

# performance.

## performance management

Randstad has an extensive performance management system in place. Performance management at Randstad starts at the lowest level in our organization in the context of what we call 'activity-based field steering' (ABFS). Our ABFS model requires our units and teams to translate commercial goals (active clients, people at work) into actual activities on a daily basis. As our planning and control cycle is operationally driven, the data acquired through ABFS drives action right up to the Executive Board level. As a result, Executive Board members are closely involved with the operating companies under their responsibility.

Each month, the Executive Board discusses performance with the management team of each operating company. The agenda includes financial and operational performance, forecasts, risk management, and the progress made in achieving strategic goals. Internal and external benchmarks are used to challenge performance and to identify points for improvement. In addition to the monthly control cycle, a yearly strategic planning cycle takes place in the spring, and an operational planning cycle takes place in the fall. The planning and control cycle is embedded in our Risk & Control framework.

### key performance indicators

Our day-to-day performance overview includes key performance indicators (KPIs) showing our growth, productivity, profitability, working capital, and cash flow. We use a variety of tools within our planning and control cycle to assess our performance and align future strategic and investment decisions to best utilize commercial and organizational opportunities. KPIs are used to measure and monitor performance against budgets, forecasts, the previous year, and our strategic targets. These indicators are described in the table below.

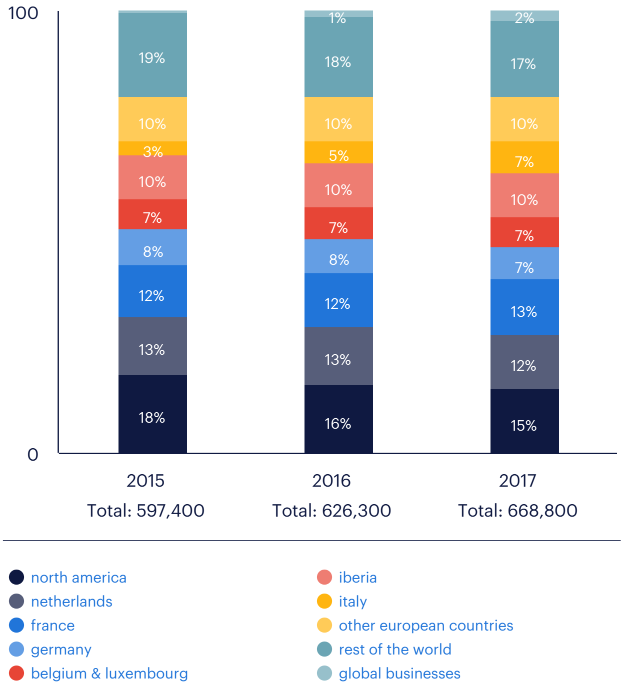
| | |
|---|---|
| weekly indicators | Weekly volumes of employees working are an important indicator within our field steering model and measure the success of the units and teams. In addition, we track weekly information on permanent placements. |
| market share | Gaining profitable market share is an important strategic target. Where possible, we aim to measure market shares at the lowest possible level (units and teams). |
| profitability | Profitability indicates the quality of our top line and operational efficiency, maintaining our overall financial goal to achieve an EBITA margin of 5% to 6% over time. |
| productivity | Productivity improvements are important in helping us to achieve our profitability targets. We measure productivity in three ways: gross profit per staff member (GP/FTE), gross profit in relation to personnel expenses (GP/PE), and the number of candidates per staff member (Temps/FTE). |
| working capital | There is a strong focus within Randstad on Days Sales Outstanding (DSO), the amount of overdues, and working capital. This focus is also reflected in the bonus targets set for our senior management. Within working capital, the 'trade receivables' component is the most important for us to influence. Our liabilities comprise mainly wage tax and social security payments to tax authorities. |
| financial position | To maintain a solid financial position, we monitor our leverage ratio (net debt divided by 12-month EBITDA). This is used as guidance for our new capital allocation policy, which we explain in detail in 'our value for investors'. Strategically, our target range is between 0 and 2, while our bank covenants allow for 3.5. In certain cases, we are now allowed to report to a maximum leverage ratio of 4.25x EBITDA for a limited amount of time. |
| cash flow generation | Free cash flow includes operating profit and movements in working capital plus capital expenditure. In a normal year, our free cash flow moves in line with the seasonal pattern in our business. In the first half of the year, the free cash flow is normally lower, as working capital requirements increase in line with higher revenue and the payment of holiday allowances in Belgium and the Netherlands. In the second half of the year, free cash flow is normally higher, based on higher revenue and profit, while in a downturn, we typically see significant unwinding of working capital. |
| # of candidates working | In order to determine our success across the various markets in which we operate, we monitor the number of candidates we place with our clients. See the graph 'candidates working split by geography' for more details. |
| # of permanent placements | Permanent placements have become a significant part of our daily work. The table 'number of permanent placements' reflects these numbers, broken down by geography. |

## free cash flow development

in millions of €


## candidates working split by geography

as a % of total number of candidates working per day




## number of permanent placements

| | 2017 | 2016 |
|---|---|---|
| North America | 23,100 | 21,600 |
| Netherlands | 6,000 | 6,400 |
| France | 57,300 | 42,200 |
| Germany | 5,000 | 4,000 |
| Belgium & Luxembourg | 4,200 | 3,300 |
| Iberia | 22,200 | 24,600 |
| Italy | 7,800 | 6,000 |
| Other European countries | 18,200 | 16,500 |
| Rest of the world | 27,000 | 29,200 |
| Global businesses | 41,400 | 30,100 |
| Group | 212,200 | 183,900 |

# financial performance

## income statement

For a meaningful analysis of our results, we need to look at the underlying results, which excludes the impact of foreign exchange movements, mergers and acquisitions, and one-off items such as restructuring costs and integration costs.

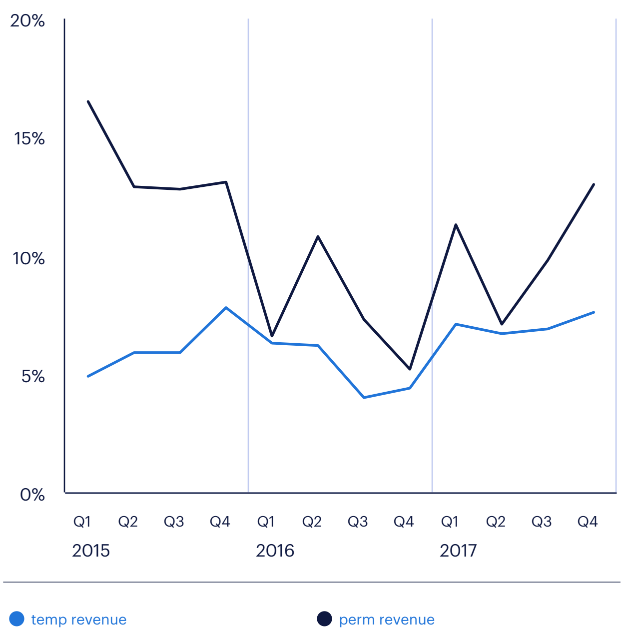
### income statement, underlying

| | 2017 | 2016 | organic Δ |
|---|---|---|---|
| Revenue | 23,272.8 | 20,684.1 | 8%[1] |
| Cost of services | 18,564.9 | 16,749.9 | |
| Gross profit | 4,707.9 | 3,934.2 | 7% |
| Personnel expenses | 2,676.8 | 2,251.5 [2] | |
| Other expenses | 965.8 | 736.0 | |
| Operating expenses | 3,642.6 | 2,987.5 | 5%[2] |
| EBITA, underlying | 1,065.3 | 946.7 | 11%[2] |
| Gross margin | 20.2% | 19.0% | |
| Operating expenses margin | 15.7% | 14.4% | |
| EBITA margin | 4.6% | 4.6% | |

1 Including Monster as of November 1, 2017.
2 Excluding Monster, for reasons of comparison.

### year-on-year organic growth

in %




## revenue

At Group level, organic revenue (including Monster as of November 1) increased 8.3% in 2017 (2016: 4.7%). Currency effects and working days had a negative impact of 0.9% and 0.6% respectively, while M&A contributed 5.7%. Overall reported revenue for the year increased 12.5% to € 23,273 million. Our European operations grew 10% in 2017 (2016: up 6%), North America grew 1% (2016: up 1%), Asia grew 7% (2016: up 5%), and Latin America grew 20% (2016: up 15%). More detailed information is included in the section 'country performance'. More information about the four main revenue categories (Staffing, Inhouse Services, Professionals, and Global Businesses) can be found in this section under 'performance by revenue category'.

Permanent placements were up 10% (2016: up 7%) and made up 2.0% of revenue (2016: 2.0%). Revenue from temporary billing increased by 7% organically (2016: up 5%)

Annually, we employ more than two million people, and we made around 212,200 permanent placements in 2017.

### organic revenue growth per working day

in %

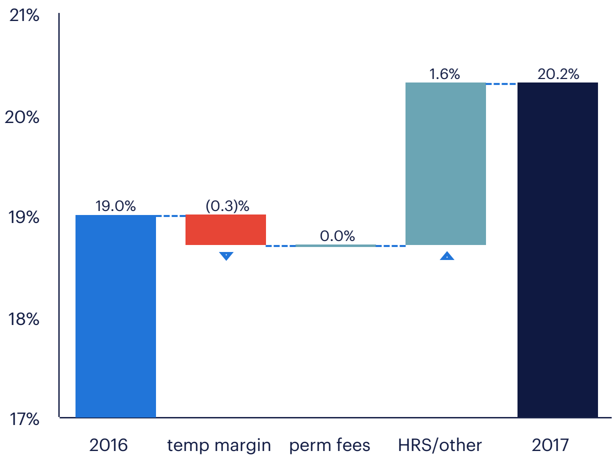
| | Q1 | Q2 | Q3 | Q4 | full year |
|---|---|---|---|---|---|
| Geographic areas | | | | | |
| North America | 1 | 1 | 0 | 1 | 1 |
| Netherlands | 1 | 2 | 1 | 3 | 2 |
| France | 9 | 14 | 14 | 12 | 12 |
| Germany | 9 | 9 | 10 | 10 | 9 |
| Belgium & Luxembourg | 10 | 14 | 9 | 10 | 11 |
| Iberia | 8 | 16 | 14 | 15 | 13 |
| Italy | 23 | 29 | 27 | 26 | 26 |
| Other European countries | 5 | 11 | 13 | 12 | 10 |
| Rest of the world | 9 | 12 | 10 | 10 | 10 |
| Revenue categories | | | | | |
| Staffing | 4 | 7 | 6 | 6 | 6 |
| Inhouse Services | 15 | 20 | 19 | 18 | 18 |
| Professionals | 3 | 4 | 5 | 6 | 4 |
| Global businesses[1] | 16 | 11 | 17 | 7 | 11 |
| Group[1] | 6 | 9 | 9 | 9 | 8 |

1 Including Monster in Q4 and full year, 2017.

## gross profit

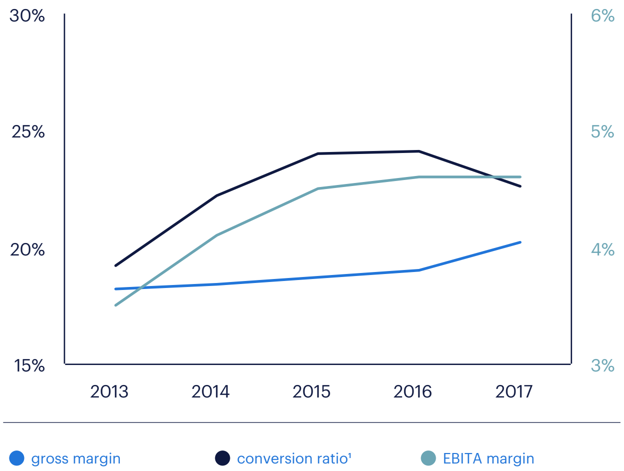
Gross profit reflects our effectiveness in pricing, cost of employee benefits, and idle-time management. In 2017, gross profit amounted to € 4,708 million, an organic increase of 7% compared to the previous year (2016: up 4%). Gross margin increased 120bp to 20.2%, driven by the Monster acquisition. Excluding Monster, gross margin remained stable year-on-year at 18.7%. Note 5 to the financial statements includes an overview of the actual reported gross profit per geography.

### change in gross margin




Our temp margin decreased 30bp compared to last year due to adverse mix effects and pricing. Permanent placements had no impact, while HR Solutions had a positive impact of 160bp driven by the Monster acquisition. At Group level, the contribution from permanent placements ('perm fees') made up 9.6% (2016: 10.4%) of gross profit.

### gross margin, conversion ratio and EBITA margin




1 EBITA as percentage of gross profit.

In order to realize our EBITA margin targets, we aim to maximize conversion of gross profit into EBITA. In 2017, we converted 23% of gross profit into EBITA.

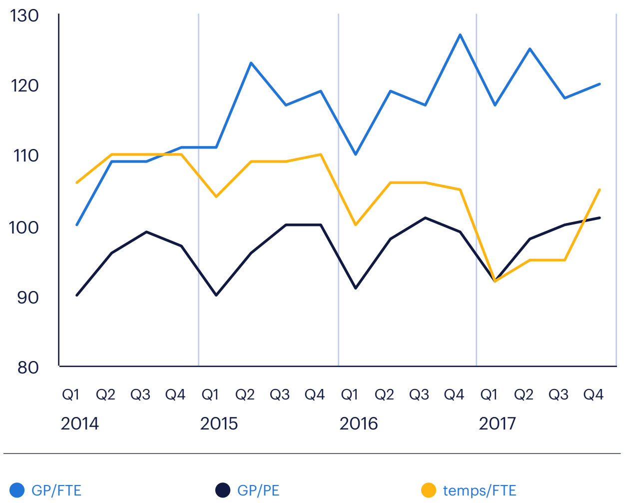
## productivity

As explained in the section 'performance management', productivity improvements are key to achieving our profitability targets. We measure productivity in three ways:

- Gross profit per staff member (GP/FTE);
- Gross profit in relation to personnel expenses (GP/PE);
- Number of candidates per staff member (Temps/FTE).

### productivity, indexed

2007 = 100




Productivity (GP/FTE) was organically up 3% in 2017 (2016: flat). We aim to focus on achieving greater efficiencies across the organization, mainly through better execution based on field steering and the implementation of the right delivery models for our clients.

## operating expenses

A breakdown of operating expenses is shown in the table 'operating expenses'. These expenses reflect the costs related to our sales and delivery organization, as well as our head offices.

### operating expenses

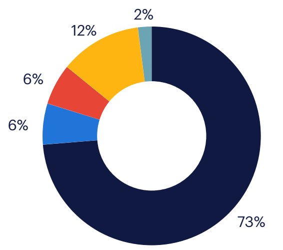
| | 2017 | 2016 |
|---|---|---|
| Personnel expenses | 2,676.8 | 2,251.5 |
| Advertising and marketing | 227.6 | 129.5 |
| Accommodation costs | 226.5 | 196.2 |
| Other operating expenses | 429.4 | 341.0 |
| Depreciation and amortization of PPE and software | 82.3 | 69.3 |
| Operating expenses, underlying | 3,642.6 | 2,987.5 |
| Average number of corporate employees | 37,930 | 32,280 |
| Number of branches, year-end | 2,900 | 2,974 |
| Number of inhouse locations, year-end | 1,958 | 1,778 |

In 2017, underlying operating expenses amounted to € 3,643 million, up 5% organically. Foreign exchange effects decreased our cost base by € 33 million. Actual operating expenses in 2017 included € 69 million related to restructuring, integration and acquisition-related expenses (2016: € 55 million).

Personnel expenses increased by 6% organically. We invested in areas where growth continued, such as in the United States (Staffing), France, Germany and Italy. Personnel expenses per FTE were slightly higher compared to 2016, due to growth in our more developed markets. An overview of corporate staff by region is given in the section 'country performance'. Further details on actual personnel expenses can be found in note 9 to the financial statements.

### operating expenses

operating expenses: € 3,642.6




Marketing costs were 1.0% of revenue (2016: 0.6%), also reflecting the Monster acquisition. Further information about our marketing strategy is included in the section 'our value for our clients and candidates'.

Accommodation costs fell by 1% organically. Across the board, we continued to consolidate branches, without leaving markets. As we continued to see strong demand for Inhouse Services, we opened 180 new Inhouse locations in 2017 (2016: 55), most notably in the Netherlands and Germany. At the end of 2017, we were operating a network of 2,900 branches, down 2% year-on-year (mainly related to the Netherlands and Italy) and 1,958 Inhouse locations (up 10%).

Other operating expenses – mainly IT and general costs – increased organically by 4%. IT costs generally contract and expand with our capacity. General costs, which mainly consist of office supplies and consultancy costs, decreased in line with our focus on cost control.

Depreciation and amortization charges were higher than in 2016 due to the impact of M&A. On average, we depreciate assets over three to five years.

### branches and inhouse locations, year-end

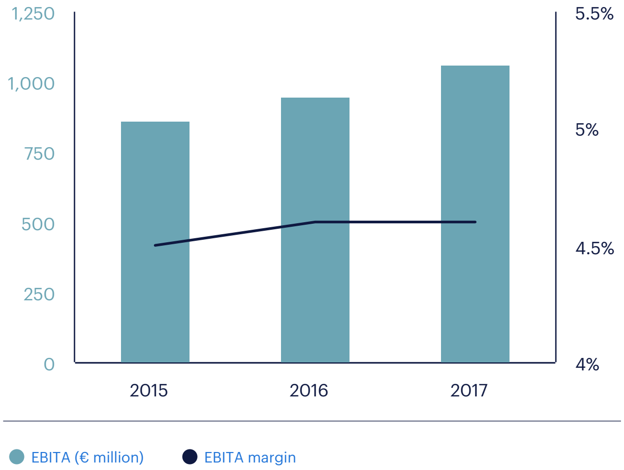
| | 2017 | | 2016 | |
|---|---|---|---|---|
| | branches | inhouse locations | branches | inhouse locations |
| North America | 671 | 440 | 673 | 419 |
| Netherlands | 267 | 383 | 297 | 337 |
| France | 435 | 234 | 452 | 211 |
| Germany | 275 | 307 | 273 | 277 |
| Belgium & Luxembourg | 148 | 169 | 148 | 155 |
| Iberia | 230 | 124 | 230 | 109 |
| Italy | 247 | 28 | 290 | 23 |
| Other European countries | 277 | 186 | 273 | 163 |
| Rest of the world | 216 | 86 | 216 | 83 |
| Global businesses | 134 | 1 | 122 | 1 |
| | 2,900 | 1,958 | 2,974 | 1,778 |

## EBITA

Underlying EBITA increased to € 1,065 million, compared to € 947 million in 2016. EBITA margin remained stable at 4.6% for the Group. Excluding the effect on EBITA of recent acquisitions (mainly Monster, Ausy and BMC), EBITA margin would have been 4.7%. Currency effects had a negative impact on EBITA of € 9 million.

### EBITA development, underlying

in millions of €



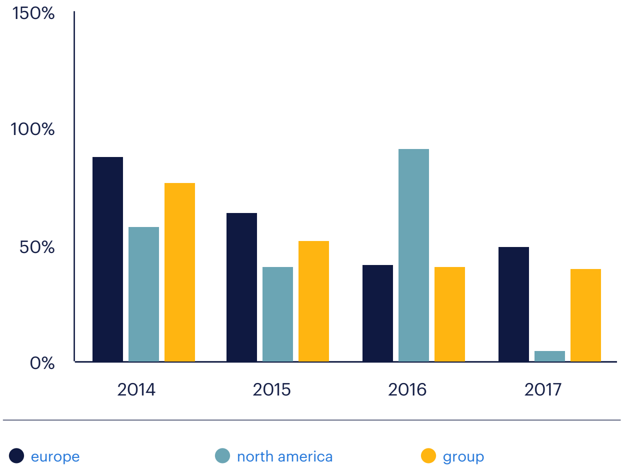

### EBITA

in millions of €

| | 2017 | 2016 | Δ% |
|---|---|---|---|
| EBITA, underlying | 1,065.3 | 946.7 | 13% |
| Integration costs & one-offs | (71.6) | (54.7) | |
| EBITA, actual | 993.7 | 892.0 | 11% |
| Amortization and impairment of intangible assets and goodwill | (134.0) | (101.4) | |
| Operating profit | 859.7 | 790.6 | 9% |
| Net finance costs | (22.5) | (3.8) | |
| Share in profit/(loss) of associates | 1.2 | (0.8) | |
| Income before taxes | 838.4 | 786.0 | |
| Taxes on income | (207.0) | (197.8) | |
| Net income | 631.4 | 588.2 | 7% |

As explained in the section 'performance management', we measure the conversion of gross profit into EBITA. If we grow, our target is to convert 40%-50% of incremental gross profit into EBITA (incremental conversion ratio). If our gross profit declines, our target is to achieve cost savings of at least 50% of lost gross profit (recovery ratio). For the Group as a whole, the incremental conversion ratio was 40% for full-year 2017 (2016: 41%), which included digital investments.

### incremental conversion ratio




Target:
- incremental conversion ratio: 40% - 50%
- recovery ratio: 50%

## amortization of intangible assets, and impairment of goodwill

Acquisition-related intangible assets are capitalized in the balance sheet upon acquisition of companies and reflect the value that is allocated to assets, such as brand names, customer relationships, and candidate profiles. These intangibles are amortized over a period of one to ten years. The amortization charge in 2017 of € 134 million was higher than the charge of € 101 million in 2016. The increase mainly reflects the impact of acquisitions at the end of 2016 and early 2017. For more information, see note 4.1 and note 15 to the financial statements.

## operating profit

Operating profit is EBITA minus the non-cash amortization and impairment charges of acquisition-related intangible assets and goodwill. Operating profit was € 860 million, up by € 69 million compared to 2016, representing an 8.7% increase.

## net finance costs

Net finance costs amounted to € 23 million, compared to € 4 million in 2016. Net finance costs include net interest expenses on our net debt position, as well as foreign currency effects and adjustments in the valuation of certain assets and liabilities. Interest expenses on our net debt position amounted to € 20 million (2016: € 15 million) and increased due to a higher net debt position during the year, as a result of our cash outflow for acquisitions at the end of 2016 and early 2017. Foreign currency losses were € 6 million (2016: € 4 million foreign currency gains). The remaining part of net finance costs of € 3 million positive (2016: € 7 million positive) is mainly related to adjustments in the valuation of certain assets and liabilities. For further information, see note 10 to the financial statements.

## taxes on income

The effective tax rate before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs, was 26.4% in 2017 (2016: 26.0%). The actual effective tax rate in 2017 was 24.7% (2016: 25.1%). The change was mainly driven by a different country mix in taxable profits/losses in countries with different corporate tax rates. Towards the end of the year, tax reforms in various countries (mainly the US and France) were enacted. The effects for the Group on the effective tax rate in 2017 were limited and were offset by a lower than expected average nominal tax rate and some other incidental items. More information on the actual effective tax rate is given in note 4.3 to the financial statements.

## net income, earnings per share and dividend

Adjusted net income for holders of ordinary shares amounted to € 756 million (2016: € 689 million).

Underlying basic EPS increased by 10% to € 4.13 (2016: € 3.77). The average number of (diluted) outstanding ordinary shares remained virtually stable.

In line with the proposed adjustment of our dividend policy, we will propose the payment of an all-cash dividend of € 2.76 per ordinary share (2016: € 1.89). This consists of a regular dividend of € 2.07 based on a payout ratio of 50%, and a special dividend of € 0.69. Our dividend proposal is further elaborated on in the section 'our value for investors'.

### net income, earnings per share and dividend

| | 2017 | 2016 |
|---|---|---|
| Net income | 631.4 | 588.2 |
| Net income for non-controlling interests | 0.0 | 0.2 |
| Net income for holders of preference shares | 12.6 | 12.6 |
| Net income for holders of ordinary shares | 618.8 | 575.4 |
| Amortization of acquisition-related intangible assets and impairment of goodwill | 134.0 | 101.4 |
| Integration costs and one-offs | 71.6 | 54.7 |
| Tax effect on amortization, integration costs and one-offs | (68.1) | (42.6) |
| Net income for holders of ordinary shares, adjusted | 756.3 | 688.9 |
| Basic EPS (€) | 3.38 | 3.15 |
| Underlying basic EPS (€) | 4.13 | 3.77 |
| Underlying diluted EPS (€) | 4.11 | 3.75 |
| Proposed dividend (€) | 2.76 | 1.89 |
| Payout ratio (% of underlying basic EPS) | 67 | 50 |

# invested capital

As at December 31, 2017, our invested capital amounted to € 5.3 billion (2016: € 4.9 billion). The primary components of our invested capital, as shown in the overview below, are goodwill and acquisition-related intangible assets, and operating working capital. The remaining parts are 'net tax assets' and 'all other assets/ liabilities'. Return on invested capital increased to 16.7% (2016: 15.9%).

### invested capital

| | 2017 | 2016 |
|---|---|---|
| Goodwill and intangible assets | 3,475.5 | 3,286.3 |
| Trade and other receivables[1] | 4,577.7 | 4,104.3 |
| Trade and other payables[2] | 3,688.3 | 3,392.2 |
| Operating working capital | 889.4 | 712.1 |
| Net tax assets[3] | 356.8 | 479.6 |
| Other assets/(liabilities)[4] | 555.7 | 456.2 |
| Invested capital | 5,277.4 | 4,934.2 |
| Financed by | | |
| Total equity | 4,251.7 | 4,140.8 |
| Net debt | 1,025.7 | 793.4 |
| Invested capital | 5,277.4 | 4,934.2 |
| Ratios | | |
| DSO (Days Sales Outstanding, moving average) | 53.2 | 51.4 |
| Operating working capital as % of revenue | 3.8% | 3.4% |
| Leverage ratio (net debt/EBITDA) | 0.9 | 0.8 |
| Return on invested capital[5] | 16.7% | 15.9% |

1 Trade and other receivables minus the current part of financial fixed assets, deferred receipts from disposed Group companies and interest receivable.
2 Trade and other payables minus interest payable.
3 Net tax assets: deferred income tax assets and income tax receivables less deferred income tax liabilities and income tax liabilities.
4 All other assets/liabilities mainly containing property, plant, equipment and software plus financial assets and associates, less provisions and employee benefit obligations and other liabilities.
5 Return on invested capital: underlying EBITA less income tax paid as a percentage of invested capital.

## operating working capital

During the year, we continued our focus on working capital management, paying special attention to the collection of trade receivables and the reduction of overdues. Trade receivables grew along with revenue growth. As a percentage of revenue, working capital was 3.8% (2016: 3.4%). Within working capital, the component we most need to be able to influence is trade receivables. Our DSO increased to 53.2 days (2016: 51.4), primarily due the higher DSO of acquired companies (mainly Ausy and Obiettivo Lavoro) and adverse mix effects (faster sales growth in countries with above-average DSO). We aim to realize further improvements by focusing on the aging of trade receivables, including payment terms and overdues.

Our exposure to bad debt remained limited, amounting to only 0.2% of revenue (2016: 0.3%). Our trade receivables portfolio is very diversified geographically, in terms of both segmentation and client base, which mitigates credit risk. Current liabilities mainly comprise liabilities such as wage tax, social security charges, and pensions, for which payment terms are determined by law and therefore difficult to change.

## all other assets and liabilities

For purposes of analyzing our invested capital, we have grouped various other assets and liabilities. See footnote 4 of the invested capital table for a description of the composing elements. The increase in this group of invested capital year-on-year (€ 556 million, compared to € 456 million in 2016) is mainly caused by the increase of the CICE receivable, which arises from tax credits for our French subsidiaries under the French Competitive Employment Act. The increase amounts to € 90 million and is the combined effect of credits for the year 2017 (€ 145 million) and the effect of acquired companies (€ 15 million), minus the refunded credits for the year 2013 ( € 70 million). These tax credits can be offset against the income tax liability with respect to the calendar year to which the wages (based on which the tax credit is calculated) relate. Any excess credit can be carried forward and offset against the tax liability in the next three years. Any excess after three years will be refunded. In the second half of 2018, a further refund is expected to the amount of € 99 million.

## net debt

Our net debt position increased by € 232 million to € 1,026 million. Free cash flow of € 586 million (up € 121 million compared to 2016) did not outweigh our cash outflow with regard to acquisitions (€ 465 million) and dividends paid (€ 359 million). The leverage ratio (net debt divided by 12-month EBITDA) was 0.9 at year-end. This is well within our targeted range of between 0 and 2. The section 'performance management' contains an overview of the development of net debt and the leverage ratio.

### net debt

| | 2017 | 2016 |
|---|---|---|
| Cash and cash equivalents | 326.3 | 385.8 |
| Less: Non-current borrowings | 639.5 | 699.2 |
| Less: Current borrowings[1] | 712.5 | 480.0 |
| Net debt | 1,025.7 | 793.4 |
| Leverage ratio | 0.9 | 0.8 |

1 The 2016 amount includes the short-term part of non-current borrowings.

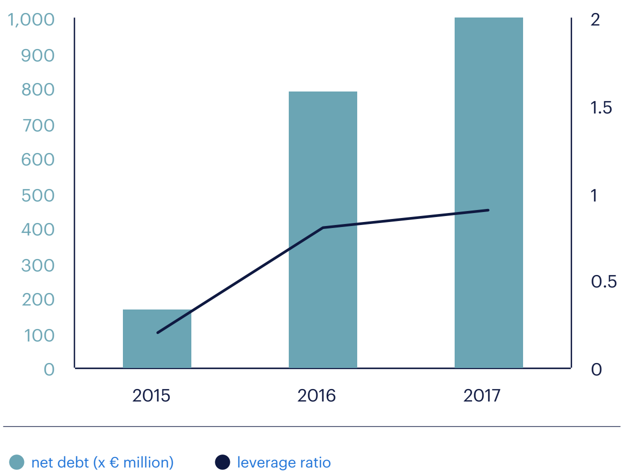
As at December 31, 2017, the Group had a € 1,850 million committed multi-currency syndicated revolving credit facility at its disposal (2016: € 1,920 million), which matures in July 2022 (2016: July 2021). In 2017, the Group renewed its multi-currency syndicated revolving credit facility. The facility agreement contains a covenant with respect to the net debt to EBITDA ratio (leverage ratio), as well as a paragraph on material adverse changes; the net debt to EBITDA ratio has a limit of 3.5, and is calculated based on the results of the Group on a 12-month basis. In certain cases, Randstad is allowed to report a net debt to EBITDA ratio of 4.25x EBITDA for a limited period of time.

As at December 31, 2017, drawings on this credit facility amounted to € 490 million.

The Group recently issued a privately placed German promissory note ('Schuldschein'), and successfully raised € 150 million, with a maximum three-year tenor. This promissory note ultimately matures in December 2020, and bears an interest that is based on 6-month Euribor (with a floor of zero) increased by a fixed margin of 0.45% per annum, payable in June and December of each year. Covenants are fully aligned with the committed multi-currency syndicated revolving credit facility.

### net debt and leverage ratio development

in millions of €



# cash flow analysis

## free cash flow

Free cash flow amounted to € 586 million (2016: € 465 million). The increase in free cash flow is mainly caused by an increase in EBITA and the CICE cash-in related to 2013. Operating working capital requirements resulted in an outflow of € 175 million (2016: € 170 million), driven by the funding of our organic sales growth. Capital expenditures in 2017 amounted to € 96 million (including the full-year consolidation of Monster), comparable to 2016. Whereas in 2016 the refurbishment of our head office in the Netherlands (€ 11 million) was a main driver of capital expenditures, in 2017, capital expenditures were mainly driven by investments in software.

For more details on this topic, see the 'consolidated statement of cash flows' in the financial statements.

### consolidated cash flow statement

in millions of €

| | 2017 | 2016 |
|---|---|---|
| EBITA, actual | 993.7 | 892.0 |
| Depreciation, amortization and impairment of property, plant and equipment and software | 86.9 | 74.1 |
| EBITDA | 1,080.6 | 966.1 |
| Working capital | (175.2) | (169.5) |
| Provisions and all other items | (31.1) | (77.1) |
| Income taxes paid | (186.2) | (159.8) |
| Net cash flow from operating activities | 688.1 | 559.7 |
| Net capital expenditures[1] | (95.7) | (94.0) |
| Financial receivables | (6.8) | (1.1) |
| Free cash flow | 585.6 | 464.6 |
| Net acquisitions and disposals[2] | (356.2) | (580.7) |
| Non-current borrowings in acquired companies | (106.5) | (128.3) |
| Issue of ordinary shares | 1.1 | 0.1 |
| Purchase of own shares | (38.6) | (35.8) |
| Dividend paid on ordinary shares | (346.3) | (307.2) |
| Dividend paid on preference shares | (12.6) | (12.6) |
| Dividend received associates | 1.3 | - |
| Net finance costs | (17.7) | (11.8) |
| Translation and other effects | 57.6 | (8.5) |
| Net (increase) of net debt | (232.3) | (620.2) |

1 Net additions in property, plant and equipment and software.
2 Net acquisitions and disposals of subsidiaries/activities, associates and equity investments.

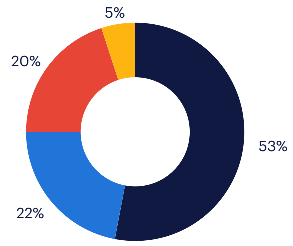
# performance by revenue category

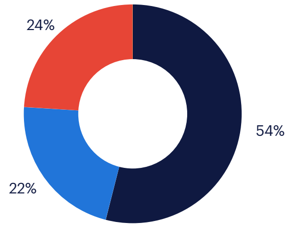
In this section, we provide an overview of the underlying performance per revenue category in 2017. More detailed information on our service concepts can be found in the section 'our value for clients and candidates'. In our financial reporting, we have merged these service concepts into four revenue categories: Staffing, Inhouse Services, Professionals and Global Businesses.

### split by revenue category

revenue 2017: € 23,273 million

EBITA 2017: € 1,065 million




staffing
inhouse services
professionals
global businesses

## staffing

Within Staffing, we serve clients in the industrial segment (blue-collar) and administrative segment (white-collar). In our revenue mix, this is about 50:50. One of our priorities has been to achieve a greater share of permanent placements in our Staffing businesses. In 2017, we continued our progress in this regard, with permanent placements increasing proportionately, with growth of 16% in the year (excluding RPO).

### staffing

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 12,184.0 | 11,400.2 | 6% |
| EBITA | 622.7 | 547.3 | 11% |
| EBITA margin | 5.1% | 4.8% | |

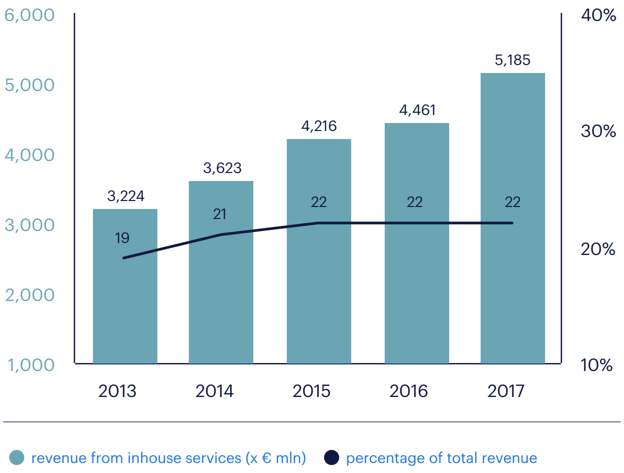
## inhouse services

Inhouse Services continued to see sound growth in 2017. Revenue grew by 18% to € 5.2 billion, as we continued to align clients to the most appropriate delivery model.

inhouse services

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 5,185.4 | 4,460.5 | 18% |
| EBITA | 250.8 | 223.1 | 13% |
| EBITA margin | 4.8% | 5.0% | |

revenue from inhouse services




## professionals

Revenue in Professionals was organically 4% higher year-on-year. Perm fees were 6% ahead of last year. EBITA margin increased by 40bp year-on-year to 5.9%, partially driven by the acquisition of Ausy.

Our Professionals business strengthened its operations based on industry sectors (verticals). The use of verticals strengthens our position in the Professionals segment, with strong verticals apparent in IT, Finance, Healthcare, and Construction/Engineering.

professionals

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 4,719.7 | 4,066.9 | 4% |
| EBITA | 276.3 | 225.6 | 6% |
| EBITA margin | 5.9% | 5.5% | |

## global businesses

Global Businesses consists of Monster, Randstad Sourceright (RSR), RiseSmart and twago. Revenue was up by 11% year-on-year, mainly driven by Randstad Sourceright. Monster sales was down by 16%. Overall EBITA margin was -0.2%, compared to 2.6% last year, reflecting continued investments related to our digital strategy, including Monster.

global businesses

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 1,183.7 | 756.5 | 11% |
| EBITA | (2.3) | 19.6 | 36% |
| EBITA margin | (0.2%) | 2.6% | |

# country performance

## introduction

Randstad operates in 39 countries, representing more than 90% of the global HR services market. This is not likely to change much, as we believe our current network covers the most attractive geographies. In this section, we provide an overview of our underlying performance in our largest countries in 2017.

Figures relating to Global Businesses are not included in individual countries' results. These are reported separately under the Global Businesses revenue category.

### main market positions, 2017[1]

| markets | market growth | market share | market position |
|---|---|---|---|
| United States | 3% | 3% | 2 |
| Netherlands | 6% | 18% | 1 |
| France | 11% | 16% | 3 |
| Germany | 7% | 9% | 1 |
| Belgium & Luxembourg | 8% | 24% | 1 |
| Spain | 12% | 31% | 1 |
| Italy | 23% | 14% | 2 |

1 Based on country data, 2017 figures, and SIA estimated growth rates.

## north america

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 4,230.5 | 4,244.6 | 1% |
| EBITA | 235.9 | 239.1 | 0% |
| EBITA margin | 5.6% | 5.6% | |

In 2017, sales in North America increased 1%, with continuous focus on profitability through pricing discipline and cost control. EBITA margin remained stable at 5.6% in 2017.

### united states

US revenue remained flat. US Staffing and Inhouse Services recognized full-year growth of 2% in revenue, while perm within our Staffing and Inhouse Services business grew 10%. Revenue growth in US Professionals was down 2%, while IT revenues saw an improving trend during the year, growing by 3%. This was offset by declines in F&A and other professional lines of business.The US staffing market continues to suffer from scarcity of labor supply, while temporary staffing penetration reached a new peak level of above 2%. Randstad US digital investments in data-driven sales and talent acquisitions remain a strong focus.

### canada

Randstad Canada achieved excellent growth year-on-year. Revenue increased 8%, recognizing 20% growth in perm, leading to a significant increase in profitability.

### development in the main geographic markets

in millions of €, unless otherwise indicate

| | revenue | | organic | average candidates | | average corporate staff | |
|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | growth | 2017 | 2016 | 2017 | 2016 |
| North America | 4,230.5 | 4,244.6 | 1% | 100,900 | 101,700 | 5,720 | 5,410 |
| Netherlands | 3,333.9 | 3,172.3 | 2% | 81,800 | 82,500 | 4,230 | 4,170 |
| France | 3,627.0 | 3,043.6 | 12% | 86,600 | 78,200 | 4,140 | 3,520 |
| Germany | 2,335.1 | 2,082.7 | 9% | 49,500 | 47,000 | 2,740 | 2,610 |
| Belgium & Luxembourg | 1,568.6 | 1,370.1 | 11% | 45,600 | 41,900 | 2,070 | 1,900 |
| Iberia | 1,427.4 | 1,275.1 | 13% | 68,400 | 63,200 | 2,030 | 1,870 |
| Italy | 1,504.1 | 1,006.2 | 26% | 47,400 | 30,400 | 2,090 | 1,680 |
| Other European countries | 2,151.2 | 1,983.5 | 10% | 66,600 | 62,800 | 3,810 | 3,640 |
| Rest of the world | 1,911.3 | 1,749.5 | 10% | 111,300 | 109,900 | 5,000 | 4,980 |
| Global businesses | 1,183.7 | 756.5 | 11% | 10,700 | 8,700 | 5,880 | 2,300 |
| Corporate | n.a. | n.a. | n.a. | n.a. | n.a. | 220 | 200 |
| Group | 23,272.8 | 20,684.1 | 8% | 668,800 | 626,300 | 37,930 | 32,280 |

## the netherlands

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 3,333.9 | 3,172.3 | 2% |
| EBITA | 201.7 | 188.4 | 1% |
| EBITA margin | 6.0% | 5.9% | |

In the Netherlands, where Randstad is the market leader, revenue grew 2% organically. Our EBITA margin increased 10bp to 6.0%, and perm fees increased 12%. The market remained competitive, and in order to protect our profitability we grew at a slightly slower pace than the Dutch market.

Our combined Staffing and Inhouse Services revenues (represented by the Randstad and Tempo-Team brands) increased 2%. Our Professionals business (primarily Yacht) grew organically by 3%, and was further positively impacted by the acquisition of BMC, focused on consultancy and secondment in the public sector.

## france

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 3,627.0 | 3,043.6 | 12% |
| EBITA | 221.0 | 169.1 | 23% |
| EBITA margin | 6.1% | 5.6% | |

Our revenue grew by 12% in France, slightly ahead of the market. Our EBITA margin increased to 6.1%, an improvement of 50bp compared to 5.6% in 2016. Increasing market share while consolidating higher profitability levels was Randstad's primary goal in France throughout 2017. Our combined Staffing and Inhouse Services revenues grew by 11%, and we achieved 18% growth in Professionals. Overall revenue from permanent placements grew by 39% in 2017 across all business lines, with Professionals placements increasing by 40%, helped by our big data tool 'Starter'.

The 18% growth in Professionals was driven by a very strong performance from our Expectra brand (20% growth), as well as another good year for our Healthcare services (up 17%). Our focus on applying our Tech & Touch strategy to better serve our SME clients also paid off, with our retail accounts growing at twice the rate of our large accounts in 2016.

## germany

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 2,335.1 | 2,082.7 | 9% |
| EBITA | 112.4 | 100.2 | 6% |
| EBITA margin | 4.8% | 4.8% | |

In Germany, our overall revenue increased 9% compared to the previous year, ahead of the market. Underlying EBITA margin reached 4.8%, flat compared to 2016 and impacted by more bank holidays. We prepared the organization for the change in terms of equal pay and the maximum length of assignments of 18 months.

In Staffing and Inhouse Services (where we operate as Randstad and Tempo-Team), we grew by 9%. Our Inhouse Services grew 14%. Our continued efforts in Staffing to improve our business mix paid off, and we managed to both increase our SME business and continue to grow in permanent placements (33%). Revenue of the combined Professionals businesses increased by 11%.

## belgium & luxembourg

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 1,568.6 | 1,370.1 | 11% |
| EBITA | 99.1 | 87.5 | 6% |
| EBITA margin | 6.3% | 6.4% | |

Randstad reinforced its market leadership in Staffing, Outplacement services and Professionals in Belgium and Luxembourg in 2017. The market recorded 8% growth in the year, while our revenue grew by 11%. The combined Staffing and Inhouse Services businesses (where we operate as Randstad and Tempo-Team) reported 10% topline growth. EBITA margin was broadly stable at 6.3%, thanks to a continued focus on client profitability.

## iberia

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 1,427.4 | 1,275.1 | 13% |
| EBITA | 73.3 | 59.7 | 23% |
| EBITA margin | 5.1% | 4.7% | |

Revenue growth in our Iberian business was 13%, with EBITA margin reaching 5.1%, compared to 4.7% in 2016. We are market leader in both Spain and Portugal.

### spain

Spain enjoyed another strong year in 2017 (revenue up 15%). This was due to the underlying improvement in the economy and labor market, as well as our relentless focus on client profitability, internal productivity, and risk control. Our Staffing business grew by 15%, and Inhouse Services by 14%. Our decision to continue to invest in the Professionals business has paid off, as we are now clearly one of the top 3 Professionals players in Spain, with revenues increasing 23% in 2017.

### portugal

Overall revenue increased by 8% compared to 2016. Strong growth was achieved in the contact center business, and our Professionals business also had a good year, with continued growth in permanent placements. The combined Staffing and Inhouse Services businesses grew by 9% compared to the previous year.

## italy

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 1,504.1 | 1,006.2 | 26% |
| EBITA | 86.4 | 52.8 | 38% |
| EBITA margin | 5.7% | 5.2% | |

Italy had a record year, in which we successfully integrated the Obiettivo Lavoro business acquired in 2016. We were able to keep the growth momentum and further improve our profitability. Overall revenue increased by 26% (compared to 16% in 2016). Permanent placements were up by 16% and our Professionals business even grew by 35%. Our EBITA margin improved from 5.2% to 5.7%.

## other european countries

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 2,151.2 | 1,983.5 | 10% |
| EBITA | 64.0 | 62.0 | 6% |
| EBITA margin | 3.0% | 3.1% | |

Revenue growth for 'other European countries' was 10% in 2017, while EBITA margin remained broadly stable at 3.0%.

### united kingdom

In the United Kingdom, revenue was up by 4% in 2017 compared to 1% in 2016. Our Staffing & Inhouse Services business grew by 13% while Professionals business remained flat compared to 2016. Perm was down 5% (2016: down 4%), reflecting tough market conditions.

### poland

In Poland, we again had a strong year, growing 11%. Market conditions remained tough, due to scarcity of candidates.

### nordics

In the Nordics, we successfully completed the integration of Proffice during 2017, and we saw 10% revenue growth in our combined businesses. In Sweden, overall revenue increased by 10% compared to 2016, driven by increased demand in large clients. In Norway, we grew 10%, partly driven by strong performance in permanent placements. In Denmark we grew 10% and recorded an all-time high level of profitability.

### switzerland

With 21% sales growth, we outperformed the Swiss market for the seventh consecutive year, with a significant further improvement of our profitability.

### austria

In Austria, we grew by 11%, in line with the market.

### hungary, turkey, czech republic, greece, and romania

In Hungary, where we are a strong leader in perm, we had another very successful year, growing our Randstad business by 32%. In the Czech Republic, we grew the business by 6% organically. In Turkey, we had an excellent year given the turbulent political situation in the country, keeping our revenues flat while further improving our profitability. Randstad also had a good year in Greece, where we grew 8%, which was well ahead of the market. Romania was added to Randstad's country portfolio through the Obiettivo Lavoro acquisition.

## rest of the world

| in millions of € | 2017 | 2016 | organic Δ% |
|---|---|---|---|
| Revenue | 1,911.3 | 1,749.5 | 10% |
| EBITA | 56.0 | 37.2 | 46% |
| EBITA margin | 2.9% | 2.1% | |

Revenue in the 'rest of the world' region grew by 10% organically. EBITA margin improved markedly from 2.1% to 2.9%.

### japan

In the course of 2017, we saw accelerating trends across the business in Japan. Overall, revenue grew by 7% year-on-year, with white-collar staffing returning back to growth and ongoing solid growth trends in our blue-collar business. Permanent placements for both entry-level jobs and Professionals achieved double-digit growth with accelerating trends towards the end of the year. Careo, which was acquired in July 2016, continued its strong top- and bottom-line trends, outperforming investment case expectations. The integration of this acquisition, planned for 2018, is well on track.

### australia and new zealand

Operations in Australia continued to show solid growth, up 11%, while improving profitability on the back of growth acceleration in our temp business against better conversions. Within Staffing, our Education business continued its strong performance, while Commercial showed the strongest growth in this segment. Our Professionals divisions performed well across the board, led by the CPE and HR businesses.

New Zealand operations experienced solid growth of 8% on the back of solid growth in our temp business.

### india

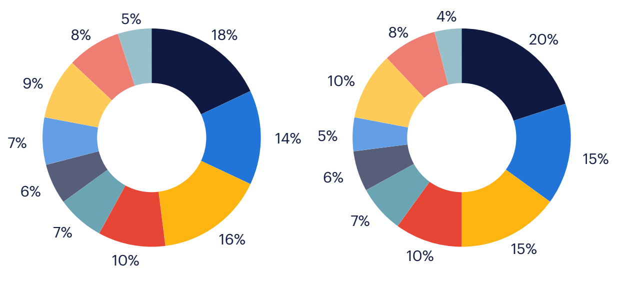
India closed 2017 with revenue up 4% organically. In our Staffing business, we increased efficiency in delivery by merging mid- and back-office activities, while gaining further traction in the Specialties and Technologies segment. Due to a strong focus on cost effectiveness and process efficiency, Randstad India became profitable over the full year of 2017.

### china and other asian countries

High single-digit revenue growth of our Chinese business continued into 2017, with 9% revenue growth mostly driven by our temporary Staffing and Outsourcing businesses. The double-digit revenue growth in our temporary Staffing business was achieved both through the expansion of business with our existing nationwide projects and through new client acquisitions.

### revenue split by geography

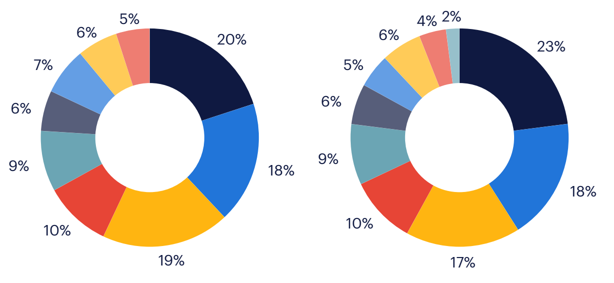
2017: revenue € 23,273 million 2016: revenue € 20,684 million




- north america
- netherlands
- france
- germany
- belgium & luxembourg
- iberia
- italy
- other european countries
- rest of the world
- global businesses

### ebita split by geography

2017: EBITA € 1,065 million 2016: EBITA € 947 million




- north america
- netherlands
- france
- germany
- belgium & luxembourg
- iberia
- italy
- other european countries
- rest of the world
- global businesses

We saw further improvement in our profitability on the back of strong growth in our permanent placement business in Hong Kong against better conversions. In Malaysia, our repositioning strategy towards the Professionals segment led to double-digit growth, mainly in the CPE segment, while we also achieved substantial productivity improvements. Our operations in Singapore saw another year of strong performance, with double-digit growth and increased profitability. In this highly competitive market, we continue to gain market share in the majority of the segments we operate in.

## latin america

In Latin America, all our businesses continued to show good progress and delivered profitable growth, while introducing new concepts and focusing on improved business processes.

# risk & opportunity management.

Risk and opportunity management is essential in helping us achieve our strategy. While entrepreneurship and innovation are stimulated throughout the organization, there are measures in place to define the risk boundaries and steer activities in the right direction. This section provides an overview of our Risk & Control framework and its effectiveness in order to substantiate our Risk & Control statement.

## risk profile

We have wide geographical coverage in both mature and emerging markets with varying degrees of regulatory development, market needs and competition. In addition, as we also engage in acquisitions, we encounter challenges in harmonizing culture, business processes, integrating IT systems, and standardizing reporting requirements.

Randstad's current digital transformation journey is changing our business models. This impacts our risk profile. We concentrate innovation in those parts of our organization where success is most likely. In addition, we have a dedicated entity, the Randstad Innovation Fund, to secure access to external innovation.

## risk & control management approach

We manage our risks and opportunities through the boundaries defined by our risk appetite. Group policies and frameworks are then developed to support local management in determining the best approach in light of local circumstances.

risk & control management approach


## risk appetite

Our risk appetite is derived from our strategy and priorities, and is broken down into four risk areas:

| | |
|---|---|
| strategic | We continue to accept moderate risk from M&A and our focus on digital transformation. Our Tech & Touch strategy will position us ahead of the competition, as we leverage technology to redefine how the industry delivers. Initiatives are rolled out at both local and global levels to ensure well-balanced autonomy to take swift action when new opportunities arise. |
| operational | We take a reward-balanced approach to operational risk. Contract pricing, delivery, productivity, and talent management are important areas where we have moderate to low risk tolerance. |
| finance & reporting | We maintain a prudent financing strategy, even when undertaking major acquisitions and technological investments, and therefore take calculated risks in this area. Only minimum risk is accepted in relation to errors in our reporting. |
| compliance | Adherence to laws and regulations is fundamental to our role as a corporate citizen in the business world, as well as being a trusted HR partner. |

## sensitivity analysis

| | change | impact | on | assumption FY 2017 |
|---|---|---|---|---|
| Revenue | +/-1% | +/- € 47 million | EBITA | Flat gross margin and no change to cost base |
| Revenue | +1% | + € 24 million | EBITA | Flat gross margin and target 40%-50% conversion (ICR) |
| Revenue | -1% | - € 24 million | EBITA | Flat gross margin and target 50% recovery (RR) |
| Gross margin | +/-0,1% | +/- € 23 million | EBITA | Flat revenue and no change to cost base |
| Gross margin | +0.1% | + € 12 million | EBITA | Flat revenue and target 40%-50% conversion (ICR) |
| Gross margin | -0.1% | - € 12 million | EBITA | Flat revenue and target 50% recovery (RR) |
| Operating expenses | +/-1% | +/- € 37 million | EBITA | |
| USD | +/-10% | +/- € 19 million | EBITA | Stable revenue and margin in US |
| GBP | +/-10% | +/- € 2 million | EBITA | Stable revenue and margin in UK |
| JPY | +/-10% | +/- € 3 million | EBITA | Stable revenue and margin in Japan |
| Interest rate | +100 bp | + € 13 million | Financial charges | Average net debt 2017 |
| Net debt | +/- € 200 million | +/- € 1 million | Financial charges | Stable interest rates |

The table 'Sensitivity analysis' illustrates the impact of the various changes and trends on our revenue, gross margin, operating expenses, and currency and interest rates on our EBITA. Typically, a trend will include a number of these elements.

# risk & control framework

Our global Risk & Control framework is designed to secure the Group's in-control position. The components provide Group-wide comfort in terms of control, while facilitating the flexibility to adapt to local business circumstances, enabling entrepreneurship and innovation. The components of the framework are shown in the Risk & Control framework diagram, which is based on the COSO internal control framework and elements from various management and control models. Factors that we consider in our Risk & Control framework include the size, service offering, and local regulatory and market environment of each operating company.

Operating companies and Holding departments assess the components of the Risk & Control framework at least once every six months. The results of these assessments, including improvement plans, are discussed by local management, the Group Business Risk & Audit department, and the Executive Board member responsible for that country or business line. Internal audits are executed to evaluate these self-assessments. Every six months, the Group Business Risk & Audit department reports to the Executive Board and the Audit Committee on the state of the Group’s in-control situation. The Executive Board and Audit Committee set priorities and provide guidance to further enhance control throughout the Group.

## tone at the top and culture

The tone at the top is derived from our core values, which are embedded in our leadership style and determine our culture. Randstad benefits from strong leadership, built up over 57 years. We have been able to extensively develop management by example, based on our core values and business principles.

Upon joining our company, our employees receive a copy of and training in the business principles and acknowledge that they will comply with them. Periodic refresher courses are also in place. These courses also form a crucial part of our strategy with regard to integrating acquired companies.

A misconduct reporting procedure is in place, which enables people to report any suspicion they have of wrongdoing via a secure phone line or website. All risk & control framework


complaints were assessed and investigated where necessary by the local integrity officers and/or the central integrity officer, together with the Group Business Risk & Audit department. When deemed necessary, disciplinary actions and mitigating controls were put in place. For more details, please see the paragraph on misconduct reporting under sustainability basics.

Each year, our Great People Survey is facilitated by an external provider. This allows us to monitor employees' engagement, and provides indicators of the tone at the top in each operating company and at the head office. The Great People Survey results are reviewed by Group HR, the Executive Board, and various management layers. Based on the results, action plans are initiated. The results are also addressed in appraisal conversations, as well as in setting our managers' bonus targets. This type of analysis has proven to be a good indicator for our company culture.

## performance management

Performance management is at the heart of our organization. The two-year plans and forecasts of our operating companies are set in accordance with strategic priorities and market trends. Operating companies also describe their main risks and opportunities in their two-year plans.

Our operating companies report on various performance indicators with regard to financial results, underlying process activities, and people. By setting reporting dates, performance indicators, and formats, as well as including risks and opportunities in our quarterly management reporting pack, we provide clarity that enables us to plan ahead, without disrupting our focus on day-to-day activities. By further combining this planning and control cycle with our focus on activity-based field steering, our monitoring systems have improved, giving more depth to discussions in the business review meetings. See the section 'performance management' for more details.

Our Group Corporate Sustainability Reporting guidelines prescribe detailed performance indicators. In 2017, all reported indicators have been reviewed to educate their relevance and current performance. The indicator set has been updated as well as our guidelines. In 2018, all reporting entities will be trained to report sustainability data. Additionally, quarterly reviews were performed for some selected sustainability indicators reported. These regular performance discussions on all levels help us adapt our Risk & Control framework to dynamic local circumstances.

## concepts and best practices

Our client and candidate service concepts and best practices determine our way of working. Our strong concepts, as described in the section 'Our building blocks', provide best practices for our core commercial operations. Our concepts are tailored to local practices and market conditions. Concept reviews are carried out to identify, understand, and remediate deviations to ensure our objectives are realized.

Blueprints describe our operational best practices with regard to key processes and are used to govern these processes at local operational level. In addition to the contract-to-cash, procurement-to-pay and financial close process blueprints, we will introduce a candidate screening and filing blueprint in Q1 2018.

We have an extensive framework of Group policies that cover compliance in multiple areas. These include our Approval & Information Requirements Policy; Finance Manual; Competition Compliance Policy; Discrimination, Intimidation & Harassment Policy; Bribery, Gifts & Hospitality Policy; Data Protection Policy; Information Security Policy; and Health & Safety Policy. In 2017, the Contract Liability Policy was updated and renamed Contract Approval Policy. In line with our Tech & Touch strategy, our IT General Control Framework was introduced in 2017.

## risk & control activities

Risk & Control activities secure our in-control position. Our operating companies compile risk registers semi-annually. These show the local business risks and opportunities they may be exposed to, together with action plans and deadlines to address them. The aggregated data enable us to get insight into the most important risks impacting the Group, and their correlation. The overall consolidated risk profile is discussed twice a year by the Executive Board and with the Audit Committee.

Our key control framework contains key operational, compliance and financial risks, and practical controls to guide all operating companies. The structure of the key control framework is organized around Randstad's core process: the matching of clients and candidates. Every six months, operating companies perform self-assessments for the relevant controls in accordance with the size of their business. The results are subsequently challenged by the Group Business Risk & Audit department and evaluated during the audit of the related process.

The key control framework is updated annually. In 2017, IT-related controls were refreshed following the ongoing introduction of the IT General Control Policy.

Our insurance risk program follows the same principles as our global Risk & Control framework. Insurable risks are periodically assessed, and Group-wide risks are either retained or transferred to the insurance market under our global or local insurance programs. We regularly review insurable risks and our insurance policy coverage, as well as the credit ratings of our insurers.

## reviews and audits

Reviews and audits reassure us that our Risk & Control objectives are being realized.

The semi-annual Risk & Control framework assessments on operating company level lead to a Group-wide in-control benchmark discussion in meetings of both the Executive Board and the Audit Committee. In these discussions, Risk & Control priorities are set, and the Group Business Risk & Audit plan is updated and agreed. The annual Group Business Risk & Audit plan is risk-based. In 2017, the Executive Board identified several focus areas, such as IT general controls; data protection and information security; client contract delivery; and payroll processes.

The Group Business Risk & Audit department leads the internal audits and collaborates closely with other Group departments (most commonly Accounting, Legal and Tax) and the local Risk & Audit functions to cover the key risks. Findings and recommendations from the audits are discussed with the operating companies. The internal audit reports are submitted to the Executive Board member responsible for that operating company and to our Group CFO. The progress of the audit action plans is monitored by local management, the Business Risk & Audit network, and by the Executive Board.

We have an internal audit manual, which is aligned with global professional standards. In addition, standard audit programs are used for key processes such as pricing and payrolling.

The global Business Risk & Audit network provides a platform for sharing best practices, and is a sounding board for emerging opportunities, risks, and possible internal control gaps. The network consists of a cross-disciplinary team with Business Risk & Audit staff from the operating companies and the Group Business Risk & Audit department. Where needed, experts are involved in audits. For additional reassurance, BDO has been engaged to perform financial audits in multiple countries.

In 2017, we detected a few cases of fraud, involving, for example, the recording of non-existent permanent placements, and the payment of fictitious flexworkers. These fraud cases were investigated and, in cooperation with local management, corrective action was taken. These cases involved small amounts of money and had no material impact on the results of the Group. Cases have been widely communicated internally and were used to create awareness and improve fraud prevention.

Operating companies submit their in-control statement semi-annually. This statement certifies that the corporate policies have been complied with and explains any exceptions or deviations that have occurred. The statement forms a cascaded certification, which assists the Executive Board in determining our in-control situation as required by the Dutch Financial Supervision Act.

Deloitte has been appointed to act as our external auditor from 2015 onwards. In their audit plan, Deloitte covers all financially significant operations. As such, these audits are an important supplement to our own review and audit activities.

The Audit Committee is informed about the results of both external and internal audits. The role of the Audit Committee includes monitoring the risk management and control systems, the quality of the financial information, and the follow-up of recommendations made as a result of the audits. More information can be found in the Report of the Supervisory Board and in the section 'Corporate governance'.

## our main risks

Our main risks are those that threaten the achievement of the Group's objectives as well as the in-control position of the Group over the next three years. The general risk profile has not changed significantly since last year. Continuous effort is required to address evolving strategic and compliance risks.
The first table below depicts the main risks (categorized into four areas: Strategic, Operational, Financial & Reporting, and Compliance) that could prevent us from realizing our financial and non-financial strategic targets. The table also shows how we address these risks through the six sections of our strategic road map.
The second table provides a more detailed description of the main risks in 2017, including the actions taken to mitigate these risks and any related opportunities. This list should not be considered exhaustive.

### putting the framework into practice

| framework component | practical applications to our business | | | |
|---|---|---|---|---|
| tone at the top | Core values and business principles | Onboarding training | Great People Survey | Misconduct reporting procedure |
| performance management | Strategic plan and forecasts | Scenarios and conversion ratio monitoring | Planning, reporting and review cycles and activity-based field steering (ABFS) | Business review meetings |
| concepts and best practices | Strong concepts (commercial best practices) | Corporate policies and procedures | Blueprints (operational best practices) | Authorization levels |
| risk & control activities | Risk register | Key control framework | Risk & Control round tables | Global insurance program |
| reviews and audits | Semi-annual Risk & Control framework assessments | In-control benchmarks | Internal audits | In-control statement for each operating company |

# our risks related to our strategic targets

| | strategic roadmap sections[1] | | | | | |
|---|---|---|---|---|---|---|
| | ABFS | org | TTA | talent | tech | M&A |
| **strategic** | | | | | | |
| Changing economic and geopolitical conditions[2] | ● | ● | | | ● | ● |
| Technological disruption | ● | ● | | | ● | ● |
| **operational** | | | | | | |
| Contract liability and delivery[2] | ● | ● | ● | | ● | |
| Information technology and cyber security[2] | ● | ● | | | ● | |
| Talent attraction and retention[2] | ● | ● | | ● | | |
| **finance & reporting** | | | | | | |
| Credit risk[2] | | ● | | | | |
| **compliance** | | | | | | |
| Data protection laws and regulations[2] | ● | ● | | | ● | |
| Tax & labor law compliance[2] | ● | ● | ● | | | |
| Workplace health & safety compliance | | ● | | | | |
| Competition law compliance | | ● | | | | |

1 Activity-based field steering, organizational, total talent architecture, talent management, HR technology, and mergers and acquisitions.
2 Main risks in both 2017 and 2016.

# strategic

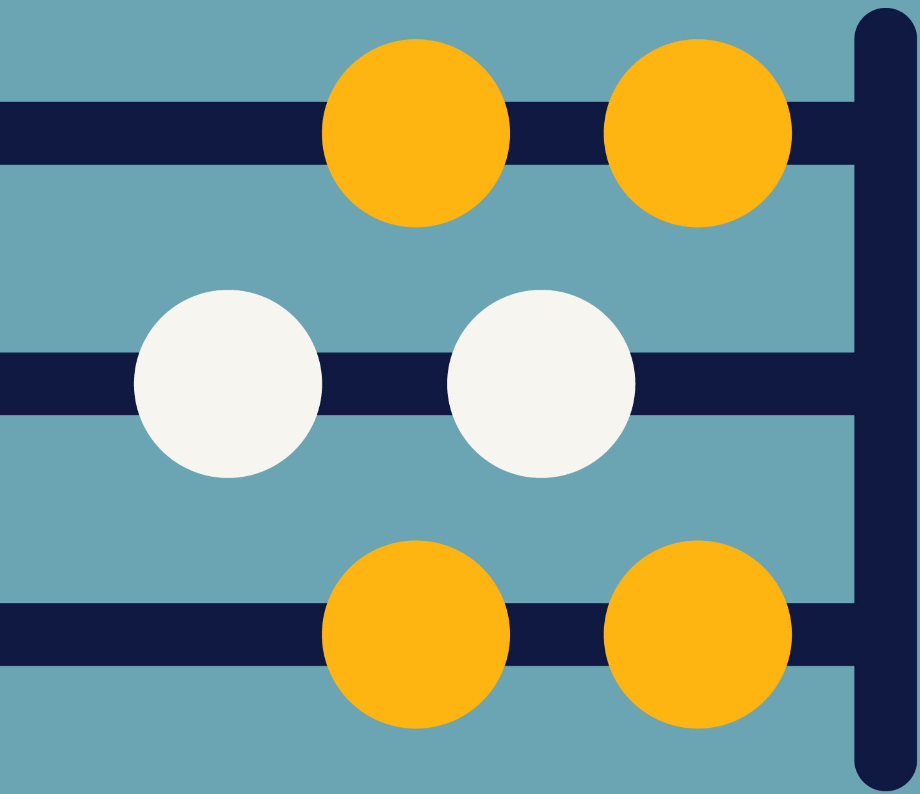
| risks | current risk-mitigating actions | opportunities |
| --- | --- | --- |
| **changing economic and geopolitical conditions**<br>Macroeconomic volatility and geopolitical uncertainty continue to affect employment regulations, talent mobility, and consumers' views on contract employment, as well as recruitment outsourcing. | With our Tech & Touch strategy, we are embracing technology to achieve the next phase of growth. In managing and running local businesses, we adopt a balanced approach by managing adaptability (recovery ratio >50%) and maintaining agility, as well as providing Randstad's unique experience to clients and candidates. Group policies and key reportings ensure that boundaries are defined at local level and that performance is monitored on a timely basis. | The ongoing digital transformation creates opportunities for innovative HR solutions and will reinforce our leading role in the HR services industry for years to come. Local businesses have the autonomy to respond to changing market conditions in order to achieve greater customer satisfaction and revenue growth. |
| **technological disruption**<br>Technological disruption is threatening to displace the traditional recruitment and staffing business model. New delivery platforms and even non-traditional competitors are quickly entrenching, and their presence is felt in the market. | Our Tech & Touch strategy enables us to transform our business models in order to stay ahead of the competition. We are making relevant investments in technology through the Randstad Innovation Fund, and exciting digital projects are accelerated by our Digital Factory. | By embracing technology, we are setting the new industry standard on service delivery. Technology can strengthen the human connection in delivering perfect matches and this will make us stand out from the competition. |

# operational

| risks | current risk-mitigating actions | opportunities |
| --- | --- | --- |
| **contract liability and delivery**<br>For contract liability, especially in Anglo-Saxon countries, clients ask us to take a greater share of the liability for our flexworkers while on their premises and under their supervision. Requirements from clients may vary, resulting in unique contract clauses. Accepting inappropriately high contractual liability could result in a client making a claim that would materially affect the Group's results. | We encourage the use of standard contracts. Non-standard contracts are always reviewed by the local legal department, with guidance provided by the global contract approval policy. Contract liability is addressed by means of delivery monitoring carried out by local businesses, while insurance is arranged at Group level.<br>We continue to improve the contract delivery process and are currently introducing a candidate screening and filing blueprint to strengthen delivery standards. In addition, periodic compliance reviews are conducted on a regular basis. | Optimizing contract liability and delivery will improve our bottom line as well as our reputation as a trusted HR partner. |
| **information technology and cyber security**<br>Technology has permeated all our key processes, including outsourced ones. IT security risks, including cyber attacks, are real and could result in downtime or leaking of personal data and company-sensitive information. This poses significant financial and reputational risks. | With the introduction of the IT General Control Framework, we are standardizing and strengthening our IT governance. Related controls have been included in our key control framework and self-assessment process to ensure their implementation.<br>We perform numerous audits to ensure that our key IT components are properly protected. Future audit plans include topics such as IT general control, information security, IT program management, and IT vendor assurance. In order to respond quickly to IT-related crises we have upgraded our crisis communications plan. | Enhanced system security capability protects our information assets, including candidate data, and ensures undisrupted service delivery to our clients. Consequently, this increases customers' trust and confidence in us. |
| **talent attraction and retention**<br>People are our most important asset, and talent is hard to come by in a competitive market. If we cannot attract, develop, and retain the right people, we could fail in realizing our objectives. | In addition to the annual Great People Survey, we have introduced Great Conversations. In these regular meetings with their manager, our employees discuss their ambitions as well as how they can best contribute to making Randstad an employer of choice. Talent mobility is evident between Group departments, as well as between countries. In addition, the ongoing employee share purchase plans help alignment of interests with the organization's long-term growth.<br>Talent management is a critical topic and is reviewed as part of the audit plan for the Group Business Risk & Audit department. | Successful talent management improves employees' quality and increases employees' loyalty. This will ensure an adequate pipeline of talent, with the aim of delivering results to our clients, candidates and shareholders. |

# finance & reporting

| risks | current risk-mitigating actions | opportunities |
|---|---|---|
| **credit risk**<br>Delay in client payments or insolvency of major clients will lead to greater usage of operating working capital and increased interest costs. | We have blueprints to promote best practices with regard to invoicing and credit control. On a regular basis, the collection status is monitored and reported, with full provision made for receivables older than 182 days.<br>Further details on credit risk are provided in note 3 to the financial statements: 'capital and financial risk management'. | With tighter credit and collection practices being rolled out globally, lower operating working capital is needed and, as a result, free cash flow will improve. |



# compliance

| risks | current risk-mitigating actions | opportunities |
|---|---|---|
| **data protection laws and regulations**<br>The General Data Protection Regulations of EU will come into effect in May 2018. At the same time, legislative changes that aim to align salaries between contracting and permanent roles are evident throughout the world (e.g., Japan). New and complicated laws expose us to higher risk of non-compliance, resulting in possible claims, fines, business suspension and reputational damage. | In 2017, our Group Data Protection Policy has been localized for all operating companies, and supporting tooling for drawing up a Data Protection Inventory and carrying out privacy and supplier risk assessments is currently being rolled out. In 2018, ongoing quarterly local data protection self assessments and future audits will help our local businesses further prepare for the imminent EU data protection regulations. | Improved data protection compliance capability strengthens the confidence of our candidates and clients with regard to our service industry. |
| **tax and labor law compliance**<br>Complex and changing tax (a.o. CIT and wage tax), labor and social security regulations could lead to a lack of clarity and errors in wage, social security and payroll tax compliance, leading to possible disputes, claims and fines. | GBRA performs an annual review of the payroll processes (including related policies and procedures) of selected countries and involves subject matter specialists as needed. | In our payroll audit, we also focus on identifying best practices to be shared among countries, thereby enhancing the overall robustness of the payroll process. |
| **workplace health and safety compliance**<br>We have employees working at clients' premises, where safety conditions may vary. As we do not have control over these working conditions, our flexworkers may be exposed to a hazardous work environment. This may result in increased medical claims, absenteeism and worker strikes. | Randstad launched its Global Health & Safety Policy in 2016. This policy sets out the Group's goal to promote health and safety, aiming for a continuous decline in harm through a risk-based and structured H&S approach. In adopting this policy, operating companies need to assess their local environment. For operating companies that supply to heavy industries, dedicated specialists look after the health and safety aspects relating to these workers. | Heightened awareness and sharing of good practices among operating companies help to boost workplace satisfaction and our reputation as a trusted HR partner. |
| **competition law compliance**<br>Competition authrorities are increasingly active in the enforcement of competition (anti trust) law. Infringements of such laws can occur by, for example, intentionally or accidentally sharing information with competitors. These could result in material fines or penalties or litigation with clients, each of which could harm our brand. | We provide training with regard to competition law compliance, our core values and our business principles forms an integral part of our onboarding program, and management needs to ensure that written acknowledgement is obtained that such training has been understood and compliance is observed. We encourage our employees to report any breaches they find through the misconduct reporting procedure. When developing new business models or concepts, our Legal department (and if necessary competition law experts) is consulted to ensure legal compliance. Consistent with Randstad's core values and business principles, we seek to conduct our business in accordance with all applicable laws, and have invested considerable time and resources in improving competition controls and awareness in our operations. | |

# emerging risks

While we focus on managing existing key risks, we are also keenly aware of imminent emerging risks (and opportunities) that can significantly impact us. For example, emerging technological developments pose risks we have incorporated in our Tech & Touch strategy. In addition, heightened political uncertainty could impact our fiscal and monetary policies, which we need to anticipate. Our local-for-local approach allows for timely adoption of new business models if necessary. Finally, large-scale involuntary migration could increase the pool of available talent, but also necessitates more stringent candidate screening. We need to show resilience to this risk by improving our internal processes.

# conclusions

The Executive Board is responsible for Randstad's Risk & Control framework and for reviewing its effectiveness. The framework, as described earlier, is designed to manage the key risks that may prevent us from achieving our business objectives. However, the framework cannot provide full assurance that all control gaps, material misstatements, cases of fraud, or violations of laws and regulations will be prevented.

In 2017, the Executive Board reviewed and analyzed the Strategic, Operational, Financial & Reporting, and Compliance risks to which the Group was exposed, and it regularly reviewed the design and operational effectiveness of Randstad's Risk & Control framework. The outcome of these reviews was shared with the Audit Committee and the Supervisory Board, and was discussed with our external auditor.

The Risk & Control framework should ensure consistent and reliable financial reporting, both internally and externally. Operating companies develop annual business plans and budgets, which are subject to amendment and approval by the Executive Board. Subsequently, the actual performance of the operating companies is measured against these business plans and budgets, and the results are discussed in regular review meetings between the operating company's management and the responsible Executive Board member.

In accordance with the Dutch Corporate Governance Code, we have assessed the design and operational effectiveness of our Risk & Control framework. Based on the activities performed during 2017, and in accordance with provision 1.4.3, the Executive Board considers that:

- this report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- 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 this report.

In accordance with the Dutch Financial Supervision Act, section 5.25c, the Executive Board declares that, to the best of its knowledge:

- the financial statements for 2017 provide, in accordance with IFRS as endorsed by the EU, a true and fair view of the consolidated assets, liabilities and financial position as at December 31, 2017, and of the 2017 consolidated income statement of Randstad Holding nv;
- the annual report provides a true and fair view of the situation as at December 31, 2017, and the state of affairs during the financial year 2017, together with a description of the principal risks faced by the Group.

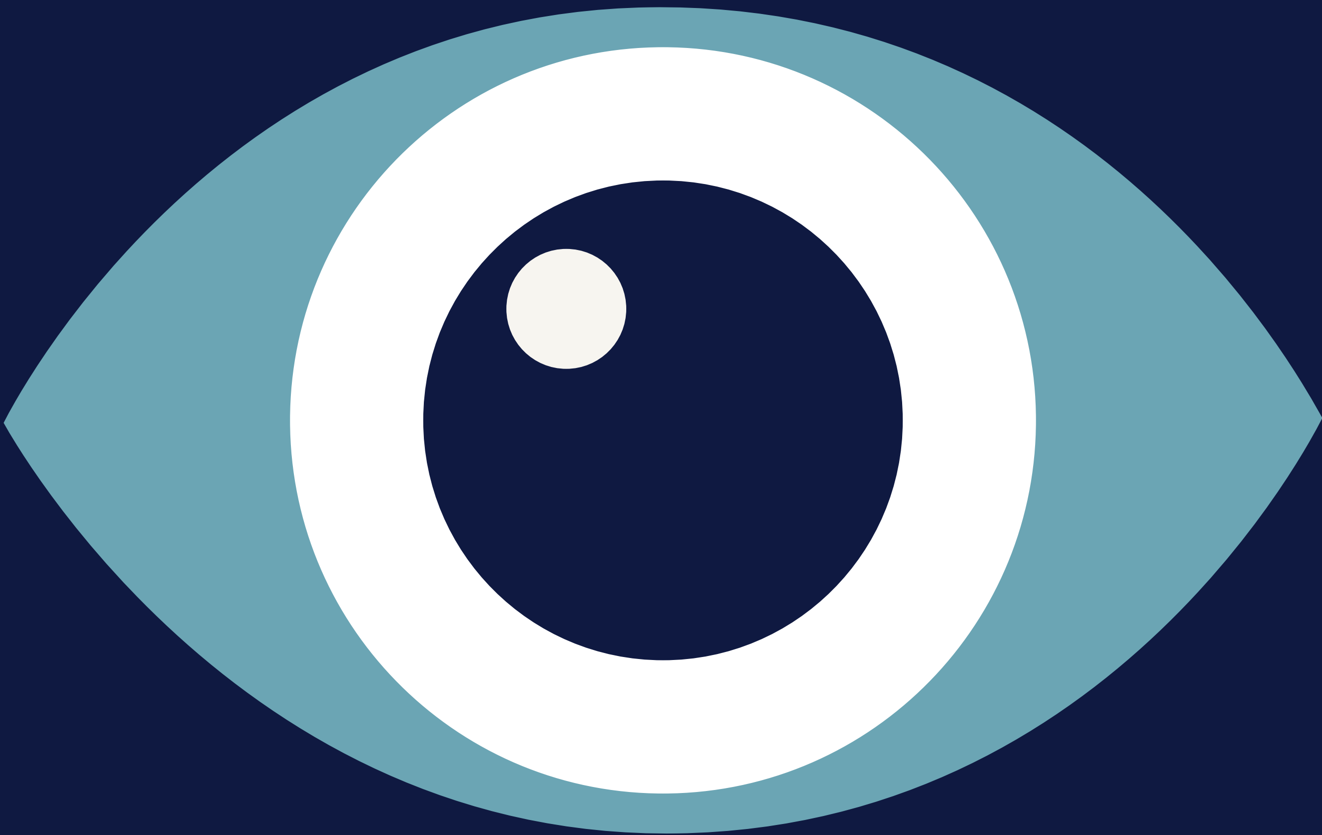
Diemen, the Netherlands, February 12, 2018

The Executive Board,

Jacques van den Broek
Robert Jan van de Kraats
François Béharel

Linda Galipeau
Chris Heutink

# governance.



# executive board.

## jacques van den broek (1960, dutch)

CEO and Chair of the Executive Board

- Joined Randstad in 1988
- Appointed to the Executive Board in 2004
- Appointed as CEO and Chair of the Executive Board in 2014
- Current term of appointment 2014 - 2018

### background

After graduating in law, Jacques van den Broek held a management position with an international trading company until he joined Randstad as a branch manager. Appointments followed as Regional Director in the Netherlands and, subsequently, as Marketing Director Randstad Europe. In 2002, he moved to Capac Inhouse Services as Managing Director, also taking on responsibility for Randstad in Denmark and Switzerland.

### responsibilities

Jacques van den Broek is responsible for Germany, Australia, New Zealand, China, Hong Kong, Singapore & Malaysia. In addition, he is responsible for Group IT, Business Concept Development, HR, Marketing & Communications, and Public Affairs.

## robert jan van de kraats (1960, dutch)

CFO and Vice-Chair of the Executive Board

- Joined Randstad in 2001
- Appointed to the Executive Board in 2001
- Appointed as Vice-Chair of the Executive Board in 2006
- Will step down as member of the Executive Board on 27 March 2018

### background

A certified auditor, Robert Jan van de Kraats began his career with one of the big four accountancy firms. In 1989, he joined an international technology group as Finance and IT Director for the Netherlands. He held various senior positions with an international credit insurance group from 1994, and in 1999 he was appointed CFO and member of its managing board. He joined Randstad in 2001 as CFO. He is also a member of the Board of Directors of OCI NV and a member of the Supervisory Board of Schiphol Group. Until December 2016, he was a member of the Monitoring Committee Corporate Governance Code.

### responsibilities

Robert Jan van de Kraats is responsible for Japan, India, Denmark, Sweden, and Norway and also for Group Finance & Accounting, Business Control, M&A, Tax, Treasury, Business Risk & Audit, Legal, and Investor Relations.

## linda galipeau (1963, canadian)

- Joined Randstad in 1995
- Appointed to the Executive Board in 2012
- Current term of appointment 2016 - 2020

background
Linda Galipeau received an MBA degree in marketing and managerial economics. After several years in the staffing industry, she joined Randstad in 1995 as district manager in the US. In 1997, she started the Canadian operations, and in 2008 she was appointed President of Randstad Staffing in the US.

responsibilities
Linda Galipeau is responsible for the US, Canada, the UK, Ireland, Monster Worldwide, RiseSmart, and Randstad Sourceright.

## françois béharel (1970, french)

- Joined Randstad in 2008
- Appointed to the Executive Board in 2013
- Current term of appointment 2016 - 2020

background
With a Bachelor's degree in distribution management and commercialization techniques, François Béharel joined Vedior in 1999 as a Regional Manager. Following various promotions, he became CEO of Vedior France in May 2007. Following the acquisition by Randstad, he was appointed President and CEO of the newly combined Randstad Groupe France, and played a key role in the integration of its businesses.

responsibilities
François Béharel is responsible for France, Spain, Portugal, Belgium & Luxembourg, Brazil, Argentina, Mexico, Chile, and Uruguay.

## chris heutink (1962, dutch)

- Joined Randstad in 1991
- Appointed to the Executive Board in 2014
- Current term of appointment 2014 - 2018

background
Chris Heutink obtained a Master's degree in history. He started his career at Randstad as a consultant in the Netherlands. Various management positions followed until 2004, when he was promoted to become Managing Director of Randstad Poland. After moving back to the Netherlands in 2007, he became Director of Operations. In 2009, he was appointed Managing Director of Randstad Netherlands.

responsibilities
Chris Heutink is responsible for the Netherlands, Austria, Italy, Switzerland, Poland, Turkey, Greece, Czech Republic, Hungary and Romania, as well as for Global Client Solutions.

# supervisory board.

## wout dekker (1956, dutch)

Chair of the Supervisory Board

- Member of the Supervisory Board since 2012
- Current term of office 2016–2020

background
Wout Dekker is the former Chairman of the Executive Board and CEO of Nutreco N.V. and the former Chairman of the Supervisory Board of Rabobank. He is Chairman of the Supervisory Board of the Princess Maxima Centre for Child Oncology and member of the Supervisory Board of SHV Holdings NV and Royal FrieslandCampina N.V.

responsibilities
Wout Dekker is Co-Chair of the Remuneration and Nomination Committee (Nomination) and a member of the Audit Committee.

## jaap winter (1963, dutch)

Vice-Chair of the Supervisory Board

- Member of the Supervisory Board since 2011
- Current term of office 2015–2019

background
Until December 2017, Jaap Winter was President of the Executive Board of Vrije Universiteit Amsterdam. Until December 2013, he was partner at law firm De Brauw Blackstone Westbroek. He is Professor of International Company Law at the University of Amsterdam and Distinguished Visiting Professor of Corporate Governance at INSEAD. He was a member of the Dutch Corporate Governance Committee (2003) and the European Corporate Governance Forum. He is Chairman of the Supervisory Board of Stichting Het Van Gogh Museum.

responsibilities
Jaap Winter is Chair of the Strategy Committee and a member of the Audit Committee.

## giovanna kampouri monnas (1955, greek)

- Member of the Supervisory Board since 2006
- Current and final term of office 2014–2018

background
Giovanna Kampouri Monnas is the former President of the international division and member of the Executive Committee of Joh. A. Benckiser GmbH. She is a Non-Executive Director of Puig S.L, Aptar Group Inc, Fondation Air France and Imerys SA. She is President of the Estia Agios Nikolaos Foundation in Germany and Greece.

responsibilities
Giovanna Kampouri Monnas is Co-Chair of the Remuneration and Nomination Committee (Remuneration) and a member of the Strategy Committee.

supervisory board.

## henri giscard d'estaing (1956, french)

- Member of the Supervisory Board since 2008
- Current term of office 2016–2020

background
Henri Giscard d'Estaing has been Chairman of the Board and CEO of Club Méditerranée SA since December 2002. Before joining Club Méditerranée in 1997, he held various management positions at Groupe Danone and Cofremca. He was formerly a member of the Supervisory Board of Vedior N.V. He is currently also a member of the Board of Directors of Groupe Casino Guichard-Perrachon SA and a global partner of the Fosun Group.

responsibilities
Henri Giscard d'Estaing is a member of the Strategy Committee.

## frank dorjee (1960, dutch)

- Member of the Supervisory Board since 2014
- Current term of office 2014–2018

background
Frank Dorjee was Chief Strategic Officer and member of the Board of Directors of Prysmian Spa from March 2011 until January 2014. Until its takeover by Prysmian Spa, he was CEO and Chairman of the Executive Board of Draka Holding NV from 2010 to 2011 and its CFO from 2004 until 2009. He is a member of the Supervisory Board of Koole BV, FRV BV and Beacon Rail Lux Holdings S.A.R.L. and a member of the Board of Directors of YOFC.

responsibilities
Frank Dorjee is Chair of the Audit Committee.

## barbara borra (1960, italian)

- Member of the Supervisory Board since 2015
- Current term of office 2015–2019

background
Barbara Borra is CEO for EMEA of Fontana Group. Before joining Fontana, she was with Whirlpool for 10 years, serving in different senior management positions and more recently as Vice-President of its Chinese operations. Before joining Whirlpool, she held a number of international roles in various countries at Rhodia, GE and Lev-O-Cal Company. She is a member of the Board of Directors of Brembo.

responsibilities
Barbara Borra is a member of the Remuneration and Nomination Committee.

## rudy provoost (1959, belgian)

- Member of the Supervisory Board since 2015
- Current term of office 2015–2019

background
Rudy Provoost is the former CEO and Chairman of the Board of Directors of the Rexel Group. Before joining the Rexel Group in 2011, he was a member of the Management Board of Royal Philips and successively CEO of Philips Lighting and CEO of Philips Consumer Electronics. He also held various senior leadership and executive management positions at Whirlpool, Canon and Procter & Gamble. He is currently a member of the Board of Directors of Elia as well as the Vlerick Business School.

responsibilities
Rudy Provoost is a member of the Strategy Committee.

# report of the supervisory board.

## introduction

2017 was another solid year for Randstad, during which a number of key decisions were taken that will be crucial in the company's ongoing drive to transform itself. New steps were taken to further roll out the digital strategy. With regard to Group strategy and development, alignment between the Boards is strong. The intended reappointments of Jacques van den Broek and Chris Heutink within the Executive Board and the succession of Robert Jan van de Kraats by Henry Schirmer as member of the Executive Board & CFO are part of leadership planning, necessary for a company going through a transformation. The Supervisory Board is excited about Randstad becoming the trusted human partner in the technology-driven world of talent, the new Human Forward brand promise, and the ultimate goal that underpins the company's commitment to maximizing future employment and contribute to economic growth for society.

In this report, the Supervisory Board explains how it fulfilled its duties and responsibilities in 2017.

## composition, diversity and independence

The Supervisory Board currently comprises seven members: Wout Dekker (Chair), Jaap Winter (Vice-Chair), Barbara Borra, Frank Dorjee, Henri Giscard d'Estaing, Giovanna Kampouri Monnas, and Rudy Provoost (see the section supervisory board for biographies). The members have a diverse mix of knowledge, skills, and expertise, in line with the required profile as included in Annex 2 of the Supervisory Board's by-laws. The Supervisory Board aims to ensure that its members represent a good balance in terms of diversity, which includes diversity of background, skills, working experience, age, nationality and gender, among other criteria. The Supervisory Board aims for at least one-third of its membership to be female, a criterion that is taken into consideration for each vacancy.

At the next Annual General Meeting of Shareholders, to be held on March 27, 2018, the third and final term of Giovanna Kampouri Monnas will expire. The Supervisory Board is extremely grateful to Giovanna Kampouri Monnas for her excellent contribution to Randstad during the twelve years she has served the company in various roles, notably as member of the Strategy Committee and member of the Remuneration and

### diversity profile of the supervisory board

| name | year of birth | nationality | international experience | financial expertise | specific experience | gender |
|---|---|---|---|---|---|---|
| Wout Dekker | 1956 | Dutch | yes | (CEO) | Nutrition | male |
| Barbara Borra | 1960 | Italian | yes | | Home appliances | female |
| Frank Dorjee | 1960 | Dutch | yes | CFO | Cables | male |
| Henri Giscard d'Estaing | 1956 | French | yes | (CEO) | Tourism | male |
| Giovanna Kampouri Monnas | 1955 | Greek | yes | | Consumer goods | female |
| Rudy Provoost | 1959 | Belgian | yes | (CEO) | Distribution | male |
| Jaap Winter | 1963 | Dutch | yes | (CEO) | Legal/Governance | male |

### retirement and reappointment schedule

| name | year appointed | year of possible reappointment | final term expires | current number of SB positions including Randstad |
|---|---|---|---|---|
| Wout Dekker | 2012 | 2020 | 2024 | 4 (2 Chair) |
| Barbara Borra | 2015 | 2019 | 2027 | 2 |
| Frank Dorjee | 2014 | 2018 | 2026 | 5 |
| Henri Giscard d'Estaing | 2008 | - | 2020 | 2 |
| Giovanna Kampouri Monnas | 2006 | - | 2018 | 4 |
| Rudy Provoost | 2015 | 2019 | 2027 | 1 |
| Jaap Winter | 2011 | 2019 | 2023 | 2 (1 Chair) |

Nomination Committee. As Chair of the latter Committee, she has been responsible for remuneration affairs since 2015. She has played a key role in assessing and updating the remuneration policy for the Executive Board, which was widely approved by shareholders at the Annual General Meeting in 2017. The Supervisory Board proposes that she be succeeded by Annet Aris. Her nomination has been carefully decided based on the Supervisory Board's profile and mix of experience, while also taking the Supervisory Board's diversity profile and Randstad's diversity policy into critical consideration. The Supervisory Board is of the opinion that Annet Aris's profile is complementary to its composition. In particular, her knowledge of the digital world can be of great and added value to Randstad as digital transformation is a very important pillar of the company's overall strategy going forward. The first term of Frank Dorjee will also expire. Frank Dorjee has played an excellent role during his first term, specifically as Chair of the Audit Committee, in which role he brings solid overview, open discussion, and fine analysis, benefiting from his general and financial executive background. In 2017, he was closely involved in the CFO succession. The Supervisory Board proposes that he be reappointed for a second term of four years.

The Supervisory Board attaches great importance to the independence of its members. As a rule, all members, with the exception of no more than one, should be independent in the sense of Article 1.5 of the Supervisory Board's by-laws. With the exception of Jaap Winter, who was appointed upon nomination by Randstad Beheer (the private shareholding company of Frits Goldschmeding, Randstad's founder and leading shareholder), all members are independent. They were not granted, nor do they possess, any Randstad shares, with the exception of Henri Giscard d'Estaing, who personally holds 450 shares in the company. In 2017, there was no actual or potential conflict of interest between Randstad and any Board member. In line with legislation and as part of the key control framework of the company, members of the Supervisory Board (as well as the Executive Board) are required to annually state their related parties and transactions, if any, between these related parties and the company. It was confirmed that no related-party transactions occurred in 2017, except for those cases in which members of the Supervisory Board use a management company to invoice their related directors' fees to Randstad.

# induction, training and performance assessment

Ongoing education is an important part of good governance. New members of the Supervisory Board attend induction sessions at which they are informed on the financial, reporting, risk & audit, HR, marketing & communications, legal, and governance-related affairs of the company. Members of the Supervisory Board regularly visit Randstad's operations to gain familiarity with senior operational and functional management, and to develop deeper knowledge of operations, opportunities, and challenges.

At a separate meeting held in December 2017, the Supervisory Board discussed at length its composition, its own performance, and that of its committees. This self-assessment was facilitated by an external advisor, Linda Hovius. In preparation, she interviewed each member of the Supervisory Board and the Executive Board, as well as the Company Secretary. In the self-assessment report, she included (anonymously) the various individual observations with regard to the functioning of the Supervisory Board and its relationship with the Executive Board. Items assessed and subsequently discussed by the Supervisory Board included (1) team effectiveness, (2) interaction and dialogue, (3) competencies, succession and onboarding, (4) effectiveness and relevance of the Committees, (5) agenda setting, (6) its relationship with the Executive Board, and (7) governance, top structure and organization model.

In its self-assessment, the Supervisory Board concluded that the large majority of these items were assessed positively. Team spirit is considered strong, encouraging mutual trust, open discussion, and clear understanding of each Board member's role. Expertise within the Supervisory Board is diverse and complementary. Dialogue with the Executive Board on strategy has greatly improved, especially during the annual joint strategic offsite session. The Supervisory Board was particularly pleased to see the successful definition and implementation of Randstad's digital strategy; the succession planning of the CFO was well managed; and the new remuneration policy for the Executive Board was well prepared and is now more focused on team work and joint responsibility. Some of the additional key findings and points for follow-up are:

- The Supervisory Board is growing in its supervisory and advisory roles, but further improvement could be realized through in-depth discussion and exchange of ideas about specific topics, strategic subjects, and dilemmas faced by the Executive Board and where the Supervisory Board could add value. In order to optimize preparation and subsequent reflection, the Supervisory Board will have short private meetings before and after each joint meeting with the Executive Board.
- The dynamics within the Supervisory Board are good: everyone brings in their expertise, and openly contributes to the dialogue. Nevertheless, the decision making process could be further optimized by expressing individual points of view more explicitly to clarify the level of consensus.
- The Supervisory Board aims to design a more structured performance evaluation and feedback process for the individual members of the Executive Board, paying more attention to leadership development. The Chair of the Supervisory Board and the Chair of the Remuneration Committee are taking the lead in this process and are holding formal evaluation conversations with each Executive Board member.
- Given the transformation of the company and general developments, going forward, the Supervisory Board will pay more attention to governance, top structure, the organization model, and succession planning. This will include the creation of a Governance & Nomination Committee, which will inevitably result in a split of the current Remuneration and Nomination Committee. The Remuneration Committee will continue to take charge of all affairs relating to the company's remuneration policy and its execution. The Strategy Committee will be discontinued, as strategy is perceived primarily as a joint responsibility. It is currently well covered throughout the year, most notably during the joint annual strategic offsite session.

# supervisory and advisory activities in 2017

## meetings of the supervisory board and attendance

The Supervisory Board met thirteen times during 2017 (2016: nine times). One of these meetings was held by conference call, and eight were held jointly with the full Executive Board. The other four meetings were held without the Executive Board, but some were in part attended by the CEO. These meetings were held to discuss Executive Board remuneration, the review of the remuneration policy and the composition and assessment of the Supervisory Board (including the proposed reappointment of Frank Dorjee and the nomination of Annet Aris). At one of these meetings, the Executive Board extensively discussed the functioning of the Executive Board, both as a team and its individual members. The Supervisory Board carefully considered the functioning of Jacques van den Broek and Chris Heutink in light of their proposed reappointment at the upcoming Annual General Meeting of Shareholders.

A number of meetings were held to update the Supervisory Board on the succession of the CFO, Robert Jan van de Kraats. The Chair of the Supervisory Board and the Chair of the Audit Committee were in the lead of this process, in close alignment with the CEO and the current CFO. During the search, specific attention was given to diversity of background, skills, working experience, age, nationality and gender, among other criteria. The Supervisory Board is extremely pleased that Henry Schirmer, currently Executive Vice President Finance for Unilever Europe, will succeed Robert Jan van de Kraats at the next Annual General Meeting of Shareholders on March 27, 2018. With his financial expertise and great international track record, Henry Schirmer will be able to lead Randstad into the next phase of growth. At the same time, the Supervisory Board is exceptionally grateful to Robert Jan van de Kraats for his exemplary commitment and very valuable dedication to Randstad during the 17 years that he was member of the Executive Board and CFO. After he steps down from the Executive Board, Robert Jan van de Kraats will continue to focus on his operational responsibilities until the end of 2018. In 2019, the last year of his assignment, he will act as an advisor to the Supervisory Board.

Between meetings, the Chair of the Supervisory Board regularly maintained contact with the CEO and CFO. He also frequently met with Randstad's leading shareholder and his representative director. Individual Supervisory Board members set up meetings related to their membership of specific Committees or specific mandates.

In 2017, Rudy Provoost, Henri Giscard d'Estaing, and Giovanna Kampouri Monnas were absent at two of the thirteen meetings. Their attendance rate was therefore 85%.The attendance rate of the other members of the Supervisory Board was 100%.

## topics discussed and agreed with the supervisory board

The Supervisory Board meets in any case each quarter one day before the publication of the quarterly results, when it discusses these results with the Executive Board, as well as related documents, such as the draft press release and the auditor's quarterly report on procedures performed. These results and related documents are first discussed by the Audit Committee prior to the Supervisory Board meeting. The external auditor was present for the discussion of the 2016 annual report and accounts.

In addition to the standard agenda items for meetings, such as the development of the financials and the business performance throughout the year, the Supervisory Board discussed the following topics with the Executive Board in 2017:

- organizational changes and senior management appointments;
- the assessment of strategic, operational, financial, and compliance risks, including Randstad's approach to risk and opportunity management, based on the quarterly report of Group Business Risk & Audit and the external auditor's quarterly report;
- compliance with relevant rules and legislation;
- the revised Dutch corporate governance code and the update of the by-laws of the Executive Board and Supervisory Board, as well as the terms of reference of the Committees, in order to bring these in line with the revised code;
- the preparation, evaluation, and follow-up of the Annual General Meeting of Shareholders;
- topics related to sustainability relevant to Randstad, including the reporting framework and related key drivers and key performance indicators;
- the views of analysts and investors, as well as changes in the shareholder structure and base;
- the structure and strategic priorities of the global HR function;
- the new strategy for Global Client Solutions;
- the company's value creation, capital allocation and dividend policy; and
- the budget for 2018.

In 2017, the Supervisory Board closely monitored the integration and performance of a relatively large number of acquisitions made in 2016 and at the start of 2017: Proffice, Obiettivo Lavoro, Careo, twago, BMC, and particularly Monster Worldwide and Ausy. The Supervisory Board paid attention to a number of key items, such as financial performance, changes to top structure, (re)organizations, commercial strategy, technology development, and value creation.

During the year, the Supervisory Board was regularly updated about Randstad's global identity, new brand positioning (Human Forward) and ultimate goal. The Supervisory Board strongly supports these, as they are fully in line with Randstad's purpose, foundation, and core values. Although it is sometimes difficult for members of the Supervisory Board, in their role as non-executives, to get a good sense of the culture within Randstad, they do challenge the Executive Board on related topics. Purpose, mission, and core values are considered to be strong within Randstad. The culture within the company is important to attract and retain top talent. The tone at the top is derived from the core values and embedded within the leadership style. The related behavior-focused management approach implies setting the example, being transparent, communicating openly and clearly, and focusing on integrity and good governance. Employee engagement and cultural fit are measured as part of the annual Great People Survey, whose results are shared with the Supervisory Board.

To underline the importance of Randstad's business principles and the procedure for reporting misconduct, the Supervisory Board shares responsibility for these matters with the Executive Board. An assessment of the complaints reported under the misconduct reporting procedure is shared with the Audit Committee annually.

The Supervisory Board is frequently updated on developments in operating companies and markets. In 2017, senior management of the operations in the Netherlands (Randstad & Tempo-Team) and Canada joined a Supervisory Board meeting and gave an update on their markets. Every year, the Supervisory Board, jointly with the Executive Board, pays a two-day visit to the operations in a different country. Their joint visit to clients, branches, and Randstad's head office in Italy in June 2017 provided additional insight into the quality of local operations and management. Particular attention was paid to the successful integration of Obiettivo

Lavoro, which was acquired in 2016. Individual members of the Supervisory Board also paid visits to various businesses within Randstad on an ad-hoc basis.

### strategy discussion and strategic offsite meeting

One of the Supervisory Board's main priorities is strategy. Accordingly, time was spent on in-depth discussions with the Executive Board about the overall strategy and the realization of the strategic targets. The Strategy Committee prepared and set the framework for these discussions.

At several meetings in 2017, extensive discussions were held on the digital strategy, the development of related digital concepts and workstreams, the cross-functional and cross-country setup, as well as the synergies of the Monster Worldwide acquisition for Randstad's digital strategy.

At the annual strategic two-day offsite meeting in October 2017, the Supervisory Board and the Executive Board also discussed the above topics relating to the digital strategy, as well as a significant number of other relevant strategic topics, including:

- the governance and leadership structure, including the allocation of global responsibilities among the members of the Executive Board;
- the role of Group-wide functions, some of which are organized more globally than centrally, using strong local leadership;
- the outcome of the 2-year growth plan, which is based on the input from the operating companies;
- the strategy for the Professionals segment, which requires more focus on talent engagement and organizational alignment, and will accelerate in Europe through the setup of Continental European Professionals and the acquisition of Ausy;
- the strategy and performance of Monster, as clarified by its CEO; and
- a review of global strategic initiatives, such as those relating to field and headcount steering, central sourcing, the reallocation of marketing spend, the implementation of a shared service center for global IT infrastructure, and cross-country procurement.

## supervisory board committee activities in 2017

The Supervisory Board has three Committees: the Audit Committee, the Remuneration and Nomination Committee, and the Strategy Committee. Their roles are described in more detail in the section corporate governance. They generate detailed information and prepare recommendations relating to their specific areas, while the full Supervisory Board retains overall responsibility. In each case, the Committee Chair reports the Committee's main considerations and findings to the full Supervisory Board, usually immediately after the relevant Committee meeting.

The composition of these Committees was as follows:

#### audit committee

Frank Dorjee (Chair), Wout Dekker, and Jaap Winter. The first two members in particular have relevant expertise in the field of financial management.

#### remuneration and nomination committee

Giovanna Kampouri Monnas (Chair for Remuneration), Wout Dekker (Chair for Nomination), and Barbara Borra.

#### strategy committee

Jaap Winter (Chair), Henri Giscard d'Estaing, Giovanna Kampouri Monnas, and Rudy Provoost.

All Supervisory Board members have a standing invitation to attend meetings of Committees of which they are not a member, which they do attend on an ad-hoc basis.

### report of the audit committee

The Audit Committee assists the Supervisory Board in its responsibility to oversee Randstad's financing, financial statements, financial reporting process, and system of internal business controls, risk management and audit.

Five meetings were held in 2017 (2016: five). All meetings were attended by the CEO, the CFO, and the managing directors for Group Business Control, Group Accounting, and Group Business Risk & Audit. The external auditor was also present. At least once a year, the Audit Committee discusses with the external auditor, without management being present, their assessment of Randstad's performance, as well as the collaboration with the Executive Board and the finance departments, including their functioning.

Each quarter, the Chair of the Audit Committee meets with the CFO and, separately, with the managing directors of Group Business Control, Group Accounting, and Group Business Risk & Audit, generally in preparation of the quarterly Audit Committee meeting. Also, when considered necessary, the Chair meets with the external auditor in advance.

At each meeting, the Audit Committee discusses the financial performance in much detail, as well as related items, such as the draft press release, the external auditor's report with quarterly observations, and the quarterly update from Group Business Risk & Audit, which contains management self-assessments of risks and controls, audit results, and progress and outcomes of fraud investigations.

In addition, the following topics were discussed during the year:

- an update on Group Treasury (including insurance and procurement) and Group Tax, mostly provided by the managing director responsible;
- a report from the managing director Group Legal on operating companies' compliance with key policies, with a special focus on data protection and information/cyber security, as well as compliance and e-learning tools for employees;
- the annual legal letter, listing material litigation (where potential liability exceeds € 1 million); any cases with a liability potentially exceeding € 2.5 million are promptly reported to the Audit Committee;
- the procedure for reporting misconduct, including the report of the central integrity officer summarizing the cases reported under this procedure;
- the updated terms of reference of the Audit Committee, reflecting changes in line with the updated Dutch Corporate Governance Code;
- changes of key people in the finance function in operating companies and at Group level; and
- the annual talent and performance review of the finance function and its key people, including the World League Finance Program, whose aim is to develop the finance function, finance staff, and the finance organization throughout Randstad.

With regard to the external audit, the Audit Committee reviewed Deloitte's proposed audit plan relating to the audit scope (90% of Group revenue), approach, focus areas, and fees (see note 28 to the financial statements). BDO presented its audit of the local statutory accounts of a number of smaller countries not included in the Group audit scope by Deloitte. No material issues were noted by BDO.

The risk profile and in-control position of the Group was discussed multiple times in various ways and at least quarterly. For example, this was done at the start of the year, when the Audit Committee approved and updated Deloitte's audit plan, which is based on Randstad's risk profile and priorities for 2017. In October, the risk-based audit plan for 2017 was discussed.

In the second and fourth quarters, the Group's in-control situation was discussed in more detail, using the results of the risk assessments, the key control framework, and the internal audits. This discussion addressed key risks, taking into account the effectiveness of controls to mitigate these risks. Priorities for internal audits of local audit teams are set by the managing director Group Business Risk & Audit and discussed and agreed with the Executive Board and the Audit Committee. This semi-annual in-control evaluation process allows all Group companies to further develop controls using a maturity model. Further information can be found in the section risk & opportunity management.

The Group Business Risk & Audit department is adequately embedded within the organization by way of the Global Risk & Audit network, consisting of local internal auditors at operating company level. In 2017, the Audit Committee approved the updated Business Risk & Audit Charter, which confirms that the department's managing director has direct access to the Chair of the Audit Committee, as such ensuring objectivity, authority, and responsibility setting.

The Audit Committee assured itself of the independence of the external auditor and the non-audit services provided by the external auditor, in line with the relevant policy.

The Audit Committee assessed the performance of the external auditor, based on a satisfaction survey conducted among all CFOs of the operating companies and key corporate finance staff. As part of this annual evaluation process, the following items were taken into consideration: (1) the quality of the audit work, (2) the sufficiency and fulfillment of the audit engagement, (3) the quality of the auditor's reports, (4) the independence of the auditors, (5) the expertise and composition of the audit team, (6) the audit fee, and (7) quality control within the audit firm.

## report of the strategy committee

The Strategy Committee acts as a sparring partner for the Executive Board and contributes in depth to the preparation of the semi-annual discussion of Randstad's strategy with the full Supervisory Board. Each member has his or her own specific and extensive experience in strategy development and related processes. All meetings are attended by the full Executive Board.

In 2017, the Committee met once and fully focused on the follow-up of the strategic offsite meeting held in October 2016, and the preparation of the strategic offsite meeting in October 2017, as elaborated on in detail above under 'Strategy discussion and strategic offsite meeting'.

During its annual self-assessment, the Supervisory Board decided to discontinue the Strategy Committee, as strategy is perceived as a joint responsibility. Strategy issues are currently well handled, notably during the joint strategic offsite meeting.

## report of the remuneration and nomination committee

The Remuneration and Nomination Committee primarily makes recommendations regarding the remuneration (and the remuneration policy) of the Executive Board and the Supervisory Board. It is also tasked with advising on candidates to fill vacancies in both Boards. Each Committee member has specific expertise in the area of remuneration and HR-related issues.

The Committee met three times in the course of 2017 (2016: three). The CEO participated in part of these meetings. The Committee regularly made use of external advice, notably from Korn Ferry Hay Group and Towers Watson.

### remuneration-related topics

The Committee discussed the remuneration of the Executive Board, notably the setting and realization of the related performance targets. At the start of 2017, the Committee, led by the Chair, Giovanna Kampouri Monnas, and assisted by the Company Secretary, finalized its assessment of the full remuneration policy of the Executive Board. Korn Ferry Hay Group, an independent strategic human capital advisory firm, was commissioned to provide advice. The members of the Executive Board were requested to give their views on the current remuneration policy as well as make suggestions for adjustment. The Annual General Meeting of Shareholders in March 2017 approved the proposal of the Supervisory Board to make a relatively limited number of adjustments to the remuneration policy for the Executive Board. More information can be found in the remuneration 2017 section in the remuneration report.

### nomination-related topics

The Committee discussed the annual assessment of the Executive Board and its individual members, succession planning, and the annual performance review of the second-level leadership reporting to the Executive Board (all of whom are scheduled to meet and present to the Supervisory Board, if feasible), as well as high potentials. An extensive update was provided to the Committee by HR leaders on Randstad's HR strategy in the context of creating a high performance culture and the Tech & Touch strategy. The latter requires a new leadership style for which a transformational leadership program has been developed which was clarified to the Committee. It also discussed diversity-related topics. The Supervisory Board aims to ensure that both its own composition as well as the composition of the Executive Board represents a good balance in terms of diversity (including experience, gender, and nationality). The aim is that at least one-third of each Board's members meet the gender criterion, which is currently almost being met for the Supervisory Board, but not yet for the Executive Board. Randstad's policy regarding diversity is described in the gender quality, inclusion and diversity section of this annual report. A key factor in diversity is providing equal opportunities for women. The percentage of women in senior management positions amounted to 46.9% in 2017 (2016: 45.2%). Diversity will continue to be an important consideration for all future nominations to the Boards.

## supervisory board remuneration

The Annual General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board. Their remuneration is a fixed annual allowance paid in monthly installments. It is not linked to the financial results of the company. Members of the Supervisory Board do not receive any performance-related compensation or shares, and do not accrue any pension rights with the company.

Members of the Supervisory Board who hold shares in the company are only allowed to do so as long-term investments. They adhere to the company's insider dealing rules. Randstad does not grant loans or guarantees to Supervisory Board members.

### allowances of supervisory board members

in €

| | 2017 | 2016 |
|---|---|---|
| Supervisory Board | | |
| Chair | 110,000 | 110,000 |
| Vice-Chair | 90,000 | 90,000 |
| Members | 75,000 | 75,000 |
| Audit Committee | | |
| Chair | 12,000 | 12,000 |
| Members | 8,000 | 8,000 |
| Remuneration & Nomination Committee | | |
| Chair | 9,000 | 9,000 |
| Members | 7,000 | 7,000 |
| Strategy Committee | | |
| Chair | 8,000 | 8,000 |
| Members | 6,000 | 6,000 |

The annual allowances were last determined by the Annual General Meeting of Shareholders held in 2012, while the annual Committee fees were last determined by the Annual General Meeting of Shareholders held in 2011. The annual allowances and Committee fees for the Chair and members of the Supervisory Board are shown in the table.

In addition, Supervisory Board members receive a fixed annual expense allowance of € 2,000 net for members and € 3,000 net for the Chair. Taking into consideration their significant effort and travel time, Supervisory Board members receive an attendance fee of € 1,500 per meeting when cross-border travel is required in order to attend a Supervisory Board meeting.

## report of the annual general meeting of shareholders

At the Annual General Meeting of Shareholders, held on March 30, 2017, the CEO and the CFO gave an account of the general state of affairs at Randstad and its financial performance in 2016. The meeting adopted the 2016 financial statements and the dividend proposal. The members of the Executive Board were granted discharge of liability for their management, and the members of the Supervisory Board for their supervision thereof. The meeting approved the proposal to extend the Executive Board's authorization to issue ordinary shares, limited to a maximum of 3% of the ordinary issued share capital for a period of 18 months, as well as to repurchase ordinary shares and cancel repurchased shares, limited to a maximum of 10% of the ordinary issued share capital for a period of 18 months. As referred to above, the amendment of the remuneration policy for the Executive Board was approved. Deloitte Accountants B.V. in the Netherlands was appointed as external auditor for the financial year 2018.

Similar to the previous year, the Chair of the Audit Committee proactively elaborated on the work of the Audit Committee in 2016, the company's collaboration with the external auditor, and some specific items that were relevant in the past year:

- valuation of goodwill, based in part on the annual goodwill impairment test, which led to an impairment of € 10 million;
- valuation of the company's position concerning deferred taxes;
- the accounting of new acquisitions;
- some fraud-related matters, which were immaterial to Randstad.

The lead partner of Deloitte Accountants was given the floor to elaborate on the audit procedure and the auditor's opinion with regard to 2016. He specifically focused on (1) materiality, (2) scope, (3) internal audit, control and IT systems, (4) key audit matters in the financial statements, and (5) the review of the management report.

# financial statements for 2017

The financial statements for 2017 have been audited and provided with an unqualified opinion by Deloitte Accountants B.V. (see the auditor's report) and were extensively discussed with the auditors by the Audit Committee in the presence of the CEO and the CFO in February 2018. The full Supervisory Board then discussed them with the full Executive Board in the presence of the auditors. The Supervisory Board is of the opinion that the financial statements 2017 meet all requirements for correctness and transparency. During the year, the Audit Committee extensively discussed the Risk & Control framework that supports this. As such, the Supervisory Board recommends that the Annual General Meeting of Shareholders, to be held on March 27, 2018, adopt the financial statements and the appropriation of net income proposed by the Executive Board.

The Supervisory Board supports the proposed adjustment of Randstad's capital allocation strategy and endorses the Executive Board's proposal to the Annual General Meeting of Shareholders to pay a regular cash dividend per ordinary share of € 2.07 for 2017 (€ 1.89 for 2016), a special dividend of € 0.69 per ordinary share, and a cash dividend on preference shares B and C of € 12.6 million (€ 12.6 million for 2016).

The Supervisory Board requests that the Annual General Meeting of Shareholders grants discharge to the members of the Executive Board for their management and to the members of the Supervisory Board for their supervision in 2017.

The Supervisory Board would like to thank all Randstad employees, under the strong leadership of the Executive Board, for their contribution and continuing dedication in 2017.

Diemen, the Netherlands, February 12, 2018

The Supervisory Board,

Wout Dekker, Chair
Jaap Winter, Vice-Chair
Barbara Borra
Frank Dorjee
Henri Giscard d'Estaing
Giovanna Kampouri Monnas
Rudy Provoost

# remuneration report.

The Remuneration and Nomination Committee of the Supervisory Board is responsible for assessing and preparing the remuneration policy of the Executive Board. The Supervisory Board decides on its proposals and, in the event of material policy changes, submits these proposals to the Annual General Meeting of Shareholders for adoption.

## remuneration policy

The last update of the remuneration policy was adopted by the Annual General Meeting of Shareholders held on March 30, 2017. The key reasons for updating the remuneration policy were:
- to align with the strategic direction for the transformation of Randstad;
- to strengthen the focus on long-term sustainable value creation;
- to stay focused on the values and societal aspirations of Randstad; and
- to reward the Executive Board as a team rather than as individual members.

The main objectives of the remuneration policy are:
- to attract and retain qualified senior executives of the highest caliber, who have an international mindset and the background required for the successful leadership and effective management of a large global company;
- to balance short-term operational performance with the long-term objectives of the company and value creation for its stakeholders; and
- to align total compensation with the remuneration structure for senior management.

Remuneration levels are determined on the basis of a number of clear and transparent criteria. They are benchmarked against an international labor market peer group regarding base salary levels, and against an international performance peer group to establish relative performance:
- The international labor market peer group represents the market in which Randstad competes for senior management talent and is used to benchmark base salary levels. It is composed of international staffing and business services companies, reflecting Randstad's size, profile and international scope. As of 2017, the peer group was extended from 13 to 24 companies, in line with good market practice. These are Accor, Adecco, Atos, Bureau Veritas, Capgemini, Capita, CGI, Compass Group, G4S, Equifax, Hays, Hilton Worldwide, Intertek Group, Manpower Group, Michael Page International, Kelly Services, Rentokil Initial, Recruit Holdings, Robert Half, Securtas, Sodexo Group, Thomas Cook, TUI, and Tyco International.
- The international performance peer group is used as a benchmark to establish relative performance in terms of Total Shareholder Return (TSR) for the payout of the long-term incentive plan. It reflects the market in which the company competes for shareholder preference. For the performance share plans until 2016, this group is composed solely of staffing companies: Adecco, Hays, Groupe Synergie, Kelly Services, Manpower Group, Michael Page International, Trueblue Inc, Robert Half International, TrueBlue, and USG People. Following its acquisition by Recruit Holdings, USG People was replaced by Recruit Holdings as of 2016. As of 2017, the group was extended to 19 companies, deleting 2 peers that operate primarily locally (Synergie and TrueBlue), while adding cyclical and asset-light business services companies (Capita, Compass Group, G4S, ISS, Office Depot, On Assigment, Rexel, Securitas, Sodexo, Staples, and WW Grainger). As Staples delisted in 2017, it will be replaced by FedEx as of 2018.
- As an additional sanity check, total compensation levels are benchmarked annually against a peer group of companies listed on the AEX index (consisting of large companies listed on Euronext Amsterdam), excluding Royal Dutch Shell, Unilever, ArcelorMittal, Vopak, Galapagos, and the financial services companies.

## executive board remuneration 2017

The remuneration of the Executive Board consists of three components:
1. short-term compensation, consisting of a base salary and an annual cash bonus opportunity;
2. long-term compensation, consisting of performance shares; and
3. pension and other benefits.

The variable portion of the total remuneration package is performance-related. It consists of short- and long-term components. For on-target performance, more than 60% of the total compensation of a member of the

Executive Board is performance-related. The Supervisory Board, on the recommendation of its Remuneration and Nomination Committee, sets the targets prior to each performance period. Performance targets and conditions are derived from Randstad's strategy, annual budget plan, and market analysis. An overview of the 2017 and comparable 2016 remuneration amounts is included in note 24 to the financial statements.

## short-term compensation

### base salary

The update of the remuneration policy in 2017 did not result in a change of base salary levels. In alignment with Randstad's size and profile, compared to the other companies included in the international labor market peer group, base salaries of the Executive Board members are set at between the median and 75% percentile level.

In line with the company's remuneration policy and confirmed by benchmarking carried out by Korn Ferry Hay Group, it was decided to increase the base salaries of the Executive Board members by 2.0% as of January 1, 2017, except for the CEO, whose salary was not increased but kept at the level agreed upon when he was appointed as CEO. The general pay differentials within the company, and specifically within senior management, were taken into account when taking this decision.

### annual cash bonus opportunity

The update of the remuneration policy in 2017 kept the bonus opportunity unchanged. The total annual cash bonus opportunity amounts to 70% of base salary for on-target performance, and the maximum bonus level is 100% of base salary. If performance is below a predefined minimum level, no bonus will be paid out. In calculating the bonus, a sliding scale between the minimum level and the maximum level is used. As of 2017, the entire annual cash bonus has been based on the joint performance of the Executive Board to strengthen teamwork and focus on overall company goals. The previous 15% bonus opportunity based on individual targets and the 10% discretionary bonus have been discontinued.

The largest part of the achievable annual bonus (75%) continued to be related to a certain number of financial targets. In contrast to previous practice, however, the choice and weight of these targets now depend on the specific business objectives of each year, with the Supervisory Board selecting the appropriate annual targets from an agreed menu of financial targets. In addition to the targets used until 2017 (revenue, gross profit, EBITA, EPS, net debt, leverage ratio, and debtor days), relative revenue performance versus the market and incremental conversion or recovery ratios are also taken into account. These two new measures are key to enabling the company to focus on growing profitably within the market.

For 2017, the financial targets and their relative weighting have been set as follows:

- revenue, with market share validation: the bonus opportunity ranges from 15% of base salary for minimum performance to 25% for on-target performance and 35% for maximum performance;
- EBITA margin: the bonus opportunity ranges from 10% of base salary for minimum performance to 15% for on-target performance and 25% for maximum performance;
- debtor days: the bonus opportunity ranges from 5% of base salary for minimum performance to 10% for on-target performance and 15% for maximum performance.

Detailed numerical targets cannot be disclosed, as these are share price and competition sensitive.

To further underline joint responsibility, at the start of each financial year, following a presentation by the Executive Board, the Supervisory Board sets annual strategic and operational objectives. This bonus opportunity will be a maximum 25% of base salary. These targets will only be disclosed if these are not share price or competition sensitive. For this reason, these targets cannot be disclosed for the financial year 2017.

In order to enhance the Executive Board's long-term focus and share ownership in Randstad, 25% of the net annual bonus (paid out based on realized performance) will be paid out in Randstad shares. After three years, these shares will be matched 1:1 subject to a sustainable performance of the company during the previous three years and at the discretion of the Supervisory Board. In this context, sustainable performance means that during these three years, Randstad has progressed to achieve its strategic and financial targets, made a profit, and paid dividends to shareholders. The assessment of the Supervisory Board as to whether this sustainable performance was realized will be disclosed in the annual report. This disclosure will first be made in the annual report for the financial year 2020, referring to the three-year performance period 2018–2020. Members of the Executive Board are allowed to voluntarily convert up to 50% of their net annual bonus according to the same matching principles. Randstad shares need to be held for at least 5 years after the conditional award date, except for any share sales needed to settle related tax liabilities.

If a variable remuneration component conditionally awarded in a previous year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the performance period, the Supervisory Board has the power to adjust the value upward or downward. The Supervisory Board may also recover from the Executive Board any variable remuneration awarded on the basis of incorrect financial or other data. These provisions are included in the annual bonus and grant letter. This power was not used in 2017, nor was any remuneration recovered from present or former Executive Board members.

Based on the achievement of the targets for 2017, the bonus entitlement with regard to performance in 2017 as a percentage of annual base salary can be specified as follows:

### annual bonus payout, 2017

| 2017 performance target | possible maximum | payout as % of annual base salary |
|---|---|---|
| Group revenue performance | 35% | 35% |
| Group EBITA margin | 25% | 14% |
| Debtor days | 15% | 0% |
| Team targets | 25% | 18% |
| | 100% | 67% |

## long-term compensation

To enhance alignment with the value creation objectives of shareholders, performance shares are granted to the members of the Executive Board on an annual basis.

The grant is dependent on Total Shareholder Return (TSR) and non-financial Key Performance Indicators (KPIs). TSR reflects the return received by a shareholder and captures both the change in the company's share price and the value of dividend income, assuming dividends are reinvested in the company. TSR is an appropriate measure, as it objectively measures the company's financial performance and assesses its long-term value creation as compared to other companies in the sector. TSR performance for the companies of the international performance peer group is calculated based on their 'home/primary listing'. TSR data are compiled and reported by external data provider Towers Watson. Given the relevance of certain non-financial KPIs for Randstad's business, ambition, and long-term viability, five targets are added at the discretion of the Supervisory Board. These targets are also set at the start of the three-year vesting period.

Randstad is undergoing a transformation to meet and beat the challenges of the global trends away from its traditional business base. This implies a major shift in focus toward new world-wide categories and concepts, and requires an agile organization. At the same time, Randstad aims to continuously improve the way it delivers societal and company values. As a result, the Supervisory Board felt it appropriate to focus a larger part of long-term compensation on the achievement of the transformational strategies. As of 2017, the weighting for the long-term incentive was therefore rebalanced to 65% TSR (previously 80%) and 35% non-financial KPIs (previously 20%).

The international performance peer group is used to establish relative TSR performance. Until 2017, the peer group included 10 staffing/recruitment companies.

Until 2017, the related payout range is as follows:

| TSR payout range | |
|---|---|
| Position 1 | 250% |
| Position 2 | 200% |
| Position 3 | 150% |
| Position 4 | 100% |
| Position 5 | 50% |
| Position 6 | 0% |
| Position 7 | 0% |
| Position 8 | 0% |
| Position 9 | 0% |
| Position 10 | 0% |

As of 2017, Synergie and TrueBlue have been excluded, as they operate primarily locally, and the peer group has been extended from 10 to 19 companies, adding cyclical, asset-light business services companies (Capita, On Assignment, G4S, ISS, Compass Group, Rexel, Securitas, Office Depot, WW Grainger, Sodexo, and Staples). The related payout range has been changed as follows:

payout per ranking position for the TSR performance incentive zone

| Ranking | 19 | 18 | 17 | 16 | 15 | 14 | 13 | 12 | 11 | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Current % | - | - | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 50 | 100 | 150 | 200 | 250 |
| Proposed % | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 75 | 100 | 100 | 125 | 150 | 150 | 175 | 200 | 200 |

All payout results and calculations will continue to be audited by our external auditor.

Performance shares are granted in the open period following the publication of the Group's fourth-quarter financial results in February. The number of shares will be calculated based on the fair value of the Randstad share as at January 1. At the moment the performance shares are granted, their fair value assuming on-target performance is equal to an amount of 100% of the base salary for all Executive Board members alike. If a member of the Executive Board resigns before the vesting date, conditional grants of performance shares will in principle lapse or, for example, in the case of retirement due to reaching pensionable age, will vest pro rata related to the performance period in service. Performance shares need to be retained for at least two years after vesting, except to the extent necessary to settle any related tax liabilities.

Prior to the grant, and following the advice of the Remuneration and Nomination Committee, the Supervisory Board analyzes the possible outcomes of the allocation by looking at a number of scenarios for the performance period.

On February 14, 2017 (the grant date under the relevant plan), a conditional grant of performance shares for on-target performance was made, based on 100% of the annual base salary per Executive Board member as at January 1, 2017, and on the fair value of the performance shares as at grant date of € 46.88 per share (TSR-dependent grant) and € 42.68 per share (non-financial/ sustainability-related grant).

The conditional on-target awards for 2017 are as follows:

### conditional on-target awards, 2017

| | number of shares |
|---|---|
| Jacques van den Broek | 22,066 |
| Robert Jan van de Kraats | 15,986 |
| François Béharel | 14,043 |
| Linda Galipeau | 14,043 |
| Chris Heutink | 14,043 |

The non-financial targets for the 2017 grant are the following five targets from Randstad's strategic business plans and reporting framework:

- Net Promoter Score (NPS): a Top 3 position or at least position improvement in the Top 12 countries over the performance period;
- employee engagement: at least 80% participation and outperformance of the benchmark annually;
- growth in Professionals above market compared to Randstad's key competitors;
- growth in permanent placements above market compared to Randstad's key competitors; and
- a target related to Randstad's digital strategy, which cannot be disclosed at this stage.

At the end of the performance period 2017–2019, the Supervisory Board will have the discretion to determine the actual vesting based on progress made over the performance period as reported by the Executive Board in relation to each of these targets. Each target accounts for a maximum of 50% vesting. The total minimum vesting equals 0%, and the maximum vesting equals 250%.

At the beginning of 2017, the performance shares that had been conditionally granted in February 2014 vested based on the relative TSR performance (80% of the allocation) over the period January 1, 2014, to December 31, 2016. TSR performance resulted in 150% vesting. The performance on the non-financial targets (20% of the allocation) over this period resulted in 130% vesting. The total payout ratio for both grants is 147%.

## pension, other benefits, and internal pay ratio

### pension contribution

The pension arrangements for members of the Executive Board are based on defined contribution. Randstad provides an annual contribution of 27% of base salary to the schemes of Executive Board members. For Netherlands-based members, this contribution includes compensation for limitations of accrual of pension rights as of 2016. For the France-based member, this contribution includes compensation to cover health and long-term disability insurance, life insurance, contributions to any other pension scheme, and certain social security charges. For the US-based member, this contribution includes compensation to cover health and long-term disability insurance, life insurance, and contributions to the 401(k) plan or any other pension scheme. The company has no specific early retirement arrangements in place for Executive Board members.

### other benefits

Additional arrangements include expense and relocation allowances, a company car or car allowance, and health and accident insurance.

### loans

The company has issued no loans or guarantees to Executive Board members.

### severance

In the event of severance, a maximum of one year's annual base salary, in addition to the 12-month notice period, applies to all Executive Board members.

### executive service agreements

In line with the relevant regulation, Executive Board members have a four-year executive service agreement with the company, which supersedes any previous employment agreements.

### appointment terms

The members of the Executive Board are appointed for a period of four years.

### internal pay ratio 2017

The internal pay ratio between the average pay of Randstad employees vis-à-vis the average pay of the CEO and the Executive Board members is calculated based on the average 2017 remuneration (including variable pay and long-term incentives) of a reference group (our 14 largest countries and the corporate functions encompassing 90% of Group revenue and 79% of total headcount) vis-à-vis the 2017 base salary, annual bonus and LTI costs of the Executive Board members. The pay ratio is 52:1 (2016: 48:1) for the CEO and on average 38:1 (2016: 36:1) for the Executive Board members.

# executive board remuneration 2018

In line with the company's remuneration policy, it was decided to increase the base salaries of the Executive Board members by 3.5% as of January 1, 2018, except for the CEO, whose salary was not increased but kept at the level agreed upon when he was appointed as CEO. The general pay differentials within the company, and specifically within senior management, were taken into account when taking this decision.

For 2018, the financial targets and their relative weighting have been set as follows:
- revenue, with market share validation: the bonus opportunity ranges from 12.5% of base salary for minimum performance to 20% for on-target performance and 30% for maximum performance.
- EBITA margin: the bonus opportunity ranges from 12.5% of base salary for minimum performance to 20% for on-target performance and 30% for maximum performance.
- debtor days: the bonus opportunity ranges from 5% of base salary for minimum performance to 10% for on-target performance and 15% for maximum performance.

Detailed numerical targets cannot be disclosed, as these are share price and competition sensitive.

To further underline joint responsibility, at the start of each financial year, following a presentation by the Executive Board, the Supervisory Board sets annual strategic and operational objectives. This bonus opportunity will at maximum be 25% of base salary. These targets will only be disclosed if they are not share price or competition sensitive. As they are for 2018, these targets cannot yet be further specified.

# supervisory board remuneration 2017 and 2018

Information with regard to the remuneration of the Supervisory Board in 2017 is included in the section report of the supervisory board. An overview of the 2017 and comparable 2016 remuneration amounts is included in note 24 to the financial statements.

The remuneration of the Supervisory Board, including its Committees, will remain unchanged in 2018.

# corporate governance.

## principles

Sound corporate governance is a key component of Randstad's culture and is consistent with its core values. Randstad's corporate governance is supported by a strong focus on integrity, transparency, and clear and timely communication. Good governance and proper supervision are important prerequisites for generating and maintaining trust in Randstad and its management.

Randstad is incorporated and based in the Netherlands. As a result, Randstad's governance structure is based on the requirements of Dutch legislation, the company's Articles of Association, complemented by internal policies and procedures. Given the worldwide exposure of its businesses, the international context is of vital importance, and international developments are closely monitored.

Randstad has always sought to enhance its governance in line with the Dutch Corporate Governance Code ('the Code') and international best practices. In the past years, we have closely followed the proposal of the Monitoring Committee Corporate Governance Code to draw up the Code 2016. At the upcoming Annual General Meeting of Shareholders on March 27, 2018, compliance with the Code will be tabled as a separate agenda item for discussion. Any future, substantial changes in Randstad's corporate governance structure will be submitted to the Annual General Meeting of Shareholders.

Randstad has a two-tier board structure, requiring a well-managed relationship between the Executive Board and the Supervisory Board. The two Boards have specific responsibilities. The Supervisory Board oversees and advises the Executive Board in performing its management tasks and guides its general development, including the financial policies and corporate structure. The Supervisory Board has the employer role for the members of the Executive Board. In performing their duties, the members of the Supervisory Board are guided by the interests of Randstad and all its stakeholders. The role of the Supervisory Board has grown in recent years, and now requires Board members to play a more prominent and active role, thinking along with and advising the Executive Board on key matters, such as strategic processes, important operational decisions, organizational structure, and senior management development.

### corporate governance declaration

The Executive Board and the Supervisory Board, which are jointly responsible for the corporate governance structure of Randstad, are of the opinion that all of the principles and best-practice provisions of the Code are being applied. We strongly believe that these principles and provisions are consistent with our core values. This means that we do not merely take a 'box ticking' approach to compliance. This report also includes the information that needs to be disclosed in accordance with the corporate governance declaration as referred to in the relevant Dutch governmental decree.

## executive board

Tasked with the overall management of Randstad, the Executive Board is accountable for developing and executing the strategy. The Executive Board is also responsible for the associated risk profile, financial controls, the development of results, and the resolution of corporate responsibility issues, while simultaneously respecting policies that have been set. The responsibility for the management of Randstad is vested collectively in the Executive Board. Each member has duties related to the specific area of responsibilities and expertise. The Company Secretary acts as secretary to the Executive Board.

The Supervisory Board is empowered to recommend to the Annual General Meeting of Shareholders candidates to be appointed to the Executive Board. The Supervisory Board determines the remuneration of the members of the Executive Board, in accordance with the remuneration policy adopted by the Annual General Meeting of Shareholders.

Board members have been appointed for a maximum term of four years. The division of tasks between the members of the Executive Board requires the approval of the Supervisory Board. Members need the prior approval of the Supervisory Board before they can take up a board position at another company. A member of the Executive Board may not be a member of the Supervisory Board of more than two listed companies or serve as Chair of the Supervisory Board of another listed company.

# supervisory board

The Supervisory Board supervises and advises the Executive Board in performing its management tasks, sets the direction of the Randstad business and guides its general development, including the financial policies and corporate structure. It evaluates the strategy, development of results, operating model, and sustainability framework established under the Executive Board's management. Major management decisions require the approval of the Supervisory Board. The Supervisory Board further supervises the structure and management of systems of internal business controls and the financial reporting process.

The Supervisory Board is empowered to recommend to the Annual General Meeting of Shareholders candidates to be appointed to the Supervisory Board. Such appointments are considered on the basis of a profile, taking into account the nature of Randstad's activities and the desired background and expertise of candidates. Diversity is an important criterion in order to establish a balance in nationality, gender, age, experience, and background of the individual members. The Supervisory Board aims for at least one-third of its membership to meet the diversity criteria. Members of the Supervisory Board should limit the number of Supervisory Board memberships and other positions they may hold at listed and non-listed companies in such a way as to guarantee the proper performance of his or her duties, and may not hold more than five Supervisory Board memberships in Dutch companies or other large organizations, whereby a Chair counts as two memberships. Supervisory Board remuneration is determined by the Annual General Meeting of Shareholders and not linked to the company's results.

Randstad ensures that there are structured reporting lines to the Supervisory Board. The Supervisory Board meets regularly throughout the year, according to a pre-arranged schedule, both with and without the Executive Board and senior management. Through frequent informal consultation with and updates from the members of the Executive Board in between the meetings, the Supervisory Board remains well informed about the general state of affairs within Randstad. At the end of each year, the Supervisory Board extensively assesses the composition, performance, and functioning of the Executive Board and the Supervisory Board, as well as their individual members.

The Chair of the Supervisory Board ensures the proper functioning of the Board and its Committees, and acts as the main contact for the Executive Board. The Vice-Chair replaces the Chair when required, and acts as the contact for the other Board members on matters relating to the functioning of the Chair. The Company Secretary acts as secretary to the Supervisory Board.

## supervisory board committees

While the Supervisory Board retains overall responsibility for its functions, it assigns some of its tasks to three Committees: the Audit Committee, the Strategy Committee, and the Remuneration and Nomination Committee. Their advice and recommendations assist the Supervisory Board in its decision-making. All Supervisory Board members are, in principle, also members of at least one but no more than two Committees.

The Audit Committee assists the Supervisory Board in fulfilling its supervisory responsibilities for the integrity of the financial reporting process, the system of internal business controls and risk management, and the external audit process. The Committee assesses the audit plan and the scope and approach of the external auditor, and monitors progress and performance. The relationship with the external auditor is evaluated annually. Together with the Executive Board, the Audit Committee reviews quarterly and full-year financial statements, auditor's reports and the management letter. The internal risk and control framework and tax- and treasury-related activities are recurring topics. The Audit Committee may opt to meet separately with the external auditor to discuss the quality of financial reporting and cooperation with the finance departments.

The Strategy Committee acts as a sparring partner for the Executive Board and contributes in depth to the preparation of the annual discussion of Randstad's strategy with the full Supervisory Board.

The Remuneration and Nomination Committee makes recommendations regarding the remuneration policy for the Executive Board and the Supervisory Board, for adoption by the Annual General Meeting of Shareholders. The approved policy then forms the basis for the fixed and variable remuneration of the Executive Board. The Committee is also tasked with advising on candidates to fill vacancies in the Executive Board and

Supervisory Board, evaluating the performance of both Boards and their members, reviewing the company's HR strategy and development of senior management, and ensuring long-term succession planning.

As from 2018, the Supervisory Board will discontinue the Strategy Committee and Remuneration and Nomination Committee and install a Governance and Nomination Committee and a Remuneration Committee. Please refer to the Report of the Supervisory Board for further details.

### board compliance

Both Boards, including the Committees of the Supervisory Board, have their own by-laws or terms of reference, which set rules regarding objectives, composition, responsibilities, and working methods. These by-laws are available on our website.

Any conflict of interest between Randstad and a Board member should be avoided. Any actual or potential conflict of interest must be reported immediately to the other Board members and/or the Chair of the Supervisory Board. Any shareholding in the company must be for the purpose of long-term investment. Board members must at all times comply with the provisions contained in the Randstad insider dealing rules. These rules include, among other items, a policy that stipulates that dealings in Randstad shares and options by Board members should normally be restricted to the four weeks following the publication of quarterly financial results, provided that the person involved is not in possession of any inside information at that time.

## diversity policy

Randstad has a general diversity and inclusion policy, where the global goals are set. Randstad aims to develop and sustain a culture of inclusion and fairness where every employee and candidate feels valued and revered for their ideas, background and perspective. Randstad values diversity and does not discriminate on grounds of age, color, disability, gender, marital status, nationality, race, religion or sexual orientation or any other irrelevant or illegal characteristics. This diversity and inclusion policy also applies to the Executive Board and Supervisory Board.

Randstad aims to ensure that the members of the Executive Board and Supervisory Board represent a good balance in terms of diversity which includes diversity of background, skills, working experience age, nationality and gender, among other criteria. It is recognised that diversity enables the boards to look at issues and to solve problems in a different way, to respond differently to challenges and to take more robust decisions. All these different skills and backgrounds collectively represented in the boards reflect the diverse nature of the environment in which Randstad and its stakeholders operate, and improve the effectiveness through diversity of approach and thought. It is furthermore acknowledged that diversity drives innovation and accelerates growth. It enables Randstad to attract and maintain the best talented people.

The Executive Board and the Supervisory Board collectively are considered diverse and balanced from an educational background, work experience, and nationality. The Boards consist of people with a good mix of sector knowledge, financial expertise, and management capabilities.

Annually, the Supervisory Board assesses the size and composition of the Supervisory Board and of the Executive Board, and agrees to measurable objectives for achieving diversity on the Boards. In 2018 a diversity policy will be drawn up for the Executive Board and the Supervisory Board with regard to the composition of these boards to address in more detail the diversity aspects that are relevant to the boards.

The Supervisory Board aims to at least comply with the Dutch Civil Code that requires 30% of its membership to be female, a criterion that is taken into consideration for each vacancy. The result is that for the current Supervisory Board two of the seven members are female. The search for appointment of a new Supervisory Board member also identified and presented a very qualified female, Annet Aris.

In respect of the Executive Board, currently one of the five members is female. Randstad aims for 30% of the members of the Executive Board to be female. This criterion was taken into consideration for the candidates for the new CFO as successor of Robert Jan van de Kraats. However after a thorough search process (including female candidates) and after careful consideration, the Supervisory Board decided that it was in the best interest of Randstad to choose for the best person for the job and selected Henry Schirmer as its candidate.

# annual general meeting of shareholders

Important matters that require the approval of the (Annual) General Meeting of Shareholders are:
- adoption of the annual accounts;
- adoption of profit appropriation and additions to reserves;
- dividends;
- significant changes to the company's corporate governance;
- remuneration policy of the Executive Board;
- remuneration of the Supervisory Board;
- discharge from liability of the Executive Board for its management;
- discharge from liability of the Supervisory Board for its supervision of the management;
- appointment of the external auditor;
- appointment, suspension, or dismissal of the members of the Executive Board and the Supervisory Board;
- authorization to purchase, issue, or sell shares in the Group's capital;
- adoption of amendments to the Articles of Association.

Further details about the proposals that the Executive Board or the Supervisory Board can submit to the meeting and the procedure according to which shareholders themselves can submit matters for consideration by the meeting are specified in the company's Articles of Association.

The Annual General Meeting of Shareholders, which is normally held at the end of March or in early April, is broadcast live by audio webcast via our website. As specified in the notice for the meeting, voting instructions (anonymous if desired) can be given to an independent third party in advance of the meeting. Within three months of the meeting, the draft minutes of the meeting are made available for three months for comments. The definitive minutes are published on our website.

## voting rights

The issued share capital of Randstad currently consists of 183.3 million ordinary shares, 25.2 million preference shares B, 14.6 million preference shares C1, and 35.6 million preference shares C2. The ordinary shares have equal voting rights ('one share, one vote'). The voting rights on the preference shares are aligned with the capital contribution upon issuance. Effective at a Shareholders' meeting, the voting rights on the preference shares B are 3.6 million, and the voting rights on the preference shares C are 5.6 million.

The foundation Stichting Administratiekantoor Preferente Aandelen Randstad Holding holds the preference shares B and C. The foundation's Board consists of Bas Kortmann (Chair), Stépan Breedveld, and Sjoerd van Keulen. The Board members are fully independent. The foundation's Articles of Association were compiled in accordance with Annex X, Euronext Amsterdam Rule Book, Book II. Depository receipts issued by the foundation are held by, among others, Nationale Nederlanden NV, ASR NV, Richmond, and Randstad Beheer BV. Although the voting rights attached to the preference shares are vested in the foundation, each depositary receipt holder can ask for a proxy to exercise the voting rights underlying his or her depositary receipts during a Shareholders' Meeting.

Randstad may issue preference shares A to a legal entity charged with safeguarding the company's interests and preventing influences that may threaten its continuity, independence, or identity. To date, no such shares have been issued. Resolutions for such an issue would require the cooperation of the Annual General Meeting of Shareholders.

As at December 31, 2017 the holders of approximately 95.8% of ordinary shares have been able to make unrestricted use of their voting rights. The other 4.2% of ordinary shares have been converted into depository receipts. A foundation, Stichting Administratiekantoor Randstad Optiefonds, holds those shares, in which the attached voting rights are vested. The depository receipts issued by Stichting Administratiekantoor Randstad Optiefonds are fully exchangeable into ordinary shares, and are held by Stichting Randstad Optiefonds. Frits Goldschmeding, the company's founder, is the sole Board member of Stichting Administratiekantoor Randstad Optiefonds.

## internal risk management and control systems

A detailed description of Randstad's Risk & Control framework, including a description of the most important risk management and control systems, is given in the section 'Risk & opportunity management'.

# legal transparency obligations

The information that needs to be disclosed under Article 10, Takeover Directive Decree, and section 391, sub-section 5, book 2 of the Dutch Civil Code is available in various sections of this annual report. In this section, we provide additional information or indicate where the information can be found.

### a. capital structure and attached rights and duties

An overview of the company's capital structure, voting rights and dividend policy is provided in the section 'our value for investors' of this annual report.

### b. statutory or contractual restrictions on share transfers

Approximately 32.1% of the total share capital (3.0% ordinary shares, 9.7% preference shares B, and 19.4% of preference shares C) has been converted into depository receipts (see section Voting rights). The transfer of depositary receipts of preference shares requires the approval of the Executive Board and the Supervisory Board.

### c. major shareholders

Shareholders are obliged to give notice of interests exceeding certain thresholds to the Netherlands Authority for the Financial Markets (AFM). Almost all the holdings listed below are a combination of (depositary receipts of) ordinary shares and (depositary receipts of) preference shares. All transactions between Randstad and holders of at least 10% of the total number of shares are agreed on terms that are customary in the sector concerned. (See the section on Related-party transactions in the financial statements). This means that best-practice provision 2.7.5. of the Dutch Corporate Governance Code has been observed.

**major shareholders**

| | 2017 | 2016 |
|---|---|---|
| F.J.D. Goldschmeding | 30%-40% | 30%-40% |
| Stichting Administratiekantoor Preferente Aandelen Randstad Holding[1] | 25%-30% | 25%-30% |
| NN Group[1] | 10%-15% | 10%-15% |
| ASR[1] | 5%-10% | 5%-10% |
| Richmond[1] | 5%-10% | 5%-10% |
| Stichting Randstad Optiefonds | 3%-5% | 3%-5% |
| Stichting Administratiekantoor Randstad Optiefonds | 3%-5% | 3%-5% |

1 Mainly based on preference shares (Stichting Administratiekantoor Preferente Aandelen Randstad Holding) or depositary receipts of such shares (NN Group, ASR, Richmond).

### d. special rights of control

The company has not issued special rights of control to specific shares or shareholders. Preference shares A can be issued, but only with the approval of the Annual General Meeting of Shareholders.

### e. control mechanisms relating to option plans, share plans, and share purchase plans

The following share-based payment arrangements are in effect: a performance stock option plan for the Executive Board, two performance share plans (one for the Executive Board members and one for senior management), and a share purchase plan for all corporate employees. The relevant characteristics of these plans can be found in the notes to share-based payments.

### f. voting limitations

Holders of depository receipts of ordinary shares have no voting rights.

### g. agreements with shareholders that can limit the transfer of shares or voting rights

In February 2016, Randstad signed a continuity agreement with its founder Frits Goldschmeding through his private holding company Randstad Beheer, replacing the previous agreement from 2007. The new agreement relates to the creation of a future-proof structure, independent of the life and involvement of individuals. This means Randstad Beheer is committed to Randstad for the long term, safeguarding the heritage and spirit of Frits Goldschmeding and the values bestowed on the company, now and in the future.

As a result of an amendment to its Articles of Association, the purpose of Randstad Beheer will be to safeguard the continuity of its shareholding for the longer term, its strategic position and to promote the sustainable success and development of Randstad. This is in line with the current modus operandi. The long-term involvement of Randstad Beheer is reflected by its right to one seat on Randstad's Supervisory Board, provided Randstad Beheer holds a stake in Randstad Holding of at least 25% (which is currently the case).

As the 2007 agreement included a notice period for possible changes, the new continuity agreement also includes an arrangement that ensures a careful consultation process if Randstad Beheer at some point considers to amend the purpose of its Articles of Association and if Randstad Beheer's voting rights in Randstad Holding are at that point at least 25%. In the event Randstad Beheer decides to amend its purpose at the end of that process, Randstad Beheer and Randstad Holding will reasonably consult on the new situation and the potential reduction of Randstad Beheer's shareholding in Randstad, and Randstad Holding will assist in such reduction if and when it occurs.

In line with the intent of the previous agreement, the new agreement ensures that, if Randstad Beheer's voting rights fall below 25% or it has the intention to do so, Randstad Holding and Randstad Beheer will discuss potential consequences for Randstad Holding's governance aimed at safeguarding Randstad's development, continuity and strategic position in the new share ownership structure.

### h. regulations concerning the appointment and dismissal of board members and changes to the articles of association

Members of the Executive Board and Supervisory Board are appointed by, and may at any time be suspended or dismissed by, the Annual General Meeting of Shareholders. A Supervisory Board member is eligible for reappointment twice. Resolutions with respect to appointment and dismissal are passed by an absolute majority of the votes cast. If an amendment to the Articles of Association is proposed to the Annual General Meeting of Shareholders, this is always stated in the convening notice for that meeting. A copy of the proposal, containing the verbatim text of the proposed amendment, is simultaneously deposited at the company's head office, for perusal by every shareholder, as well as by every holder of depository receipts, until the end of the meeting. Copies are made available free of charge. Amendments to the Articles of Association involving changes to the special rights accruing to the holders of preference shares require the approval of the holders of preference shares concerned at the meeting.

### i. authority of the executive board, especially to issue and repurchase shares in the company

Subject to the approval of the Supervisory Board, the Executive Board is authorized to issue shares, grant subscription rights, and restrict or exclude pre-emptive rights for holders of ordinary shares until September 30, 2018, for an annual maximum of 3% of the issued share capital of the company. This issuance will mainly be for the purposes of the performance stock option and share plans pertaining to the Executive Board and senior management. The Executive Board is also authorized, subject to the approval of the Supervisory Board, to repurchase shares until September 30, 2018, for an annual maximum of 10% of the issued share capital of the company. The repurchase will be for the purposes of the performance share plans pertaining to the Executive Board and senior management.

### j. change of control arrangements

Change of control provisions have been included in the company's revolving syndicated credit facility, as well as the company's performance share and option plans for the Executive Board and senior management, and the share purchase plan for corporate employees.

### k. agreements with board members or employees

The severance payment for all members of the Executive Board has been set at a maximum of one annual base salary in addition to the notice period of 12 months.

# financial statements.

# contents

## consolidated financial statements



## main notes to the consolidated financial statements



## notes to the consolidated income statement



## notes to the consolidated statement of financial position



## notes to the consolidated statement of cash flows



## other notes to the consolidated financial statements



## company financial statements



## notes to the company financial statements



## other information

# consolidated statement of comprehensive income.

The notes on pages 129 to 179 are an integral part of these consolidated financial statements.

| In millions of € unless otherwise indicated | note | page | 2017 | 2016 |
|---|---|---|---|---|
| Revenue | 4.4 | 145 | 23,272.8 | 20,684.1 |
| Cost of services | 8.1 | 152 | 18,567.3 | 16,749.9 |
| Gross profit | 5.1 | 146 | 4,705.5 | 3,934.2 |
| Selling expenses | 8.2 | 152 | 2,592.3 | 2,092.6 |
| Amortization and impairment of acquisition-related intangible assets and goodwill | 8.4 | 153 | 134.0 | 101.4 |
| Other general and administrative expenses | 8.2 | 152 | 1,119.5 | 949.6 |
| General and administrative expenses | | | 1,253.5 | 1,051.0 |
| Total operating expenses | 8.2 | 152 | 3,845.8 | 3,143.6 |
| Operating profit | 5.1 | 146 | 859.7 | 790.6 |
| Finance income | 10 | 154 | 10.8 | 18.8 |
| Finance expenses | 10 | 154 | (33.3) | (22.6) |
| Net finance costs | 10 | 154 | (22.5) | (3.8) |
| Share in profit/(loss) of associates | 17 | 161 | 1.2 | (0.8) |
| Income before taxes | | | 838.4 | 786.0 |
| Taxes on income | 4.3 | 142 | (207.0) | (197.8) |
| Net income | 11 | 155 | 631.4 | 588.2 |
| Items that subsequently may be reclassified to the income statement | 12 | 155 | (182.8) | 16.2 |
| Items that will never be reclassified to the income statement | 12 | 155 | 18.4 | (6.2) |
| Total other comprehensive income, net of taxes | 12 | 155 | (164.4) | 10.0 |
| Total comprehensive income | | | 467.0 | 598.2 |
| Net income attributable to: | | | | |
| Holders of ordinary shares of Randstad Holding nv | | | 618.8 | 575.4 |
| Holders of preference shares of Randstad Holding nv | | | 12.6 | 12.6 |
| Equity holders | | | 631.4 | 588.0 |
| Non-controlling interests | | | 0.0 | 0.2 |
| Net income | | | 631.4 | 588.2 |
| Earnings per share attributable to the holders of ordinary shares of Randstad Holding nv (expressed in € per ordinary share) | | | | |
| Basic earnings per ordinary share (€) | 7 | 151 | 3.38 | 3.15 |
| Diluted earnings per ordinary share (€) | 7 | 151 | 3.36 | 3.13 |
| Total comprehensive income attributable to: | | | | |
| Holders of ordinary shares of Randstad Holding nv | | | 454.4 | 585.4 |
| Holders of preference shares of Randstad Holding nv | | | 12.6 | 12.6 |
| Equity holders | | | 467.0 | 598.0 |
| Non-controlling interests | | | 0.0 | 0.2 |
| Total comprehensive income | | | 467.0 | 598.2 |

# consolidated statement of financial position at december 31.

The notes on pages 129 to 179 are an integral part of these consolidated financial statements.

| In millions of € | note | page | 2017 | 2016 |
|---|---|---|---|---|
| **assets** | | | | |
| Property, plant and equipment | 13 | 156 | 154.3 | 165.3 |
| Software | 14 | 157 | 80.1 | 67.2 |
| Goodwill | 4.1 | 136 | 3,077.3 | 2,933.1 |
| Acquisition-related intangible assets | 15 | 158 | 398.2 | 353.2 |
| Intangible assets | | | 3,555.6 | 3,353.5 |
| Deferred income tax assets | 4.3 | 142 | 437.9 | 520.2 |
| Financial assets | 16 | 159 | 507.7 | 435.6 |
| Associates | 17 | 161 | 21.9 | 19.1 |
| Non-current assets | | | 4,677.4 | 4,493.7 |
| Trade and other receivables | 3.2 | 131 | 4,680.0 | 4,174.2 |
| Income tax receivables | 4.3 | 142 | 79.2 | 72.2 |
| Cash and cash equivalents | 3.2 | 131 | 326.3 | 385.8 |
| Current assets | | | 5,085.5 | 4,632.2 |
| Total assets | 5.2 | 147 | 9,762.9 | 9,125.9 |
| **equity and liabilities** | | | | |
| Issued capital | | | 25.9 | 25.8 |
| Share premium | | | 2,284.3 | 2,270.7 |
| Reserves | | | 1,309.4 | 1,255.6 |
| Net income for the year | | | 631.4 | 588.0 |
| Shareholders' equity | 19.1 | 162 | 4,251.0 | 4,140.1 |
| Non-controlling interests | 19.3 | 163 | 0.7 | 0.7 |
| Total equity | | | 4,251.7 | 4,140.8 |
| Borrowings | 3.2 | 131 | 639.5 | 699.2 |
| Deferred income tax liabilities | 4.3 | 142 | 44.1 | 42.2 |
| Provisions | 4.2 | 140 | 71.4 | 75.3 |
| Employee benefit obligations | 4.2 | 140 | 114.7 | 119.1 |
| Other liabilities | 20 | 164 | 10.6 | 12.6 |
| Non-current liabilities | | | 880.3 | 948.4 |
| Borrowings | 3.2 | 131 | 712.5 | 480.0 |
| Trade and other payables | 18 | 161 | 3,694.3 | 3,397.5 |
| Income tax liabilities | 4.3 | 142 | 116.2 | 70.6 |
| Provisions | 4.2 | 140 | 72.2 | 68.7 |
| Employee benefit obligations | 4.2 | 140 | 13.3 | 13.2 |
| Other liabilities | 20 | 164 | 22.4 | 6.7 |
| Current liabilities | | | 4,630.9 | 4,036.7 |
| Total liabilities | | | 5,511.2 | 4,985.1 |
| Total equity and liabilities | | | 9,762.9 | 9,125.9 |

# consolidated statement of cash flows.

The notes on pages 129 to 179 are an integral part of these consolidated financial statements.

| In millions of € | note | page | 2017 | 2016 |
|---|---|---|---|---|
| Operating profit | | | 859.7 | 790.6 |
| Amortization and impairment of acquisition-related intangible assets | 8.4 | 153 | 134.0 | 101.4 |
| Operating profit before amortization and impairment of acquisition-related intangible assets and goodwill (EBITA) | 5.1 | 146 | 993.7 | 892.0 |
| Depreciation/amortization and impairment of property, plant, equipment and software | 8.3 | 153 | 86.9 | 74.1 |
| Operating profit before depreciation, amortization and impairment (EBITDA) | 5.1 | 146 | 1,080.6 | 966.1 |
| Provisions | 4.2 | 140 | (12.0) | (7.9) |
| Employee benefit obligations | 25 | 175 | 19.7 | 7.7 |
| Share-based compensations | 23.5 | 172 | 32.5 | 31.3 |
| Loss on disposals of property, plant and equipment | 13 | 156 | 1.0 | 0.2 |
| Other items | 21.4 | 166 | (72.3) | (108.4) |
| Cash flow from operations before operating working capital and income taxes | | | 1,049.5 | 889.0 |
| Trade and other receivables | 21.2 | 166 | (447.9) | (366.4) |
| Trade and other payables | 21.3 | 166 | 272.7 | 196.9 |
| Operating working capital | | | (175.2) | (169.5) |
| Corporate income taxes | 21.5 | 166 | (186.2) | (159.8) |
| Net cash flow from operating activities | | | 688.1 | 559.7 |
| Additions to property, plant and equipment, and software | 13, 14 | 156, 157 | (107.3) | (97.2) |
| Acquisition of subsidiaries | 6.1 | 149 | (348.2) | (571.8) |
| Acquisition of equity investments, joint ventures and associates | 16.2, 17 | 160, 161 | (8.0) | (9.6) |
| Loans and receivables | 16.1 | 159 | (6.8) | (1.1) |
| Disposals of property, plant and equipment | 13 | 156 | 11.6 | 3.2 |
| Disposal of subsidiaries/activities | 6.2 | 151 | - | 0.7 |
| Dividends from associates | 17 | 161 | 1.3 | - |
| Net cash flow from investing activities | | | (457.4) | (675.8) |
| Issue of new ordinary shares | 19.1 | 162 | 1.1 | 0.1 |
| Purchase of own ordinary shares | 19.1 | 162 | (38.6) | (35.8) |
| (Repayments of) / drawings on syndicated loan | 3.2 | 131 | (145.2) | 552.9 |
| Repayments of other non-current borrowings | 3.2 | 131 | (147.9) | (87.4) |
| Issuance of promissory note | 3.2 | 131 | 150.0 | - |
| Net financing | | | (180.6) | 429.8 |
| Finance income | 10 | 154 | 3.8 | 3.2 |
| Finance expenses | 10 | 154 | (21.5) | (15.0) |
| Dividend on ordinary and preference shares | 19.2 | 163 | (358.9) | (319.8) |
| Net reimbursement to financiers | | | (376.6) | (331.6) |
| Net cash flow from financing activities | | | (557.2) | 98.2 |
| Net (decrease) in cash, cash equivalents and current borrowings | | | (326.5) | (17.9) |
| Cash, cash equivalents and current borrowings at January 1 | 21.1 | 165 | (52.8) | (48.6) |
| Net movement in cash, cash equivalents and current borrowings | | | (326.5) | (17.9) |
| Translation and currency gains | | | (6.9) | 13.7 |
| Cash, cash equivalents and current borrowings at December 31 | 21.1 | 165 | (386.2) | (52.8) |
| Free cash flow | 21.6 | 167 | 585.6 | 464.6 |

# consolidated statement of changes in equity.

The notes on pages 129 to 179 are an integral part of these consolidated financial statements.

| | | | reserves[1] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| in millions of € | issued capital | share premium | treasury shares | translation and other | share-based payments | employee benefits | retained earnings | net income | share-holders' equity | non-controlling interests | total equity |
| Balance at January 1, 2017 | 25.8 | 2,270.7 | (28.7) | 221.6 | 54.2 | (47.1) | 1,055.6 | 588.0 | 4,140.1 | 0.7 | 4,140.8 |
| Net income | - | - | - | - | - | - | - | 631.4 | 631.4 | 0.0 | 631.4 |
| Total other comprehensive income | - | - | - | (182.0) | - | 17.6 | - | - | (164.4) | 0.0 | (164.4) |
| Total comprehensive income | - | - | - | (182.0) | - | 17.6 | - | 631.4 | 467.0 | 0.0 | 467.0 |
| Transactions with owners: | | | | | | | | | | | |
| Dividend 2016 on ordinary shares | - | - | - | - | - | - | 229.1 | (575.4) | (346.3) | - | (346.3) |
| Dividend 2016 on preference shares | - | - | - | - | - | - | - | (12.6) | (12.6) | - | (12.6) |
| Purchase of own ordinary shares | - | - | (38.6) | - | - | - | - | - | (38.6) | - | (38.6) |
| Share-based compensations: | | | | | | | | | | | |
| • fair value of vesting rights | - | - | - | - | 32.5 | - | - | - | 32.5 | - | 32.5 |
| • stock options exercised (on newly issued shares) | 0.0 | 1.8 | - | - | (0.7) | - | 0.0 | - | 1.1 | - | 1.1 |
| • performance shares issued | 0.1 | 11.8 | 45.5 | - | (28.5) | - | (28.9) | - | - | - | - |
| • taxes on share-based compensations | - | - | - | - | - | - | 7.8 | - | 7.8 | - | 7.8 |
| Total transactions with owners | 0.1 | 13.6 | 6.9 | - | 3.3 | - | 208.0 | (588.0) | (356.1) | - | (356.1) |
| Disposal of non-controlling interests | - | - | - | - | - | - | 0.0 | - | 0.0 | 0.0 | 0.0 |
| Dividend of non-controlling interests | - | - | - | - | - | - | - | - | 0.0 | 0.0 | 0.0 |
| Balance at December 31, 2017 | 25.9 | 2,284.3 | (21.8) | 39.6 | 57.5 | (29.5) | 1,263.6 | 631.4 | 4,251.0 | 0.7 | 4,251.7 |
| Balance at January 1, 2016 | 25.8 | 2,270.5 | (47.5) | 205.1 | 50.4 | (40.6) | 879.2 | 518.8 | 3,861.7 | 0.0 | 3,861.7 |
| Net income | - | - | - | - | - | - | - | 588.0 | 588.0 | 0.2 | 588.2 |
| Total other comprehensive income | - | - | - | 16.5 | - | (6.5) | - | - | 10.0 | 0.0 | 10.0 |
| Total comprehensive income | - | - | - | 16.5 | - | (6.5) | - | 588.0 | 598.0 | 0.2 | 598.2 |
| Transactions with owners: | | | | | | | | | | | |
| Dividend 2015 on ordinary shares | - | - | - | - | - | - | 199.0 | (506.2) | (307.2) | - | (307.2) |
| Dividend 2015 on preference shares | - | - | - | - | - | - | - | (12.6) | (12.6) | - | (12.6) |
| Purchase of own ordinary shares | - | - | (35.8) | - | - | - | - | - | (35.8) | - | (35.8) |
| Share-based compensations: | | | | | | | | | | | |
| • fair value of vesting rights | - | - | - | - | 31.3 | - | - | - | 31.3 | - | 31.3 |
| • stock options exercised (on newly issued shares) | 0.0 | 0.2 | - | - | (0.1) | - | 0.0 | - | 0.1 | - | 0.1 |
| • performance shares issued | - | - | 54.6 | - | (27.4) | - | (27.2) | - | - | - | - |
| • taxes on share-based compensations | - | - | - | - | - | - | 4.7 | - | 4.7 | - | 4.7 |
| Total transactions with owners | 0.0 | 0.2 | 18.8 | - | 3.8 | - | 176.5 | (518.8) | (319.5) | - | (319.5) |
| Acquisition of non-controlling interests | - | - | - | - | - | - | - | - | - | 0.6 | 0.6 |
| Disposal of non-controlling interests | - | - | - | - | - | - | (0.1) | - | (0.1) | (0.1) | (0.2) |
| Balance at December 31, 2016 | 25.8 | 2,270.7 | (28.7) | 221.6 | 54.2 | (47.1) | 1,055.6 | 588.0 | 4,140.1 | 0.7 | 4,140.8 |

1 The total of the various items included under 'reserves' within shareholders' equity as at December 31, 2017 is € 1,309.4 million (December 31, 2016: € 1,255.6 million). Additional information with respect to equity is given in note 19.

# main notes to the consolidated financial statements.

## 1 general information

Randstad Holding nv is a public limited liability company incorporated and domiciled in the Netherlands and listed on Euronext Amsterdam. The registered office of the company is in Amsterdam. The address of the company is Diemermere 25, 1112 TC Diemen, The Netherlands.

The consolidated financial statements of Randstad Holding nv include the company and its subsidiaries (together called the 'Group').

See note 22 for IFRS consolidation policies and an overview of selected subsidiaries.

### 1.1 activities

Randstad specializes in solutions in the field of flexible work and human resources services. Our services comprise temporary staffing and permanent placements. We also offer on-site workforce management, as well as other HR services, such as recruitment process outsourcing (RPO), managed services programs (MSP), payroll services, outplacement, and job posting and résumé services on digital platforms.

### 1.2 date of authorization of issue

The financial statements were signed and authorized for issue by the Executive Board and Supervisory Board on February 12, 2018. The adoption of the financial statements and the adoption of the dividend are reserved for the shareholders in the Annual General Meeting of Shareholders (AGM) on March 27, 2018.

## 2 summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out separately below or explained in the respective notes to these financial statements. These policies have been consistently applied to the periods presented.

### 2.1 basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRS IC interpretations (IFRIC), as adopted by the European Union (hereinafter IFRS) and in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code.

In 2017, a number of amendments to existing IFRS standards became effective. These new standards, amendments, and interpretations, as far as they are relevant to the Group, have no impact on the valuation and classification of assets and liabilities of the Group, nor on its income statement or cash flows.

In 2017 and before, various other new standards, as well as amendments to and interpretations of existing IFRS standards were published and/or enacted for application in accounting periods beginning on or after January 1, 2018. As far as these standards, amendments, and interpretations are applicable to the Group, the Group has decided not to opt for early adoption.

Of these new standards, amendments, and interpretations, IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers' will not have a material impact on the valuation and classification of the assets and liabilities of the Group, nor on its income statement or cash flows. Randstad will apply the standards IFRS 9 and IFRS 15 as from January 1, 2018 going forward.

Interpretation 'IFRIC 23, uncertainty over income tax treatments' is expected to have no material impact on our valuation of uncertainties regarding income taxes. Randstad will apply IFRIC 23 as from January 1, 2019 going forward.

The new standard IFRS 16 'Leases', replacing 'IAS 17 Leases' and taking effect on January 1, 2019 will result in the recognition of almost all our leases on the balance sheet.

The current distinction between operating and financing leases has been removed from IFRS 16. The standard requires us to recognize a 'right of use' asset, representing our right to use the underlying asset and a liability, representing our obligation to make lease payments, for almost all lease contracts. Short-term leases and low-value leases are exempted. The Group has preliminarily decided to make use of these exemptions. The impact on the income statement is that current operating expenses will be replaced by depreciation and interest; as a result, key metrics such as operating profit and EBIT(D)A will change. Total expenses (depreciation for 'right of use' assets and interest on lease liabilities) are higher in the earlier years of a typical lease and lower in the later years, in comparison with current accounting for operating leases.

The main impact on the statement of cash flows is higher cash flows from operating activities, since cash payments for the principal part of the lease liability are classified in the net cash flow from financing activities.

Randstad will apply IFRS 16 as of January 1, 2019 and intends to apply the standard retrospectively to each prior year, applying IAS 8 'Accounting Policies, Changes in Accounting estimates and Errors'. Preliminary calculations indicate that as of January 1, 2018, IFRS 16 will lead to the recognition of 'Right of use' assets and other assets of € 560 million and of financial liabilities of € 610 million. The net impact on equity, taking into account deferred taxes, is expected to amount to € 35 to € 40 million.

Unless otherwise stated, the financial statements are prepared under the historical cost convention and on a going concern basis.

For both current assets and liabilities (expected to be recovered or settled within 1 year) and non-current assets and liabilities (expected to be recovered or settled after 1 year), the corresponding presentation is used on the face of the balance sheet.

The Group operates in countries with different currencies. All subsidiaries have as their functional currency the local currency of the country in which they operate. The Group and its parent company use the euro as their functional and presentation currency.

All amounts in tables are presented in millions of euros, unless explicitly stated otherwise.

### 2.2 fair value estimation
Fair value estimations are mainly used with respect to financial assets and financial liabilities.

As no financial assets and liabilities of the Group are traded in active markets, the fair value of financial assets and liabilities is estimated by discounting the future contractual cash flows at current market interest rates that are available to the Group for similar financial assets and liabilities. The fair value is only calculated for disclosure purposes.

Because of this valuation method, which uses observable market data for the interest rates, the resulting fair value estimates reflect 'Level 2 Financial Instruments' for 2018 and 2017.

## 3 capital and financial risk management

### 3.1 capital management
Randstad Holding’s policy is to maintain a sound financial position through a leverage ratio (net debt/ EBITDA) of between 0 and 2. We believe this is important in order to maintain candidate, client, creditor, and investor confidence, and to sustain the future development of our business.

Our financing policy aims to secure financing that matches the Group's mid- to long-term financing requirements.

### 3.1.1 dividend policy
In general, our target is to achieve a flexible payout ratio of 40% to 50% of net profit, adjusted for amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs, provided that our financial position allows for it.

We will implement a conditional cash floor dividend of € 1.62 per share (based on the average dividend per share of 2014, 2015 and 2016). This baseline dividend level will be maintained even when the general 40–50% payout ratio is temporarily exceeded, barring (i) seriously adverse economic conditions, (ii) material strategic changes to the sector, and (iii) a material deterioration in solvency and liquidity ratios. We will also implement optional additional cash returns in the event of a leverage ratio below 1.0 through (i) a special dividend (preferred) or (ii) share buybacks.

## 3.2 financial risk management
The Group is exposed to a variety of financial risks, including credit risk, liquidity risk, foreign currency exchange risk, and interest rate risk. One of the objectives of the Group’s Risk & Control framework is to minimize potential adverse effects on the financial performance of the Group.

Our Risk & Control framework is in place to ensure that risks are detected, measured, and reported properly. Risk management procedures are carried out under policies that have been approved by the Executive Board.

### 3.2.1 credit risk
Credit risk within the Group arises from the possibility that clients and other counterparties may not be able to settle their obligations towards the Group.

Credit control policies are included in a blueprint, which is a global document including prescribed work procedures and guidelines; to manage credit risk, credit checks are performed upfront for new customers. For high-risk clients, credit limits are put in place based on internal and/or external ratings. Credit risk is monitored by the credit control departments of our operating companies on a daily basis.

The Group has no significant concentrations of credit risk, as the Group has many clients in a large number of industries and countries.

#### trade and other receivables

| | 2017 | 2016 |
|---|---|---|
| Trade receivables | 4,015.1 | 3,593.3 |
| Less: provision for impairment | 49.8 | 59.2 |
| Trade receivables, net of provision for impairment | 3,965.3 | 3,534.1 |
| Other receivables | 487.3 | 456.0 |
| Prepayments | 125.1 | 114.2 |
| CICE receivable | 98.7 | 67.4 |
| Held-to-maturity investments | 3.6 | 2.5 |
| | 4,680.0 | 4,174.2 |

The carrying amount of these receivables reflects the fair value.

The Group does not hold any collateral as security.

#### accounting policy
Trade and other receivables are initially stated at fair value. Subsequent measurement is at amortized cost using the effective interest method less provision for impairment.

A provision for impairment of trade and other receivables is established when it is expected that the Group will not be able to collect the amounts receivable. The provision for impairment of trade receivables is based on the trade receivable portfolio experience of subsidiaries, as well as on individual assessments of expected non-recoverable receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter into bankruptcy or financial reorganization, serious default or delinquency in payments, and significant overdues in payment are considered indicators that the trade receivable is impaired and/or a credit loss is expected to occur. The amount of the provision is equal to the difference between the carrying amount of the asset and the present value of estimated future cash flows.

movements in the provision for impairment of trade receivables

| | 2017 | 2016 |
|---|---|---|
| Balance at January 1 | 59.2 | 38.4 |
| Acquisition of subsidiaries | 3.9 | 28.8 |
| Charged to selling expenses | 12.9 | 7.7 |
| Receivables written off as uncollectable | (25.0) | (15.6) |
| Translation differences | (1.2) | (0.1) |
| Balance at December 31 | 49.8 | 59.2 |

In the provision for impairment of trade receivables, an amount of € 32.7 million (2016: € 43.4 million) is included for individually impaired receivables. The remainder is related to other expected credit losses.

The provision for impaired trade receivables is excluding recoverable value-added taxes.

Amounts charged to the provision for impairment of trade receivables are generally written off when there is no expectation of recovering additional cash.

aging of trade receivables, based on invoice date

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | amount | % | amount | % |
| 0-4 weeks | 2,306.8 | 57.5 | 2,071.8 | 57.7 |
| 5-16 weeks | 1,594.7 | 39.7 | 1,409.3 | 39.2 |
| 17-26 weeks | 58.7 | 1.4 | 51.0 | 1.4 |
| Not impaired | 3,960.2 | 98.6 | 3,532.1 | 98.3 |
| Impaired | 54.9 | 1.4 | 61.2 | 1.7 |
| | 4,015.1 | 100.0 | 3,593.3 | 100.0 |

The information with regard to aging categories is based on invoice date, as the risk of non-payment starts from this date.

Trade receivables that are neither past due nor impaired amount to € 3,322 million (2016: € 2,990 million); an amount of € 638 million (2016: € 542 million) is past due, but not impaired.

Excess cash positions are invested with preferred financial partners, which are mostly considered to be high-quality financial institutions with sound credit ratings, or in highly rated liquidity funds. Policies are in place that limit the amount of credit exposure to any one financial institution.

For other financial assets, which mainly comprise receivables on governmental or semi-governmental bodies, see note 16.

## 3.2.2 liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations. The Group’s approach to liquidity risk is to ensure, as far as possible, that it will always have sufficient funds available to meet its liabilities when due, under both normal and stressed conditions. This risk is managed by having sufficient availability of cash, as well as committed and uncommitted credit lines, both at Group and subsidiary level.

### credit facilities

As at December 31, 2017, the Group has a € 1,850 million (2016: € 1,920 million) committed multi-currency syndicated revolving credit facility at its disposal, which matures in July 2022 (2016: July 2021). In 2017, the Group renewed its multi-currency syndicated revolving credit facility. The facility agreement contains a covenant with respect to the net debt to EBITDA ratio (leverage ratio), as well as a paragraph on material adverse changes; the net debt to EBITDA ratio has a limit of 3.5, and is calculated based on the results of the Group on a 12-month basis. In certain cases, Randstad is allowed to report a leverage ratio of 4.25x EBITDA for a limited period of time.

The Group recently issued a privately placed German promissory note ('Schuldschein'), and successfully raised € 150 million, with a maximum three-year tenor. This promissory note ultimately matures in December 2020, and bears an interest that is based on 6-month Euribor (with a floor of zero) increased by a fixed margin of 0.45% per annum, payable in June and December of each year. Covenants are fully aligned with the committed multi-currency syndicated revolving credit facility.

Based upon these financial statements, the actual leverage ratio as at December 31, 2017 is 0.9, which is well below the limit.

The facility agreement stipulates that the calculation of this ratio is based on the accounting policies as included in the annual report 2011, being the initial starting date of the current facility.

The credit facility has an interest rate that is based each time on the term of the drawings, increased by a margin above the applicable Euribor or LIBOR rates. The margin is variable and depends on the 'net debt to EBITDA' ratio. The interest rates at year-end are 2.12% for drawings in US dollars, 1.05% for drawings in UK pounds sterling, and 0.55% for drawings in Japanese yens, for a term shorter than one month. These are also considered to be the effective interest rates.

### borrowings

Borrowings are initially recognized at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost.

Any difference between the proceeds and the amount to be repaid is recognized in net finance costs during the term of the borrowings, using the effective interest method.

Current borrowings are denominated in various currencies. As at December 31, 2017, the major amounts denominated in foreign currencies are for an amount of € 8.0 million in US dollars, € 4.4 million in Argentine pesos and € 10.7 million in Indian rupees.

As at December 31, 2016, the short-term part of non-current borrowings to the amount of € 41.4 million (43.7 million US dollars) represented the remaining part of the long-term debt relating to the acquisition of Monster, which was repaid at the beginning of January 2017.

Since the interest rates on the current borrowings fluctuate with the market, the effective interest rates are considered equal to the actual rates.

Negative pledges have been issued for purposes of bank overdraft facilities, and 'pari passu' clauses apply.

At year-ends 2017 and 2016, the Group had no outstanding interest rate or currency derivatives.

### total borrowings

| | 2017 | 2016 |
|---|---|---|
| Non-current borrowings | 639.5 | 699.2 |
| Non-current borrowings | 639.5 | 699.2 |
| Current borrowings | 712.5 | 438.6 |
| Short-term part of non-current borrowings | - | 41.4 |
| Borrowings | 712.5 | 480.0 |
| Total borrowings | 1,352.0 | 1,179.2 |

Transaction costs included in the drawings on the multi-currency syndicated revolving credit facility amount to € 4.3 million (2016: € 5.4 million).

The existing drawings on the multi-currency syndicated revolving credit facility are denominated in US dollars (€ 417.5 million), UK pounds sterling (€ 49.6 million), and Japanese yens (€ 26.7 million). All amounts denominated in currencies other than the euro are designated as hedges of the net investment in subsidiaries in the US (for USD), the UK (for UK pounds), and Japan (for YEN). These net-investment hedges are all considered effective.

### movements in non-current borrowings

| | 2017 | 2016 |
|---|---|---|
| Balance at January 1 | 740.6 | 124.6 |
| (Repayments of) / Drawings on syndicated loan | (145.2) | 552.9 |
| Acquisition of subsidiaries | 106.5 | 128.3 |
| Repayments of other non-current borrowings | (147.9) | (87.4) |
| Issuance of promissory note | 150.0 | - |
| Amortization of transaction costs | 1.6 | 2.2 |
| Changes in value of other long-term debt | - | (3.9) |
| Translation differences | (66.1) | 23.9 |
| Non-current borrowings before reclassification | 639.5 | 740.6 |
| Reclassification to short-term part of non-current borrowings | - | (41.4) |
| Balance at December 31 | 639.5 | 699.2 |

The balance of non-current borrowings at December 31, 2017 consists of drawings on the syndicated loan (€ 489.5 million) and the promissory note (€ 150.0 million).

### movements in current borrowings

| | 2017 | 2016 |
|---|---|---|
| Balance at January 1 | 438.6 | 182.1 |
| Acquisition of subsidiaries | 0.3 | 62.7 |
| Net increase | 280.6 | 202.0 |
| Translation and currency differences | (7.0) | (8.2) |
| Balance at December 31 | 712.5 | 438.6 |

Movements in current borrowings exclude the short-term part of non-current borrowings.

Maturities of financial liabilities are expected to be:

### expected maturities of financial liabilities

including interest payments

| | carrying amount | 0 - 90 days | 91 - 365 days | 2 - 5 years | more than 5 years |
|---|---|---|---|---|---|
| December 31, 2017 | | | | | |
| Non-current borrowings[1] | 639.5 | 494.6 | 150.7 | - | - |
| Current borrowings[2] | 712.5 | 712.5 | - | - | - |
| Trade and other payables[3] | 3,596.7 | 3,073.3 | 523.4 | - | - |
| Other liabilities[4] | 33.0 | 1.0 | 21.2 | 12.9 | - |
| | 4,981.7 | 4,281.4 | 695.3 | 12.9 | - |
| December 31, 2016 | | | | | |
| Non-current borrowings[1] | 699.2 | 705.2 | - | - | - |
| Current borrowings[2] | 480.0 | 480.0 | - | - | - |
| Trade and other payables[3] | 3,279.4 | 2,788.9 | 490.5 | - | - |
| Other liabilities[4] | 19.3 | 1.0 | 0.8 | 2.9 | 18.6 |
| | 4,477.9 | 3,975.1 | 491.3 | 2.9 | 18.6 |

1 Drawings on the syndicated loan contractually mature in January of the subsequent year (see note 21.2); to be extended by new drawings. All amounts are undiscounted.
2 No interest is included, since current borrowings are considered repayable upon demand. All amounts are undiscounted and include short-term part of long-term debt.
3 Excluding deferred income. All amounts are undiscounted.
4 Other liabilities based upon the estimated maturities, due to the nature of put options. Carrying amount is discounted, whereas other amounts are undiscounted.

### cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, as well as time deposits and other short-term highly liquid investments with original maturities of three months or less.

### cash and cash equivalents

| | 2017 | 2016 |
|---|---|---|
| Time deposits | 10.8 | 19.3 |
| Cash on hand and at bank | 315.5 | 366.5 |
| | 326.3 | 385.8 |

Time deposits fall due, on average, within a month. The average interest rate for time deposits is 4.9% (2016: 1.4%).

An amount of € 320.6 million out of € 326.3 million (2016: € 381.3 million out of € 385.8 million) is available upon demand.

## net debt

The net debt includes the balance of cash, cash equivalents, and borrowings (both current and non-current).

### net debt

| | 2017 | 2016 |
|---|---|---|
| Non-current borrowings | (639.5) | (699.2) |
| Current borrowings | (712.5) | (438.6) |
| Short-term part of non-current borrowings | - | (41.4) |
| Total borrowings | (1,352.0) | (1,179.2) |
| Cash and cash equivalents | 326.3 | 385.8 |
| Net debt | (1,025.7) | (793.4) |

## 3.2.3 foreign currency exchange risk

### transactions and balances in currencies other than the functional currency

Transactions in currencies other than the functional currency of the related subsidiary are converted at the foreign exchange rate on the date of the transaction.

Monetary balance sheet items (such as cash and borrowings) in currencies other than the functional currency of the related subsidiary are converted at year-end exchange rates.

Exchange differences resulting from the settlement of transactions on cash, cash equivalents, and borrowings, as well as from the conversion of these monetary balance sheet items, are included in net finance costs. Exchange differences resulting from the settlement of other transactions and conversion of other monetary balance sheet items are included in operating expenses.

Non-monetary balance sheet items (such as property, plant and equipment) that are measured in terms of historical cost in currencies other than the functional currency of the related company are converted at the foreign exchange rates on the date of transaction.

### exposures to foreign currency exchange risk

The Group uses the euro as its reporting currency. Currencies other than the euro that are of primary importance to the Group are the Australian dollar, the Canadian dollar, the Japanese yen, the UK pound sterling and the US dollar.

### main exchange rates to the euro

averages on annual basis

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | average | at year-end | average | at year-end |
| Australian dollar | 0.68 | 0.65 | 0.67 | 0.68 |
| Canadian dollar | 0.68 | 0.67 | 0.68 | 0.70 |
| Japanese yen | 0.00790 | 0.00742 | 0.00832 | 0.00812 |
| UK pound sterling | 1.14 | 1.13 | 1.22 | 1.17 |
| US dollar | 0.89 | 0.83 | 0.90 | 0.95 |

The foreign currency exchange risk of the Group with respect to transactions is limited, because subsidiaries usually generate both revenues and expenses in the same local currency.

All other foreign exchange transactions, which mostly consist of intercompany financing (equity increases, dividends, intercompany loans, and interests), are executed, in principle, on a spot basis. The Group has a policy to match, within certain preset boundaries, the currencies in the net debt positions with the currencies in the cash flow generation. The currency mix of the debt can easily be adjusted, as the € 1,850 million syndicated revolving credit facility is a multi-currency facility. In principle, the use of derivatives is therefore unnecessary.

Currency fluctuations can, however, affect the consolidated results, due to the translation of local results into the Group's reporting currency.

Translation effects from consolidation may also impact shareholders' equity. The Group has a number of net investments in foreign subsidiaries whose assets and liabilities are exposed to currency translation risk that is accounted for, through total other comprehensive income, in equity. Currency exposures arising from the net assets of the Group's foreign operations are monitored and, when considered necessary, hedged against borrowings in the relevant currencies through a net investment hedge; translation differences on borrowings classified as such are included, through comprehensive income, in equity.

sensitivity

If the euro had weakened or strengthened 10% on average during 2017 against the currencies mentioned above, with all other variables held constant, EBITA for the year 2017 would have been higher or lower respectively in the range of € 2 million – € 19 million per currency. The effect on shareholders' equity would have been the same (before tax effects) (2016: range of € 2 million – € 24 million per currency).

### 3.2.4 interest rate risk

The general policy is to keep interest rates on net debt floating as much as possible. We believe this adds value for shareholders in the long term, as over time floating interest rates are on average significantly lower than fixed interest rates. We also believe that the staffing industry has a natural hedge to interest rate changes (EBITDA levels usually move up and down more or less in line with interest rate levels), and since the Group is cash-generating, we aim to maintain floating interest rates on net debt as much as possible.

sensitivity

If the interest rate had been 1 percentage point higher on average during 2017, with all other variables held constant, net interest expenses for the year would have been € 13 million higher (2016: € 5 million higher).

# 4 critical accounting policies, judgments, estimates, and assumptions

In preparing the financial statements, management has to make certain judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. The actual outcome may differ from these judgments, estimates, and assumptions, and therefore could have a material effect on the carrying amount of the asset or liability involved. The timing of outflow of resources to settle provisions is subject to the same uncertain factors. Judgments, estimates, and assumptions are reviewed on an ongoing basis, and are based on historical experience and various other factors, including expectations about future events that are believed to be reasonable under the circumstances and for the item involved. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The Group considers the following accounting policies, judgments, estimates, and assumptions as critical:

- Impairment of non-financial assets in general and impairment of goodwill specifically;
- Provisions;
- Corporate taxes;
- Revenue recognition.

## 4.1 impairments

### 4.1.1 impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, with the exception of deferred tax assets and the plan assets in relation to defined benefit pension plans, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For goodwill, testing for impairment is performed at least annually.

If there are such indications, the recoverable amount of the asset is estimated. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. For purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to groups of cash-generating units, being operating segments, for purposes of impairment testing.

If the recoverable amount of an asset or a cash-generating unit (or operating segment) is estimated to be lower than its carrying amount, the related carrying amount is reduced to its recoverable amount.

The resulting impairment loss is immediately recognized in total operating expenses.

The recoverable amount is the higher of an asset's fair value less costs to dispose and its value in use.

The value in use is determined by using the present value of estimated cash flow projections. The discount rates are based on interest rates that align with the terms of the projections and the specific risks of the asset or business respectively.

In determining the fair value less costs to dispose, information such as recent market transactions is taken into account; if no such transactions (or comparable transactions) can be identified, an appropriate valuation model is used. This valuation model is supplemented by valuation multiples, quoted share prices, or other available fair-value indicators.

Impairment losses relating to a cash-generating unit (or operating segment) are first allocated to reduce the carrying amount of the goodwill of the related cash-generating unit (or operating segment) and then to reduce the carrying amount of the other assets of that cash-generating unit (or operating segment) on a pro rata basis.

An impairment loss with respect to goodwill is not reversed.

With respect to other assets, an impairment loss recognized in a prior period is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

For the impairment testing method of property, plant and equipment, software, and acquisition-related intangible assets, see notes 13, 14 and 15 respectively.

## 4.1.2 goodwill and impairment of goodwill

### goodwill

| | 2017 | 2016 |
|---|---|---|
| Cost | 3,750.2 | 3,334.8 |
| Accumulated impairment | 817.1 | 840.0 |
| Balance at January 1 | 2,933.1 | 2,494.8 |
| Acquisition of subsidiaries | 256.3 | 441.2 |
| Disposal of subsidiaries | - | (0.1) |
| Impairment | - | (9.9) |
| Translation differences | (112.1) | 7.1 |
| Balance at December 31 | 3,077.3 | 2,933.1 |
| Cost | 3,861.2 | 3,750.2 |
| Accumulated impairment | 783.9 | 817.1 |
| Balance at December 31 | 3,077.3 | 2,933.1 |

In 2017, the Group finalized the purchase price allocation of acquisitions made in 2016, being O(biettivo) L(avoro) Group Srl, Careo Holding KK, twago, and Monster Worldwide Inc. This resulted in a downward adjustment to goodwill of € 4.9 million, which is included in the amount of goodwill of € 256.3 million in respect of the acquisition of subsidiaries. The adjustments in the finalization of purchase price allocations mainly arose from changes in estimates of contingent liabilities identified.

For all acquisitions during 2017, except for the acquisition of eSolve AG, the purchase price allocation was finalized before December 31, 2017. These finalizations resulted in a downward adjustment to (provisional) goodwill, calculated at the moment of acquisition, to the amount of € 4.2 million. The adjustments were mainly the result of changes in the consideration and further alignment with the Group's accounting policies.

The amounts involved are neither considered material in relation to the consideration of the acquired companies nor to the total goodwill in respect of these acquisitions.

In 2016, the Group finalized the purchase price allocation relating to the acquisition of RiseSmart Inc. (USA) in 2015 and of Proffice AB in 2016. This resulted in a minor adjustment to goodwill of RiseSmart of € 0.2 million, which is included in the amount of € 441.2 million in respect of the acquisition of subsidiaries. The amount involved is neither considered material in relation to the total consideration for RiseSmart Inc. (USA) nor to the total goodwill for RiseSmart Inc. (USA).

In 2016, the Group disposed of its subsidiary Randstad Lanka (Private) Limited (Sri Lanka). The related carrying amount of goodwill amounting to € 0.1 million has been derecognized.

### accounting policies

Goodwill on acquisitions of subsidiaries is included in intangible assets; goodwill on acquisitions of associates is included in investments in associates. For the measurement of goodwill at initial recognition, see note 6.1.

Goodwill on acquisitions represents payments made by the Group in anticipation of future economic benefits from assets that cannot be identified individually and cannot be recognized separately. These relate, for example, to synergies expected from integrating the acquired companies and the workforces of the acquired companies.

Goodwill is stated at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity that is sold. Where goodwill has been allocated to an operating segment and part of the operation within that operating segment is disposed of, the goodwill related to that part is included in the carrying amount of the disposed operation when determining the gain or loss on disposal. Goodwill disposed is calculated based on the relative value of the disposed operation of the total value of the operating segment to which the disposed operation belongs. If disposal of an entity results in a loss, the goodwill part in the loss is presented in the statement of comprehensive income as an impairment of goodwill, up to a maximum amount of the loss on disposal.

Goodwill is allocated to operating segments for the purpose of impairment testing. The allocation is made to those operating segments that are expected to benefit from the business combination in which the goodwill arose.

### impairment testing

In the case of triggering events and at least annually, the Group tests whether intangible assets, being goodwill and acquisition-related intangible assets, have suffered any impairment. The recoverable amounts of cash-generating units have been determined using, among other instruments, value-in-use calculations. These calculations require the use of estimates. Based on these impairment tests, impairment losses, if any, are identified.

### determination of recoverable amount

The recoverable amount for all operating segments is based on the higher of the value in use and the fair value less cost to dispose. The value in use is determined by means of cash flow projections based on the actual operating results adjusted for non-cash items (mainly depreciation and amortization) and the expected future performance, which in turn is based on historical performance, management's estimates and assumptions of revenue growth, and on developments of operating margins, assessed using external data, covering a period of, in principle, nine years (2016: nine years). Cash flow projections after this period are extrapolated by means of a growth percentage of 0.25% (2016: 0.25%) throughout the Group. The nine-year period of the projections reflects an estimated full business cycle of the industry.

### annual impairment test

Key assumptions in the cash flow projections are:
- Annual revenue growth of the Group: on average between 1.7% and 6.4% for the first three years and 1.7% to 1.9% for the following six years (Netherlands: 0.9% to 3.7% and 0.9% to 1.0% respectively; USA: 2.4% to 5.4% and 2.4% to 2.5% respectively; France: 0.3% to 9.0% and 0.3% to 0.4% respectively);
- EBITA of the Group in the range of 4.7% to 5.1% of revenue (Netherlands: 4.8% to 5.6%; USA: 5.7% to 6.5%; France: 4.1% to 5.2%);
- Growth rate in revenue and EBITA percentages vary between segments in relatively limited terms and are dependent on the mix in revenue.

The cash flow projections are prepared in local currencies, and discounted with pre-tax discount rates for each currency involved. The pre-tax discount rates vary from 8.4% to 20.2% (2016: 8.3% to 20.8%). The weighted average is 12.3% (2016: average 12.6%). Netherlands: 10.0% (2016: 10.7%); USA: 14.0% (2016: 14.0%; France: 15.0% (2016: 16.2%)).

### results of annual impairment test

The annual impairment tests carried out by the Group for 2017 resulted in no impairments (2016: India € 9.9 million).

### sensitivity relating to annual impairment test

The outcome of impairment testing is sensitive to variations in estimates and assumptions. Variations in estimates and assumptions have the following effect on the recoverable amount calculations:
- Revenue growth: a 1.0%-point lower growth rate would not result in an impairment charge;
- A 1.0%-point lower EBITA in percentage of revenue would result in an impairment charge of € 55 million for the operating segment UK; a 1.5%-point lower EBITA in percentage of revenue would imply a € 201 million impairment charge for the operating segments UK (€ 100 million), Australia (€ 9 million), France (€ 80 million), Monster (€ 8 million), and Sourceright

EMEA (€ 4 million) (2016: € 18 million; UK € 13 million and Australia € 5 million);
- Discount rate: a 1.0%-point higher discount rate would not result in an impairment charge.

For the carrying amount of goodwill by reporting segment, see note 5.2.

In 2017, the operating segments UK, Australia, France, Monster, and Sourceright EMEA are most sensitive to variations in assumptions (2016: UK and Australia). The recoverable amount of these operating segments of € 2,602 million exceeds the carrying amount (including € 810 million of goodwill) by € 737 million.

The operating segments the Netherlands, Belgium & Luxembourg, Germany, USA, Canada, Italy, Spain, Portugal, Switzerland, Eastern Europe, Scandinavia, Poland, Japan, China, Sourceright North America, Hong Kong, Singapore, Malaysia, Sourceright APAC, and Latin America have substantial headroom available.

# 4.2 provisions and employee benefit obligations

## 4.2.1 provisions

### movements in provisions

| | restructuring | workers' compensation | other | total |
|---|---|---|---|---|
| Balance at January 1, 2017 | 25.6 | 47.0 | 71.4 | 144.0 |
| Movements in 2017 | | | | |
| Acquisition of subsidiaries | 0.1 | - | 19.8 | 19.9 |
| Charged to income statement | 50.3 | 23.2 | 27.8 | 101.3 |
| Released to income statement | (2.8) | - | (15.4) | (18.2) |
| Withdrawals | (40.7) | (29.4) | (25.0) | (95.1) |
| Total amount in statement of cash flows | 6.8 | (6.2) | (12.6) | (12.0) |
| Interest due to passage of time | 0.2 | 1.5 | 0.2 | 1.9 |
| Translation differences | (1.3) | (5.2) | (3.7) | (10.2) |
| Balance at December 31, 2017 | 31.4 | 37.1 | 75.1 | 143.6 |
| Non-current | 4.2 | 22.7 | 44.5 | 71.4 |
| Current | 27.2 | 14.4 | 30.6 | 72.2 |
| Balance at December 31, 2017 | 31.4 | 37.1 | 75.1 | 143.6 |
| Balance at January 1, 2016 | | | | |
| Non-current | 4.4 | 31.0 | 36.2 | 71.6 |
| Current | 18.4 | 17.3 | 19.7 | 55.4 |
| | 22.8 | 48.3 | 55.9 | 127.0 |
| Movements in 2016 | | | | |
| Acquisition of subsidiaries | 7.8 | - | 13.2 | 21.0 |
| Charged to income statement | 17.7 | 23.6 | 12.8 | 54.1 |
| Released to income statement | (3.2) | - | (2.7) | (5.9) |
| Withdrawals | (19.7) | (27.5) | (8.9) | (56.1) |
| Total amount in statement of cash flows | (5.2) | (3.9) | 1.2 | (7.9) |
| Interest due to passage of time | 0.1 | 1.2 | 0.2 | 1.5 |
| Translation differences | 0.1 | 1.4 | 0.9 | 2.4 |
| Balance at December 31, 2016 | 25.6 | 47.0 | 71.4 | 144.0 |
| Non-current | 7.4 | 30.2 | 37.7 | 75.3 |
| Current | 18.2 | 16.8 | 33.7 | 68.7 |
| Balance at December 31, 2016 | 25.6 | 47.0 | 71.4 | 144.0 |

Provisions for restructuring are recognized when a detailed and formal restructuring plan is approved, and the restructuring has either commenced or has been announced publicly. These restructuring provisions mainly comprise severance payments for personnel and lease termination penalties for branches.

Provisions for workers' compensation are based on claims for compensation and medical expenses (of both candidates and employees) in relation to accidents during working hours, for which the Group is liable under applicable local laws. These provisions relate to our activities in North America and in part of Australia, where we are responsible for payment of workers' compensation claims up to a maximum amount per claim, beyond which the costs are insured. Independent actuaries calculate the amount of the provision.

The effective interest rate used in the calculation of the provision for workers' compensation is 3% (2016: 3%).

Other provisions mainly relate to:
- Onerous contracts, where the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract; and
- Claims from third parties. In the ordinary course of business, the company is involved in various legal proceedings, in which claims are asserted by clients, candidates and vendors, and involved in investigations by local tax and regulatory authorities that have led or might lead to claims. These claims are provided for at the lowest amount at which the Group expects the claim to be reasonably settled. Due to the highly uncertain timing of the expected future cash outflow, amounts provided for claims from third parties are categorized to be settled within one year of the balance sheet date, unless these are explicitly expected to be settled later.

The majority of the non-current part of these provisions is expected to be settled within three years of the balance sheet date.

### sensitivity

The provision for workers' compensation is sensitive to interest rate changes. Should the interest rate deviate by 1 percentage point, with all other variables held constant, the provision would deviate in the range of € 1 million to € 2 million (2016: range of € 1 million to € 2 million).

### accounting policy

Provisions are recognized for legally enforceable or constructive obligations as a result of a past event for which the settlement is likely to require an outflow of resources and to the extent these can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at an interest rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

## 4.2.2 employee benefit obligations

Employee benefit obligations comprise obligations from defined benefit pension plans, other post-employment benefits, and other long-term employee benefits.

### employee benefit obligations

| | 2017 | 2016 |
|---|---|---|
| Defined benefit pension plans | 91.5 | 77.8 |
| Other post-employment benefits | 9.7 | 4.2 |
| Other long-term employee benefits | 31.1 | 25.3 |
| Balance at January 1 | 132.3 | 107.3 |
| Movements during the year | | |
| Acquisition of subsidiaries | 2.9 | 5.8 |
| Charged to comprehensive income | 34.6 | 77.3 |
| Withdrawals/benefits paid | (27.5) | (47.0) |
| Contributions, employers | (12.3) | (11.7) |
| Translation differences | (2.0) | 0.6 |
| Total movements | (4.3) | 25.0 |
| Defined benefit pension plans | 69.5 | 91.5 |
| Other post-employment benefits | 9.0 | 9.7 |
| Other long-term employee benefits | 49.5 | 31.1 |
| Balance at December 31 | 128.0 | 132.3 |
| Non-current | 114.7 | 119.1 |
| Current | 13.3 | 13.2 |
| Balance at December 31 | 128.0 | 132.3 |

employee benefit obligations charged to comprehensive income

| | 2017 | 2016 |
|---|---|---|
| Current service cost, total | 68.1 | 73.9 |
| Contributions, employees | (8.6) | (7.5) |
| Current service cost net, charged to operating profit | 59.5 | 66.4 |
| Interest expense due to passage of time | 5.0 | 3.3 |
| Interest income due to passage of time | (3.6) | (1.5) |
| Charged to net finance costs | 1.4 | 1.8 |
| Remeasurement losses, net | (26.3) | 9.1 |
| Charged to comprehensive income | 34.6 | 77.3 |

For more information on employee benefit obligations, see note 25.

## 4.3 corporate taxes

The Group is subject to corporate income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide deferred tax asset on, among other items, tax losses carried forward. There are many uncertain factors that affect the amount of tax losses carried forward. The Group recognizes deferred tax assets on tax losses carried forward based on its best estimates. The recoverability of deferred income tax assets is reviewed and assessed frequently, using forecasts that are based on the actual operating results and expected future performance. External data are used for reference if considered necessary. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the income statement (effective tax rate), as well as the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur. The Group has also identified a number of uncertain tax positions, which could lead to positive and/or negative differences.

### 4.3.1 deferred and current income taxes

Using the balance sheet liability method, deferred tax assets and liabilities are recognized to provide for temporary differences between the value of the assets and liabilities for financial reporting purposes and for tax purposes. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to the same tax jurisdiction.

Deferred tax assets, including those resulting from tax losses carried forward, are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences, including tax losses carried forward, can be utilized.

Deferred tax assets and liabilities are valued at tax rates enacted or substantially enacted at year-end and which are expected to apply in the coming years when the assets and liabilities are expected to be realized or settled.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities arising from undistributed profits from investments where the entity is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

movements in total position of corporate taxes

| | 2017 | 2016 |
|---|---|---|
| Assets/(liabilities) | | |
| Deferred income tax assets | 520.2 | 531.5 |
| Current income tax receivables | 72.2 | 58.0 |
| Deferred income tax liabilities | (42.2) | (35.9) |
| Current income tax liabilities | (70.6) | (36.8) |
| Balance at January 1 | 479.6 | 516.8 |
| Movements during the year | | |
| Charged to income statement | (207.0) | (197.8) |
| Net payments | 186.2 | 159.8 |
| Acquisition of subsidiaries' deferred taxes | (44.4) | (8.3) |
| Acquisition of subsidiaries' current taxes | 1.7 | (13.5) |
| Recognized in other comprehensive income | (23.7) | 9.3 |
| Recognized in equity on share-based compensations | 7.8 | 4.7 |
| Translation differences | (43.4) | 8.6 |
| Total movements | (122.8) | (37.2) |
| Assets/(liabilities) | | |
| Deferred income tax assets | 437.9 | 520.2 |
| Current income tax receivables | 79.2 | 72.2 |
| Deferred income tax liabilities | (44.1) | (42.2) |
| Current income tax liabilities | (116.2) | (70.6) |
| Balance at December 31 | 356.8 | 479.6 |

### deferred income tax assets

Deferred income tax assets in relation to tax losses carried forward comprise an amount of € 105 million (2016: € 64 million), originating from subsidiaries that showed tax losses in the current or preceding year.

Certain deferred income tax assets, whose recoverability is considered not probable, are valued at nil. These concern deferred tax assets in relation to tax losses carried forward of € 322 million (2016: € 334 million), as well as deferred tax assets relating to other temporary differences of € 1 million (2016: € 2 million).

The part of deferred tax assets that is expected to be recovered within one year is estimated at € 51 million (2016: € 90 million).

### composition of deferred income tax assets

| | 2017 | 2016 |
|---|---|---|
| Tax losses carry-forward | 328.2 | 347.7 |
| Unused tax credits | 114.5 | 112.4 |
| Temporary differences: | | |
| Property, plant, equipment, and intangible assets | 57.3 | 59.0 |
| Other receivables/other payables | 75.6 | 91.3 |
| Provisions | 54.5 | 79.4 |
| Deferred income tax assets (before netting) | 630.1 | 689.8 |
| Amount netted with deferred income tax liabilities | (192.2) | (169.6) |
| Deferred income tax assets (after netting) | 437.9 | 520.2 |

### sensitivity

Deferred tax assets are only recognized to the extent that it is considered probable that future taxable profits will be available against which these deferred tax assets can be utilized. The scenarios used are in agreement with the estimates and assumptions used in the goodwill impairment testing (see note 4.1.2). The various scenarios yield potential outcomes that do not materially deviate from the carrying amount.

Unused tax credits mainly relate to tax credits in the USA, which will be realized after all tax losses carried forward have been recovered.

### deferred income tax liabilities

The part of deferred income tax liabilities that is expected to be settled within one year is estimated at € 17 million (2016: € 5 million).

### composition of deferred income tax liabilities

| | 2017 | 2016 |
|---|---|---|
| Acquisition-related intangible assets | 60.2 | 28.3 |
| Temporary differences subsidiaries | 85.6 | 71.0 |
| Other temporary differences | 90.5 | 112.5 |
| Deferred income tax liabilities (before netting) | 236.3 | 211.8 |
| Amount netted with deferred income tax assets | (192.2) | (169.6) |
| Deferred income tax liabilities (after netting) | 44.1 | 42.2 |

### movements in deferred income taxes

In the table below, the balances of deferred income tax assets and deferred income tax liabilities have been included gross at the beginning and end of the year. The netting of deferred income tax assets and liabilities is shown in the tables for deferred income tax assets and liabilities.

### movements in deferred income taxes

| | Tax losses carry-forward | Unused tax credits | Temporary differences | total 2017 | total 2016 |
|---|---|---|---|---|---|
| Deferred income tax assets | 347.7 | 112.4 | 229.7 | 689.8 | 747.9 |
| Deferred income tax liabilities | - | - | (211.8) | (211.8) | (252.3) |
| Balance at January 1 | 347.7 | 112.4 | 17.9 | 478.0 | 495.6 |
| Movements during the year | | | | | |
| Acquisition of subsidiaries | 0.8 | - | (45.2) | (44.4) | (8.3) |
| Income statement | (1.3) | 16.3 | (4.9) | 10.1 | 29.7 |
| Other movements | 1.2 | - | (9.7) | (8.5) | (49.6) |
| Translation differences | (20.2) | (14.2) | (7.0) | (41.4) | 10.6 |
| Total movements | (19.5) | 2.1 | (66.8) | (84.2) | (17.6) |
| Deferred income tax assets | 328.2 | 114.5 | 187.4 | 630.1 | 689.8 |
| Deferred income tax liabilities | - | - | (236.3) | (236.3) | (211.8) |
| Balance at December 31 | 328.2 | 114.5 | (48.9) | 393.8 | 478.0 |

## 4.3.2 corporate taxes on income

Corporate taxes on income for the year comprise current taxes and deferred taxes. Income taxes are recognized in the income statement, except for taxes that relate to items recognized in other comprehensive income; these taxes are then also directly recognized in other comprehensive income.

Current taxes on income are the sum of taxes levied on the results before taxes, in the countries where those results were generated, based on local tax regulations and at tax rates of the applicable year. Tax-exempt income and expenses not deductible for tax purposes are taken into account in calculating current taxes on income.

### details of corporate taxes on income

| | 2017 | 2016 |
|---|---|---|
| Current tax expense | 217.1 | 227.5 |
| Deferred tax (income) / expense | (10.1) | (29.7) |
| Tax expense | 207.0 | 197.8 |

In 2017, the average effective tax rate on income before taxes was 24.7% (2016: 25.1%). The reconciliation between the applicable income tax rate of the company's country of domicile and the average effective tax rate is as follows:

### reconciliation from applicable to effective tax rate

| | 2017 | 2016 |
|---|---|---|
| Income tax rate of the company's country of domicile | 25.0% | 25.0% |
| Effect of income tax rates in other (non-domestic) jurisdictions | 0.1% | 1.6% |
| Weighted average applicable tax rate | 25.1% | 26.6% |
| Tax-exempt income/non-tax-deductible items | (5.8%) | (5.7%) |
| Changes in statutory applicable tax rates and effects of prior years | 10.1% | 1.3% |
| Change in valuation of deferred tax assets and other | (4.7%) | 2.9% |
| Average effective tax rate | 24.7% | 25.1% |

The change in the weighted average applicable tax rate in 2017 compared to 2016 is due to a changed relative mix in the results of subsidiaries in countries with different tax rates, having a favorable effect of 1.5%.

The tax-exempt income related to French CICE tax credits has an impact of 5.8%-points on the effective tax rate (2016: 4.7%), whereas the effect of the non-tax deductible French business tax (CVAE) was 3.8%-points in 2017 (2016: 3.5%-points). The combined effect is 2% (2016: 1.2%) and is higher than in 2016 due to increased results in our French business and an increase in CICE in 2017. The other tax-exempt income and non-tax deductible expenses had a positive effect of 3.8%-points (2016: 4.5%-points).

'Changes in statutory applicable tax rates and effects of prior years', had an effect of 10.1%-points on the effective tax rate, which is an increase of 8.8%-points compared to 2016. The main drivers for this increase are the effects of tax rate decreases in the USA, France, and Belgium, which lowered the value of deferred taxes as per year-end.

'Change in valuation of deferred tax assets and other' is the result of the assessment of recoverability of tax assets in various countries. In 2017, these assessments resulted in a decrease in the allowances recorded, mainly related to France. Replacement of the French CICE by other measures to reduce the cost of labor as of 2019 will lead to expected taxable profits as of this year.

## 4.4 revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services rendered during the year to third parties. Revenue from services rendered is recognized in the income statement in proportion to the progress in execution of the contract as of the balance sheet date. Progress in execution of the contract is measured by reference to costs (mainly hours) incurred to date as a percentage of total estimated costs for each contract. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration.

Revenue from temporary placements includes the amounts received or receivable for the services of candidates, including the salary and salary-related employment costs of these candidates (gross basis). These revenues are generally based on the number of hours worked by these candidates.

Revenue from permanent placements includes the fee received or receivable for the services provided. This fee is generally a percentage of the candidate's remuneration package (net basis). The revenue of these permanent placements is recognized on completion of the service, being, in principle, the start date of the candidate. For 'retained assignments', revenue is recognized on the completion of certain pre-agreed stages of the service, for which the fee is non-refundable. Allowances are established to estimate losses due to placed candidates not remaining employed during the agreed guarantee period.

For the job posting and résumé services of Monster Worldwide Inc., revenue is recognized based on (statistical) usage during the term of the contract, based on the specific underlying elements of the contract and service.

In situations where the Group is the principal in the transaction and has risks and rewards of ownership, the transactions are recorded gross in the statement of comprehensive income. When the Group acts as an agent, such as in cases where the Group acts as a managed services provider, revenues are reported on a net basis.

### 4.4.1 revenue categories

Revenue categories are our service concepts plus Global Businesses. Three different service concepts are reported: 'Staffing', 'Inhouse Services', and 'Professionals'. All service concepts have activities in all parts of the world. For a more detailed description of these service concepts, see the section 'our value for clients and candidates'.

See note 5 for an update of our segment reporting starting 2017. As a result, also the (secondary) segmentation on revenue categories changed. Comparative figures for the year 2016 have been adjusted accordingly for presentation purposes.

revenue by revenue category

| | 2017 | 2016 |
|---|---|---|
| Staffing | 12,197.2 | 11,412.6 |
| Inhouse Services | 5,185.4 | 4,460.5 |
| Professionals | 4,719.7 | 4,069.9 |
| Global businesses | 1,194.9 | 761.7 |
| Elimination of intercompany revenue | (24.4) | (17.6) |
| | 23,272.8 | 20,684.1 |

# 5 segment reporting

Segments are 'geographical areas' and are reported in a manner consistent with internal management reporting provided to the Executive Board.

As a result of acquisitions and changes in the governance and managerial reporting structure of the Group, the external (primary) segmentation has changed as of 2017; comparative figures for prior periods have been adjusted accordingly for presentation purposes. The main changes concern the creation of a segment called Global Businesses, which consists of Monster, Randstad Sourceright, RiseSmart, and twago. Italy is now reported as a separate segment due to increasing size, while the UK is now included in the segment 'Other European countries' due to its limited size. Ausy is included in the existing geographies, mainly France, Belgium & Luxembourg, Germany, and North America. External (secondary) segmentation on revenue categories now also shows Global Businesses besides Staffing, Inhouse Services, and Professionals; comparative figures for prior periods have been adjusted accordingly for presentation purposes. As a result of this new external segmentation, intersegment revenues are included in our tables.

'Corporate' is also included in the disclosures on segments, and represents the unallocated part of assets and liabilities of holding activities, as well as the income and expenses of holding activities; the latter net after management charges to geographical areas.

## 5.1 income statement

segmentation income statement

| | revenue 2017 | | | revenue 2016 | | | gross profit | | operating profit | |
|---|---|---|---|---|---|---|---|---|---|---|
| | total | intersegment | third party | total | intersegment | third party | 2017 | 2016 | 2017 | 2016 |
| North America | 4,230.5 | - | 4,230.5 | 4,244.6 | - | 4,244.6 | 964.2 | 954.1 | 221.6 | 222.4 |
| Netherlands | 3,336.9 | 3.0 | 3,333.9 | 3,176.8 | 4.5 | 3,172.3 | 604.1 | 581.5 | 185.2 | 180.0 |
| France | 3,627.7 | 0.7 | 3,627.0 | 3,044.0 | 0.4 | 3,043.6 | 629.1 | 490.7 | 180.2 | 154.2 |
| Germany | 2,335.2 | 0.1 | 2,335.1 | 2,082.7 | - | 2,082.7 | 396.3 | 356.0 | 111.6 | 93.1 |
| Belgium & Luxembourg | 1,570.3 | 1.7 | 1,568.6 | 1,371.5 | 1.4 | 1,370.1 | 317.2 | 287.3 | 99.1 | 84.8 |
| Iberia | 1,427.4 | - | 1,427.4 | 1,275.1 | - | 1,275.1 | 191.1 | 168.9 | 73.3 | 56.1 |
| Italy | 1,504.1 | - | 1,504.1 | 1,006.2 | - | 1,006.2 | 225.7 | 164.1 | 77.7 | 43.7 |
| Other European countries | 2,158.2 | 7.0 | 2,151.2 | 1,989.6 | 6.1 | 1,983.5 | 368.7 | 360.0 | 45.4 | 33.0 |
| Rest of the world | 1,912.0 | 0.7 | 1,911.3 | 1,749.5 | - | 1,749.5 | 344.2 | 312.0 | 43.0 | 15.5 |
| Global businesses | 1,194.9 | 11.2 | 1,183.7 | 761.7 | 5.2 | 756.5 | 671.4 | 261.9 | (95.2) | (15.7) |
| Corporate | - | - | - | - | - | - | - | - | (82.2) | (76.5) |
| Elimination | (24.4) | (24.4) | - | (17.6) | (17.6) | - | (6.5) | (2.3) | - | - |
| Total | 23,272.8 | - | 23,272.8 | 20,684.1 | - | 20,684.1 | 4,705.5 | 3,934.2 | 859.7 | 790.6 |

## segmentation income statement

| | amortization and impairment of acquisition-related intangibles and goodwill | | EBITA | | depreciation/amortization of property, plant, equipment, and software, including impairments | | EBITDA | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| North America | 9.6 | 16.7 | 231.2 | 239.1 | 13.4 | 14.3 | 244.6 | 253.4 |
| Netherlands | 5.3 | 6.2 | 190.5 | 186.2 | 11.7 | 11.5 | 202.2 | 197.7 |
| France | 33.7 | 10.8 | 213.9 | 165.0 | 13.6 | 13.4 | 227.5 | 178.4 |
| Germany | 0.6 | 0.7 | 112.2 | 93.8 | 4.4 | 3.7 | 116.6 | 97.5 |
| Belgium & Luxembourg | 0.0 | 3.1 | 99.1 | 87.9 | 5.5 | 5.2 | 104.6 | 93.1 |
| Iberia | - | 3.5 | 73.3 | 59.6 | 2.4 | 2.2 | 75.7 | 61.8 |
| Italy | 5.0 | 4.0 | 82.7 | 47.7 | 3.7 | 2.1 | 86.4 | 49.8 |
| Other European countries | 15.4 | 19.9 | 60.8 | 52.9 | 5.8 | 7.0 | 66.6 | 59.9 |
| Rest of the world | 9.9 | 19.8 | 52.9 | 35.3 | 10.7 | 7.9 | 63.6 | 43.2 |
| Global businesses | 54.5 | 16.7 | (40.7) | 1.0 | 14.6 | 2.8 | (26.1) | 3.8 |
| Corporate | - | - | (82.2) | (76.5) | 1.1 | 4.0 | (81.1) | (72.5) |
| Elimination | - | - | - | - | - | - | - | - |
| Total | 134.0 | 101.4 | 993.7 | 892.0 | 86.9 | 74.1 | 1,080.6 | 966.1 |

# 5.2 statement of financial position

## segmentation statement of financial position

| | property, plant & equipment | | software | | goodwill | | acquisition-related intangible assets | | operating working capital | | total assets | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| North America | 20.2 | 25.2 | 20.6 | 18.1 | 554.8 | 599.3 | - | 10.2 | 328.6 | 333.1 | 1,233.2 | 1,331.2 |
| Netherlands | 43.7 | 45.1 | 1.0 | 2.0 | 854.9 | 809.7 | 19.7 | 0.0 | (111.6) | (77.9) | 1,450.1 | 1,371.3 |
| France | 22.8 | 18.8 | 7.6 | 7.2 | 512.8 | 431.7 | 139.0 | 0.0 | 11.1 | (13.5) | 2,099.4 | 1,577.6 |
| Germany | 4.6 | 3.5 | 5.4 | 5.6 | 291.5 | 212.9 | 12.3 | 2.3 | 61.5 | 18.0 | 720.0 | 545.0 |
| Belgium & Luxembourg | 6.8 | 7.5 | 2.2 | 3.9 | 156.0 | 125.0 | 0.1 | 0.1 | 65.4 | 42.6 | 457.9 | 374.3 |
| Iberia | 6.6 | 6.1 | 0.5 | 0.4 | 0.9 | 0.9 | - | 0.0 | 150.6 | 139.8 | 357.7 | 306.7 |
| Italy | 7.5 | 5.4 | 7.4 | 3.7 | 58.6 | 58.6 | 6.6 | 11.7 | 97.1 | 89.0 | 427.7 | 375.0 |
| Other European countries | 9.0 | 9.3 | 7.2 | 8.2 | 305.6 | 315.3 | 39.3 | 55.7 | 159.7 | 130.2 | 820.8 | 794.8 |
| Rest of the world | 11.2 | 13.0 | 7.0 | 10.0 | 143.0 | 152.0 | 12.4 | 23.2 | 77.1 | 73.9 | 491.6 | 512.9 |
| Global businesses | 20.2 | 31.4 | 20.9 | 7.5 | 199.2 | 227.7 | 168.8 | 250.0 | 33.3 | (30.0) | 877.3 | 999.3 |
| Corporate | 1.7 | - | 0.3 | 0.6 | - | - | - | - | 16.6 | 6.9 | 83.8 | 107.4 |
| Eliminations | - | - | - | - | - | - | - | - | - | - | (100.0) | (147.8) |
| Total | 154.3 | 165.3 | 80.1 | 67.2 | 3,077.3 | 2,933.1 | 398.2 | 353.2 | 889.4 | 712.1 | 8,919.5 | 8,147.7 |

## 5.2.1 total assets

Assets by segment include total assets excluding deferred income tax assets, current income tax receivables, and cash and cash equivalents.

### total assets

| | 2017 | 2016 |
|---|---|---|
| Total assets | 9,762.9 | 9,125.9 |
| | | |
| Less: | | |
| Deferred income tax assets | 437.9 | 520.2 |
| Current income tax receivables | 79.2 | 72.2 |
| Cash and cash equivalents | 326.3 | 385.8 |
| Assets by segment | 8,919.5 | 8,147.7 |

## 5.2.2 operating working capital

Operating working capital includes current assets, excluding cash and cash equivalents, current income tax receivables, and the current part of loans and receivables, minus current liabilities, excluding current borrowings, current income tax liabilities, and the current part of provisions, of employee benefit obligations, and of other liabilities. Deferred receipts from disposal of subsidiaries, as well as the net interest payable, are also excluded in order to align the presentation of the movements in these latter two items, which are presented under net cash flow from investing activities and financing activities respectively.

### operating working capital

| | 2017 | 2016 |
|---|---|---|
| Current assets | 5,085.5 | 4,632.2 |
| Current liabilities | (4,630.9) | (4,036.7) |
| Working capital | 454.6 | 595.5 |
| | | |
| Current assets | 5,085.5 | 4,632.2 |
| Adjusted for: | | |
| Cash and cash equivalents | (326.3) | (385.8) |
| Current income tax receivables | (79.2) | (72.2) |
| Current part of loans and receivables | (102.3) | (69.9) |
| Interest receivable | 0.0 | 0.0 |
| Operating working capital assets | 4,577.7 | 4,104.3 |
| | | |
| Current liabilities | (4,630.9) | (4,036.7) |
| Adjusted for: | | |
| Current borrowings | 712.5 | 480.0 |
| Current income tax liabilities | 116.2 | 70.6 |
| Current provisions | 72.2 | 68.7 |
| Current employee benefit obligations | 13.3 | 13.2 |
| Current other liabilities | 22.4 | 6.7 |
| Interest payable | 6.0 | 5.3 |
| Operating working capital liabilities | (3,688.3) | (3,392.2) |
| | | |
| Operating working capital assets | 4,577.7 | 4,104.3 |
| Operating working capital liabilities | (3,688.3) | (3,392.2) |
| Operating working capital | 889.4 | 712.1 |

# 6 business combinations

## 6.1 information about acquisitions

During 2017 and 2016, the following companies were acquired:

business combinations

| company | acquired % of shares | acquisition date |
|---|---|---|
| 2017 | | |
| Ausy SA (France) | 100% | January 30 |
| BMC Groep bv (Netherlands) | 100% | January 12 |
| SageCo Pty Ltd (Australia) | 100% | January 12 |
| eSolve AG (Germany) | 100% | December 31 |
| 2016 | | |
| Proffice AB (Sweden) | 100% | February 4 |
| 'twago' (Germany) | 100% | June 14 |
| O(biettivo) L(avoro) Group Srl (Italy) | 100% | July 1 |
| Careo Holding KK (Japan) | 100% | July 1 |
| Monster Worldwide Inc. (USA) | 100% | November 1 |

The main activities of Ausy, BMC, and eSolve are in the Professionals segment (professional specialist staffing); Sageco is mainly active in the outplacement business.

Ausy offers its services mainly in France, Germany, Belgium, and the USA. Ausy was acquired following a public offer.

BMC offers its services in the public sector in the Netherlands. eSolve offers its services mainly in Germany.

The main activities of Proffice, OL, and Careo are general staffing (all three), professional/specialist staffing (Proffice and Careo), and recruitment services (Proffice).

Monster is a global online employment solution for people seeking jobs and employers seeking people. Monster provides job seeking, career management, recruitment, and talent management capabilities.

Twago offers a digital platform for freelancers and clients. In June 2016, the Group increased its shareholding in twago to 100%. Before that date, twago was recorded as an equity investment. For further information, see note 16.2 equity investments.

Proffice AB and Monster Worldwide Inc. were acquired following a public offer.

The acquisitions made in 2017 and 2016 are in line with Randstad's mid- to long-term strategy to grow in (specialist) professionals activities and to strengthen our market position in certain markets and/or countries, and with our Tech & Touch growth strategy, which includes complementing Randstad's activities with technology platforms and easy-to-use digital, social, and mobile solutions.

The fair value of the assets and liabilities arising from the above-mentioned acquisitions, based on (provisional) purchase allocations, can be summarized as follows:

summary of assets and liabilities arising from acquisitions and the reconciliation of cash flow from acquisitions

| | ausy | other | total 2017 | total 2016 |
|---|---|---|---|---|
| Property, plant, equipment and software | 4.1 | 1.2 | 5.3 | 39.7 |
| Acquisition-related intangible assets | 172.7 | 36.1 | 208.8 | 329.3 |
| Deferred tax assets | 17.8 | 0.9 | 18.7 | 24.4 |
| Financial assets | 16.1 | - | 16.1 | - |
| Associates | 0.1 | - | 0.1 | 19.1 |
| Total non-current assets | 210.8 | 38.2 | 249.0 | 412.5 |
| Working capital assets / (liabilities) | 108.5 | 14.8 | 123.3 | (69.4) |
| Non-current borrowings | 106.5 | 0.0 | 106.5 | 128.3 |
| Provisions and employee benefit obligations | 21.7 | 1.1 | 22.8 | 26.8 |
| Deferred income tax liabilities | 54.0 | 9.1 | 63.1 | 32.7 |
| Other liabilities | 0.5 | 0.0 | 0.5 | 0.9 |
| Total non-current liabilities | 182.7 | 10.2 | 192.9 | 188.7 |
| Non-controlling interest | 0.0 | 0.0 | - | 0.4 |
| Net assets acquired | 136.6 | 42.8 | 179.4 | 154.0 |
| Goodwill | 202.9 | 53.4 | 256.3 | 441.2 |
| Total consideration | 339.5 | 96.2 | 435.7 | 595.2 |
| Net (cash) acquired included in working capital | (52.3) | (18.9) | (71.2) | (20.8) |
| Non-current borrowings acquired | 106.5 | - | 106.5 | 128.3 |
| Net debt/(cash) acquired | 54.2 | (18.9) | 35.3 | 107.5 |
| Consideration, adjusted for net debt/(cash) acquired | 393.7 | 77.3 | 471.0 | 702.7 |
| Deferred compensation on acquisitions | - | (17.2) | (17.2) | (2.6) |
| Consideration paid in respect of acquisitions in preceding years | - | 0.9 | 0.9 | - |
| Consideration paid, adjusted for net debt/(cash) acquired | 393.7 | 61.0 | 454.7 | 700.1 |
| Deduct: Non-current borrowings acquired | (106.5) | - | (106.5) | (128.3) |
| Statement of cash flows, acquisition of subsidiaries | 287.2 | 61.0 | 348.2 | 571.8 |

In the table above, included in 'other' are the acquisitions in 2017 of BMC Groep BV, SageCo Pty Ltd, and eSolve AG, as well as the adjustments for finalizations of purchase price allocations in 2017 for our acquisitions in 2016. See note 4.1.2 for further information.

In 2017, the companies acquired in 2017 contributed approximately € 537 million to the Group's revenue and approximately € 39 million to the Group's EBITA. If these acquisitions had occurred on January 1, 2017, the contribution to the Group's revenue and EBITA would have been higher by approximately € 56 million and € 4 million respectively (Ausy € 40 million and € 2 million respectively).

In 2016, included in goodwill and tangibles are amounts of € 193 million and € 215 million respectively, which are considered to be deductible for tax purposes.

### accounting policy

The Group uses the acquisition method to account for the acquisition of subsidiaries.

Goodwill at acquisition date is measured as:
- The fair value of the consideration transferred, being the fair value of the assets given and liabilities incurred or assumed; plus
- The recognized amount of any non-controlling interests in the acquiree; plus

- The fair value of any previous equity interests in the acquiree (if the business combination is achieved in stages); less
- The fair value of the identifiable assets acquired and liabilities assumed (including contingent liabilities).

When this difference is negative ('negative goodwill' or badwill), this amount is recognized directly in total operating expenses.

All considerations transferred to acquire a business are recorded at fair value as at the acquisition date; subsequent changes to the fair value of the contingent considerations classified as debt are recognized as expenses or income.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

All acquisition-related costs are expensed and included in other general and administrative expenses.

## 6.2 information about disposals

### reconciliation of cash flow disposals

| | 2017 | 2016 |
|---|---|---|
| Goodwill | | 0.1 |
| Working capital | | 0.8 |
| Net assets and liabilities | | 0.9 |
| Gain on disposal | | 0.0 |
| Total consideration | | 0.9 |
| Deferred receipts, net | | 0.0 |
| Consideration received in respect of the disposal of subsidiaries and activities | | 0.9 |
| Net cash of disposed subsidiaries and activities | | (0.2) |
| Disposal of subsidiaries and activities, statement of cash flows | - | 0.7 |

### accounting policy

Upon disposal of a subsidiary, the gain or loss upon disposal is included in other general and administrative expenses. See note 4.1.2 for further information.

# 7 earnings per ordinary share

| | 2017 | 2016 |
|---|---|---|
| Net income | 631.4 | 588.2 |
| Net income attributable to holders of ordinary shares | 618.8 | 575.4 |
| Amortization and impairment of acquisition-related intangible assets and goodwill (after taxes) | 88.8 | 72.1 |
| Net income attributable to holders of ordinary shares before amortization and impairment of acquisition-related intangible assets and goodwill | 707.6 | 647.5 |
| Numbers of ordinary shares (in millions) | | |
| Weighted average number of ordinary shares outstanding | 183.1 | 182.7 |
| Dilutive effect of share-based compensation arrangements | 0.9 | 1.1 |
| Weighted average number of diluted ordinary shares outstanding | 184.0 | 183.8 |
| Earnings per ordinary share (in €) | | |
| Basic earnings per ordinary share | 3.38 | 3.15 |
| Diluted earnings per ordinary share | 3.36 | 3.13 |

Basic earnings per ordinary share are calculated by dividing net income attributable to the holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. The issued number of ordinary shares is adjusted for ordinary shares purchased by Randstad Holding nv, which are held as treasury shares.

Diluted earnings per ordinary share are calculated by adjusting the weighted average number of ordinary shares outstanding, assuming conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares arise from various share-based compensation arrangements.

# notes to the consolidated income statement.

## 8 cost of services and total operating expenses

### 8.1 cost of services

Cost of services comprises expenses directly attributable to revenue. These costs mainly include expenses related to candidates, such as wages, salaries, and social charges.

cost of services

| | 2017 | 2016 |
|---|---|---|
| Wages and salaries | 14,758.1 | 13,447.0 |
| Social security charges | 2,871.6 | 2,544.5 |
| Pension charges - defined contribution plans | 128.3 | 114.9 |
| Pension charges - defined benefit plans | 8.3 | 6.7 |
| Wages, salaries, social security and pension charges | 17,766.3 | 16,113.1 |
| Depreciation of property, plant and equipment | 1.7 | 1.3 |
| Other cost of services | 799.3 | 635.5 |
| | 18,567.3 | 16,749.9 |

### 8.2 operating expenses

Operating expenses are classified based on the functional model and are recognized in the year to which they relate.

#### 8.2.1 selling expenses

Selling expenses comprise personnel and accommodation expenses in relation to operational activities at the outlets, advertising and marketing, and other selling expenses.

Selling expenses include an amount of € 14.2 million (2016: € 9.2 million) related to impairment losses on trade receivables, as well as debt collection costs.

#### 8.2.2 general and administrative expenses

General and administrative expenses comprise personnel and accommodation expenses of head offices, IT expenses, other general and administrative expenses, as well as the amortization and impairment of acquisition-related intangible assets and goodwill.

Other general and administrative expenses include:
- Foreign exchange gains of € 2.0 million (2016: € 2.3 million);
- A loss on the sale of property, plant and equipment of € 1.0 million (2016: € 0.2 million);

The acquisition related expenses for the acquired companies/activities amount to € 3.9 million (2016: € 13.9 million).

## 8.2.3 total operating expenses by nature

total operating expenses by nature

| | 2017 | 2016 |
|---|---|---|
| Wages and salaries | 2,033.0 | 1,699.0 |
| Social security charges | 359.3 | 296.1 |
| Pension charges - defined contribution plans | 40.2 | 38.1 |
| Pension charges - defined benefit plans | 7.7 | 8.7 |
| Share-based compensations | 32.5 | 31.3 |
| Wages, salaries, social security and pension charges | 2,472.7 | 2,073.2 |
| Other personnel expenses | 244.3 | 205.6 |
| Personnel expenses | 2,717.0 | 2,278.8 |
| Depreciation and impairment of property, plant and equipment | 52.8 | 48.7 |
| Amortization and impairment of software | 32.4 | 24.1 |
| Advertising and marketing | 229.3 | 131.4 |
| Accommodation | 240.8 | 196.1 |
| Other | 439.5 | 363.1 |
| Operating expenses | 3,711.8 | 3,042.2 |
| Amortization and impairment of acquisition-related intangible assets and goodwill | 134.0 | 101.4 |
| Total operating expenses | 3,845.8 | 3,143.6 |

# 8.3 depreciation, amortization and impairment of property, plant, equipment, and software

depreciation, amortization and impairment of property, plant and equipment, and software

| | 2017 | 2016 |
|---|---|---|
| Depreciation of buildings | 1.2 | 1.2 |
| Depreciation of computer hardware | 22.7 | 18.6 |
| Depreciation of leasehold improvements and furniture and fixtures | 30.6 | 26.7 |
| Impairment of computer hardware | - | 3.5 |
| Depreciation and impairment of property, plant and equipment | 54.5 | 50.0 |
| Amortization of software | 29.5 | 24.1 |
| Impairment of software | 2.9 | - |
| Amortization and impairment of software | 32.4 | 24.1 |
| Depreciation and impairment of property, plant, equipment and software | 86.9 | 74.1 |
| Included in: | | |
| Cost of services | 1.7 | 1.3 |
| Selling expenses | 20.3 | 19.5 |
| General and administrative expenses | 64.9 | 53.3 |
| | 86.9 | 74.1 |

# 8.4 amortization and impairment of acquisition-related intangible assets and goodwill

amortization and impairment of acquisition-related intangible assets and goodwill

| | 2017 | 2016 |
|---|---|---|
| Amortization of acquisition-related intangible assets | 134.0 | 91.5 |
| Impairment of goodwill | - | 9.9 |
| | 134.0 | 101.4 |

For impairment of goodwill, see note 4.1.2.

## 8.5 operating leases

For operating leases, an amount of € 274 million expenses (2016: € 240 million) is included in operating profit.

Lease contracts of which the majority of risks and rewards inherent to ownership do not lie with the Group are classified as operating leases. Expenses related to operating leases are included in operating expenses and/or cost of services on a straight-line basis over the term of the lease.

## 8.6 grants

Grants are recognized when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them.

Grants that compensate for expenses incurred are credited to operating expenses and/or cost of services on a systematic basis in the same period in which the expenses are incurred.

Grants included in operating profit amount to € 33.6 million (2016: € 25.3 million), of which € 28.9 million (2016: € 22.1 million) is reported under cost of services. Grants mainly relate to the compensation (in whole or in part) of the costs of education of candidates and of the costs to employ selected categories of employees.

# 9 total wages and salaries, social security and pension charges

Wages, salaries, social security charges and pension charges are included in cost of services for candidates and in personnel expenses for corporate employees.

total amounts of wages and salaries, social security and pension charges

| | 2017 | 2016 |
|---|---|---|
| Wages and salaries | 16,791.1 | 15,146.0 |
| Social security charges | 3,230.9 | 2,840.6 |
| Pension charges - defined contribution plans | 168.5 | 153.0 |
| Pension charges - defined benefit plans | 16.0 | 15.4 |
| Share-based compensations | 32.5 | 31.3 |
| | 20,239.0 | 18,186.3 |

# 10 net finance costs

net finance costs

| | 2017 | 2016 |
|---|---|---|
| Finance income | | |
| Interest and similar income | 3.8 | 3.0 |
| Changes in value of other liabilities[1] | 3.2 | 3.9 |
| Changes in value of other long-term debt[1] | - | 3.9 |
| Interest due to passage of time[1] | 3.8 | 4.2 |
| Foreign exchange gain, net[1] | - | 3.8 |
| | 10.8 | 18.8 |
| Finance expenses | | |
| Interest and similar expenses | 7.3 | 7.0 |
| Interest and commitment fees on non-current borrowings | 13.5 | 7.6 |
| Dividend on non-controlling interests classified as other liabilities | 0.7 | 0.9 |
| Amortization of transaction cost non-current borrowings[1] | 1.6 | 2.2 |
| Interest due to passage of time[1] | 4.1 | 4.3 |
| Changes in value of equity investments[1] | - | 0.6 |
| Foreign exchange losses, net[1] | 6.1 | - |
| | 33.3 | 22.6 |
| Net finance costs | 22.5 | 3.8 |

1 Items considered non-cash.

Net finance costs comprise interest expenses and interest income, as well as items similar to interest and exchange differences on cash, cash equivalents, and borrowings. Interest expenses and income are recognized in the income statement on a time-proportion basis, using the effective interest method. Interest due to the passage of time of loans and receivables, and deferred considerations, as well as in relation to the valuation of certain provisions and employee benefit obligations, are also included in net finance costs. Changes in the value of deferred considerations and differences upon settlement of these deferred considerations (see note 20), as well as dividend paid to non-controlling interests classified as other liabilities, are also reported under net finance costs.

### finance income expenses, statement of cash flows

| | 2017 | 2016 |
|---|---|---|
| Finance income | 10.8 | 18.8 |
| Non-cash items | 7.0 | 15.8 |
| Cash items | 3.8 | 3.0 |
| Change in interest receivable | - | 0.2 |
| Finance income, statement of cash flows | 3.8 | 3.2 |
| Finance expenses | 33.3 | 22.6 |
| Non-cash items | 11.8 | 7.1 |
| Cash items | 21.5 | 15.5 |
| Acquisition of subsidiaries | 0.7 | - |
| Change in interest payable | (0.7) | (0.5) |
| Finance expenses, statement of cash flows | 21.5 | 15.0 |

# 11 net income

Net income includes foreign exchange losses of € 6.1 million (2016: € 3.8 million). For other items included in net income, see note 8.2.

# 12 total other comprehensive income

| | 2017 | 2016 |
|---|---|---|
| Translation differences | (167.8) | 9.5 |
| Tax on translation differences | (15.0) | 6.7 |
| Translation differences, net of taxes | (182.8) | 16.2 |
| Items that subsequently may be reclassified to the income statement | (182.8) | 16.2 |
| Remeasurements of post-employment benefits | 26.3 | (9.1) |
| Tax on remeasurements of post-employment benefits | (8.7) | 2.6 |
| Fair value adjustments of equity investments | 0.8 | 0.3 |
| Items that will never be reclassified to the income statement | 18.4 | (6.2) |
| Total comprehensive income, net of taxes | (164.4) | 10.0 |

# notes to the

# consolidated statement of financial position.

## 13 property, plant and equipment

| | buildings and land | computer hardware | leasehold improvements, furniture and fixtures | total |
|---|---|---|---|---|
| Balance at January 1, 2017 | 26.4 | 43.7 | 95.2 | 165.3 |
| | | | | |
| Movements in 2017 | | | | |
| Acquisition of subsidiaries | - | 1.6 | 2.4 | 4.0 |
| Additions | - | 21.6 | 37.1 | 58.7 |
| Disposals | - | (3.1) | (9.5) | (12.6) |
| Depreciation/impairment | (1.2) | (22.7) | (30.6) | (54.5) |
| Translation differences | (1.2) | (2.3) | (3.1) | (6.6) |
| Balance at December 31, 2017 | 24.0 | 38.8 | 91.5 | 154.3 |
| Cost | 60.5 | 258.8 | 402.9 | 722.2 |
| Accumulated depreciation and impairment | 36.5 | 220.0 | 311.4 | 567.9 |
| Balance at December 31, 2017 | 24.0 | 38.8 | 91.5 | 154.3 |
| | | | | |
| Balance at January 1, 2016 | | | | |
| Cost | 62.0 | 179.2 | 359.8 | 601.0 |
| Accumulated depreciation and impairment | 35.3 | 145.8 | 295.0 | 476.1 |
| | 26.7 | 33.4 | 64.8 | 124.9 |
| Movements in 2016 | | | | |
| Acquisition of subsidiaries | 0.3 | 14.7 | 15.0 | 30.0 |
| Additions | 0.2 | 18.0 | 44.1 | 62.3 |
| Disposals | - | (0.7) | (2.7) | (3.4) |
| Depreciation/impairment | (1.2) | (22.1) | (26.7) | (50.0) |
| Translation differences | 0.4 | 0.4 | 0.7 | 1.5 |
| Balance at December 31, 2016 | 26.4 | 43.7 | 95.2 | 165.3 |
| Cost | 63.4 | 277.7 | 444.3 | 785.4 |
| Accumulated depreciation and impairment | 37.0 | 234.0 | 349.1 | 620.1 |
| Balance at December 31, 2016 | 26.4 | 43.7 | 95.2 | 165.3 |

Based on appraisals made by independent and expert appraisers, the estimated fair value of buildings and land is € 10 to € 15 million higher than the carrying amount. The fair value represents the market value, taking into account that the property is in a rented status.

Included under depreciation/impairment is an impairment in 2016 of computer hardware of € 3.5 million, as a result of a redesign of our IT strategy.

In the consolidated statement of cash flows, proceeds from the sale of property, plant and equipment comprise:

### proceeds from disposals

| | 2017 | 2016 |
|---|---|---|
| Net book value of disposals | 12.6 | 3.4 |
| Loss on disposals | (1.0) | (0.2) |
| Disposals of property, plant and equipment, statement of cash flows | 11.6 | 3.2 |

### accounting policy

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the assets.

Land is not depreciated. Depreciation on other property, plant and equipment is charged to operating expenses and/or cost of services on a straight-line basis over their estimated useful lives, from the date they are available for use.

The residual values and useful lives are reviewed as at each balance sheet date and adjusted, if appropriate.

Gains and losses arising on disposal are included in the income statement under other general and administrative expenses.

### estimated useful lives of property, plant and equipment

on average

| | term |
|---|---|
| Buildings | 33 years |
| Computer hardware | 4 years |
| Leasehold improvements | 5 years |
| Furniture and fixtures | 4-5 years |

Leasehold improvements are depreciated over the term of the initial lease, in the event that this term is shorter than five years.

Impairments, if any, are mainly caused by the discontinuation of outlets. The net book value of leasehold improvements and other furniture and fixtures is impaired to the recoverable amount, based on each individual case. The recoverable amount tends to be zero.

# 14 software

### software

| | 2017 | 2016 |
|---|---|---|
| Cost | 400.6 | 295.3 |
| Accumulated amortization and impairment | 333.4 | 249.5 |
| Balance at January 1 | 67.2 | 45.8 |
| Acquisition of subsidiaries | 1.3 | 9.7 |
| Additions | 48.6 | 34.9 |
| Amortization and impairment | (32.4) | (24.1) |
| Translation differences | (4.6) | 0.9 |
| Balance at December 31 | 80.1 | 67.2 |
| Cost | 373.8 | 400.6 |
| Accumulated amortization and impairment | 293.7 | 333.4 |
| Balance at December 31 | 80.1 | 67.2 |

### accounting policy

Acquired software (licenses) and developed software are stated at cost less accumulated amortization and impairment losses.

Expenditures in relation to the development of identifiable and unique software (or significant enhancements to existing software) used by the Group, and which will probably generate economic benefits exceeding costs beyond one year, are recognized as software and amortized over their estimated useful lives. Capitalized costs include employee costs of software development and third party expenses.

Expenditures associated with small enhancements or maintenance of software are recognized as an expense when incurred.

Amortization of software applications is charged to operating expenses and/or cost of services on a straight-line basis over the estimated useful lives, from the date they are available for use.

The residual values and useful lives are reviewed as at each balance sheet date and adjusted, if appropriate.

Internally developed software and purchased software are amortized on a straight-line basis over the useful lives of 3 to 5 years or, in case of licenses, if the license period is shorter than 3 years, over this shorter period.

Impairments, if any, are mainly caused by the discontinuation of software applications. The net book value of software is impaired to its recoverable amount, which tends to be zero, based on each individual case.

# 15 acquisition-related intangible assets

| | customer relationships | brand names | candidate profiles | technology | total |
|---|---|---|---|---|---|
| Balance at January 1, 2017 | 117.4 | 82.2 | 87.3 | 66.3 | 353.2 |
| Movements in 2017 | | | | | |
| Acquisition of subsidiaries | 177.0 | 29.6 | 2.2 | - | 208.8 |
| Amortization | (70.4) | (18.1) | (32.7) | (12.8) | (134.0) |
| Translation differences | (6.1) | (8.5) | (7.9) | (7.3) | (29.8) |
| Balance at December 31, 2017 | 217.9 | 85.2 | 48.9 | 46.2 | 398.2 |
| Cost | 290.4 | 112.9 | 87.7 | 63.0 | 554.0 |
| Accumulated amortization and impairment | 72.5 | 27.7 | 38.8 | 16.8 | 155.8 |
| Balance at December 31, 2017 | 217.9 | 85.2 | 48.9 | 46.2 | 398.2 |
| Balance at January 1, 2016 | | | | | |
| Cost | 777.2 | 8.1 | - | 15.9 | 801.2 |
| Accumulated amortization and impairment | 691.6 | 0.5 | - | 0.6 | 692.7 |
| | 85.6 | 7.6 | - | 15.3 | 108.5 |
| Movements in 2016 | | | | | |
| Acquisition of subsidiaries | 101.2 | 82.4 | 92.8 | 52.9 | 329.3 |
| Amortization | (69.0) | (10.1) | (8.2) | (4.2) | (91.5) |
| Translation differences | (0.4) | 2.3 | 2.7 | 2.3 | 6.9 |
| Balance at December 31, 2016 | 117.4 | 82.2 | 87.3 | 66.3 | 353.2 |
| Cost | 279.8 | 92.9 | 95.7 | 71.4 | 539.8 |
| Accumulated amortization and impairment | 162.4 | 10.7 | 8.4 | 5.1 | 186.6 |
| Balance at December 31, 2016 | 117.4 | 82.2 | 87.3 | 66.3 | 353.2 |

accounting policy

Acquisition-related intangible assets (customer relationships (including franchise agreements), brand names, candidate profiles, and developed technology) that are acquired by the Group are stated at cost less accumulated amortization and impairment losses.

When an intangible asset is acquired in a business combination, its cost is the fair value at the date of its acquisition. This cost is determined on a basis that reflects an amount that the entity would have paid for the asset in an arm's length transaction between knowledgeable and willing parties, based on the best information available. If the fair value cannot be measured reliably, the asset is not recognized as a separate intangible asset, but is included in goodwill.

Amortization of acquisition-related intangible assets is charged to total operating expenses on a straight-line basis over their estimated useful lives, from the date they are available for use. If the asset is fully amortized, the at cost value is reversed against accumulated amortization.

The residual values and useful lives are reviewed as at each balance sheet date and adjusted, if appropriate.

The estimated useful life of customer relationships is 4 to 8 years, of brand names 1 to 10 years, of candidate profiles 2 to 3 years, and of technology 5 to 6 years.

Technology relates to the software platforms acquired in acquisitions and in use as an integral part of our business activities.

Impairments, if any, can be the result of either the evidence that the assumptions for determining the estimated useful lives are incorrect or the annual impairment test of the cash-generating unit (or operating segment) to which the acquisition-related intangible assets are related.

# 16 financial assets

Investments in financial assets are divided into various categories. Classification of these investments depends on the purposes for which the investments have been acquired. Management determines the classification at the time of the purchase and re-evaluates such designation at each subsequent balance sheet date.

As at December 31, 2016, management decided to present the French housing loans under 'Loans and receivables' (instead of separately as 'Held-to-maturity investments'), which presentation continued as at December, 2017. This classification on the balance sheet has no effect on valuation or the income statement.

Purchase and sale of financial assets are recognized on the settlement date, which is the date an asset is delivered to or by the Group. The cost of financial assets includes transaction costs.

financial assets

| | 2017 | 2016 |
|---|---|---|
| Loans and receivables | 479.9 | 413.3 |
| Equity investments | 27.8 | 22.3 |
| Financial assets | 507.7 | 435.6 |

## 16.1 loans and receivables

Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method.

Loans and receivables are neither past due nor impaired. These financial assets have counterparties such as governmental or semi-governmental bodies.

The Group does not hold any collateral as security.

Loans and receivables comprise financial assets relating to our French subsidiaries.

loans and receivables

| | 2017 | 2016 |
|---|---|---|
| Loans | 106.3 | 97.9 |
| CICE receivable | 373.6 | 315.4 |
| Loans and receivables | 479.9 | 413.3 |

### 16.1.1 loans

loans

| | 2017 | 2016 |
|---|---|---|
| Balance at January 1 | 100.4 | 97.4 |
| Acquisition of subsidiaries | 1.3 | - |
| Additions at fair value | 7.0 | 6.2 |
| Redemptions | (2.6) | (7.0) |
| Interest due to passage of time | 3.8 | 3.8 |
| Balance at December 31 | 109.9 | 100.4 |
| Non-current portion | 106.3 | 97.9 |
| Current portion | 3.6 | 2.5 |
| Balance at December 31 | 109.9 | 100.4 |

Loans represent 'housing loans' that are granted interest-free by the French subsidiaries annually in relation to legal arrangements for payment of certain social security charges. These annual loans have a repayment term of 20 years each. These investments have an average remaining term of 11 years (2016: 12 years) and an effective interest rate of 3.7% (2016: 4.1%). The nominal value of held-to-maturity investments amounts to € 152 million (2016: € 144 million) and best represents the maximum exposure to credit risk. As at December 31, 2017, the fair value was approximately € 28 million higher than the carrying amount (2016: € 30 million).

The difference between additions at nominal value (€ 9.4 million) and at fair value is recognized in cost of services, and amounts to € 2.4 million (2016: € 8.1 million and € 1.9 million respectively).

### 16.1.2 CICE receivable

CICE receivable

| | 2017 | 2016 |
|---|---|---|
| Balance at January 1 | 382.8 | 272.1 |
| Acquisition of subsidiaries | 14.8 | - |
| Additions at fair value | 144.9 | 110.3 |
| Redemptions | (70.2) | - |
| Interest due to passage of time | - | 0.4 |
| Balance at December 31 | 472.3 | 382.8 |
| Non-current portion | 373.6 | 315.4 |
| Current portion | 98.7 | 67.4 |
| Balance at December 31 | 472.3 | 382.8 |

This financial asset arises from tax credits under the French Competitive Employment Act (CICE). This act is aimed at improving the competitiveness of the French economy and at reducing unemployment. The tax credit is calculated as a percentage of wages and salaries paid to employees with a salary that is less than 2.5 times the French minimum wage. The tax credit can be offset against the income tax liability payable with respect to the calendar year to which the wages relate. Any excess credit on an annual basis can be carried forward and offset against the tax liability during the next three years. Any excess after three years will also be refunded.

This receivable is presented under non-current assets, since the amount is expected to have a maturity of longer than one year, due to the combined effect of the legal regulations of the CICE arrangements and the income tax situation of our French operations, except for the part that is due in the coming 12 months up to December 31, 2018, which is presented under current receivables. In the statement of cash flows, the yearly additions at fair value of the CICE receivable are presented in 'other items' under cash flow from operating activities, since the CICE arrangements are considered to be related to the operating activities. Redemptions on the CICE receivable are presented in these 'other items' as well. The nominal value of the receivable amounts to € 472.3 million (2016: € 382.8 million), which best represents the maximum exposure to credit risk. As at December 31, 2017, the carrying amount equals the fair value.

## 16.2 equity investments

equity investments

| | 2017 | 2016 |
|---|---|---|
| Balance at January 1 | 22.3 | 13.3 |
| Fair value adjustments | 0.8 | (0.3) |
| Net additions | 4.7 | 9.3 |
| Balance at December 31 | 27.8 | 22.3 |

Equity investments are minority participations in early-stage to expansion-stage companies that are considered strategically relevant to Randstad. The typical investment amounts range between € 0.5 million and € 2 million. The Group has no significant influence over these investments. These investments are qualified as 'fair-value through other comprehensive income'-

investments, and if no reliable fair-value measurements are available, valued at cost. All investments are considered non-current.

During the year 2016 the Group acquired 100% of the shares of in one of its equity investments, 'twago' (Germany). See note 6 for general information on business combinations. The carrying amount of this equity investment at the moment of acquisition of 100% of the shares (€ 1.4 million), including any fair value adjustments, is included as part of the consideration for this subsidiary. The fair value adjustment at the moment of the acquisition of 100% of the shares resulted in a loss of € 0.6 million, that is recognized under net finance costs.

The fair value of one of the investments was increased by € 0.8 million (2016: € 0.3 million). This was based on a share transaction and other market information.

## 16.3 impairment of financial assets

The carrying amounts of all financial assets in this note are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount is impaired. If objective evidence exists that a financial asset or group of financial assets is impaired, the amount of the impairment loss is calculated as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). The resulting impairment loss is immediately recognized in net finance costs.

An impairment loss on financial assets is reversed if, in a subsequent period, the amount of the impairment loss decreases and this decrease can be related objectively to an event occurring after the impairment loss was recognized. Such reversal is immediately recognized in net finance costs.

# 17 associates

As at December 31, 2017, the Group has investments in associates of € 21.9 million (2016: € 19.1 million). The largest associate is a 16.66% shareholding in Alma Career OY, Finland, which came with the acquisition of Monster Worldwide in 2016. The total assets and liabilities of associates amounted to approximately € 128 million and € 35 million respectively as at December 31, 2017 (2016: € 108 million and € 29 million respectively). Total revenue in 2017 amounted to € 79 million (2016: € 57 million). Our share in profit was € 1.2 million (2016: our share in loss € 0.8 million).

### associates

| | 2017 | 2016 |
|---|---|---|
| Balance at January 1 | 19.1 | - |
| Acquisition of subsidiaries | 0.1 | 19.1 |
| Share in profit / (loss) | 1.2 | (0.8) |
| Additions | 3.3 | 0.3 |
| Dividend | (1.3) | - |
| Translation differences | (0.5) | 0.5 |
| Balance at December 31 | 21.9 | 19.1 |

### accounting policy

Associates are companies over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method and are initially recognized at cost. The Group's investment in associates includes goodwill on acquisition, net of any accumulated impairment losses.

The Group's share of the post-acquisition profits and losses of the associates is recognized as share in results of associates, and its share of post-acquisition movements in other comprehensive income of the associates, is recognized in other comprehensive income, with a corresponding effect to the carrying amount of the associate.

# 18 trade and other payables

Trade and other payables are initially stated at fair value. Subsequent measurement is at amortized cost, using the effective interest method.

trade and other payables

| | 2017 | 2016 |
|---|---|---|
| Trade payables | 472.0 | 455.0 |
| Other taxes and social security premiums | 1,189.8 | 1,047.8 |
| Pension contributions | 14.4 | 15.4 |
| Wages, salaries and other personnel costs | 1,451.0 | 1,287.2 |
| Other accruals | 469.5 | 474.0 |
| Deferred income | 97.6 | 118.1 |
| | 3,694.3 | 3,397.5 |

# 19 total equity and dividends per share

## 19.1 shareholders' equity

### 19.1.1 authorized and issued capital

Authorized capital is € 106 million (2016: € 106 million) and consists of 350,000,000 (2016: 350,000,000) ordinary shares with a nominal value of € 0.10, a further 106.000 (2016: 106,000) type-A preference shares with a nominal value of € 500, 30,000,000 (2016: 30,000,000) type-B preference shares with a nominal value of € 0.10, and 150,000,000 (2016: 150,000,000) type-C preference shares with a nominal value of € 0.10.

At year-end, issued share capital consists of 183,264,045 ordinary shares (2016: 183,023,267), 25,200.000 type-B preference shares (2016: 25,200,000), and 50,130,352 (2016: 50,130,352) type-C preference shares.

For information regarding the rights, preferences and restrictions on each type of share, see 'Voting rights', in the corporate governance section.

The current conditions of the preference shares are such that the holders of these shares receive a dividend at the company's discretion, that dividend is preferred and cumulative, and that the voting rights are one vote per 7 type-B preference shares, and one vote for each € 25 capital payment for type-C preference shares, resulting in 0.1117 vote per share on average.

The dividend on preference shares is reviewed every seven years. The last review on type-B preference shares took place in November 2012, and the dividend was set at € 0.177 per preference share. The dividend on type-C preference shares was set at 5.8% of the capital contribution. The next review of the dividend will take place in November 2019. Only the Executive Board can propose to the Annual General Meeting of Shareholders to decide that preference shares be repaid.

number of outstanding ordinary and preference shares
(x 1,000)

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | ordinary shares | preference shares | ordinary shares | preference shares |
| January 1 | 183,023 | 75,330 | 183,019 | 75,330 |
| Stock dividend | - | - | - | - |
| From share-based compensation arrangements | 241 | - | 4 | - |
| December 31 | 183,264 | 75,330 | 183,023 | 75,330 |

As at December 31, 2017, the company holds 424.598 treasury shares (2016: 595,141).

accounting policy

Ordinary and preference shares are classified as equity. The distribution of the dividend on ordinary and preference shares is recognized as a liability in the period in which these dividends are adopted by the company's shareholders.

On the issue of new shares or on the extension of the term of preference shares outstanding, the proceeds less directly attributable costs are recognized in shareholders' equity within issued capital and, if applicable, within share premium.

On the purchase of ordinary shares that are included in shareholders' equity, the consideration paid, including directly attributable costs, is recorded as a change in shareholders' equity. Purchased ordinary shares are classified as treasury shares and presented as a deduction from shareholders' equity under reserves.

On the sale (or re-issue) of treasury shares, the proceeds less directly attributable costs are recognized under treasury shares for the original consideration paid; the remainder is recognized as a change in retained earnings.

### 19.1.2 share premium

At year-end, share premium consists of € 1,986.0 million share premium on ordinary shares (2016: € 1,972.4 million) and € 298.3 million share premium on preference shares (2016: € 298.3 million).

### 19.1.3 translation reserve

The translation reserve comprises all translation differences arising from the translation of the net investment in activities in currencies other than the euro, as well as translation differences of financial liabilities designated as hedges of such investments, to the extent that the hedge is effective. Such translation differences are recognized initially in other comprehensive income and presented in this separate component of shareholders' equity. If the net investment is disposed, these translation differences are recognized in the statement of comprehensive income. The translation reserve also includes the tax effect on translation differences.

### 19.1.4 share-based compensations reserve

The share-based compensations reserve comprises the value of vested rights in respect of share-based compensation arrangements as far as stock options have not been exercised or performance shares have not been allocated.

The company has various share-based compensation arrangements. Additional information about these arrangements is given in note 23. The income statement includes an amount of € 32.5 million (2016: € 31.3 million) for share-based compensations.

At year-end 2017, 1.6 million performance options and performance shares (2016: 1.9 million) are outstanding. Upon exercise of stock options or allocation of performance shares, this will lead to the issuance of the same number of new ordinary shares or re-issue of treasury shares.

### 19.1.5 employee benefits reserve

The employee benefits reserve comprises the cumulative remeasurements of post-employment benefit obligations as from January 1, 2013 (implementation of amended IFRS standard IAS 19 'Employee benefits'). The amounts are net of corporate taxes.

### 19.1.6 other information

See note 7 to the company financial statements for the restrictions on the distribution of dividends and the repayment of capital.

Additional information about shareholders' equity is included in the consolidated statement of changes in equity.

## 19.2 dividends on ordinary and preference shares

dividends on ordinary and preference shares

| | dividend related to | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| Ordinary shares | | | |
| Dividend paid during 2016 | | | 307.2 |
| Dividend paid during 2017 | | 346.3 | |
| Dividend 2017 proposed | 505.8 | | |
| | | | |
| Preference shares | | | |
| Dividend paid during 2016 | | | 12.6 |
| Dividend paid during 2017 | | 12.6 | |
| Dividend 2017 proposed | 12.6 | | |
| Statement of cashflows | | 358.9 | 319.8 |

### 19.2.1 proposed profit appropriation

At the Annual General Meeting of Shareholders, to be held on March 27, 2018, the Executive Board, with the approval of the Supervisory Board, will propose that a dividend of € 2.76 per ordinary share be paid for the year 2017; the dividend of € 2.76 per ordinary share consists of a regular dividend of € 2.07, representing a payout of 50% of basic underlying earnings per share and an additional special cash dividend of € 0.69, following the proposal to adjust our dividend policy (see note 3.1.1 for further information). For preference shares B and C it will be proposed by the Executive Board, with the approval of the Supervisory Board, that a dividend of € 4.5 million and € 8.1 million be paid respectively. It is further proposed that € 113.0 million be added to retained earnings.

## 19.3 non-controlling interests

In 2017, transactions took place with non-controlling interests without a change of control (2016: no transactions), which resulted in an amount of

€ 0.0 million charged to equity, while the cash consideration amounted to € 0.0 million.

accounting policy

Non-controlling interests represent the net assets not held by the Group and are presented within total equity in the consolidated balance sheet as a separate category. Profit or loss and each component of other comprehensive income are attributed to the equity holders and to the non-controlling interests.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity as long as control of the subsidiary is maintained.

Additional information about non-controlling interests is included in the consolidated statement of changes in equity.

# 20 other liabilities

other liabilities

| | 2017 | 2016 |
|---|---|---|
| Balance at January 1 | 19.3 | 21.5 |
| Deferred considerations in acquired subsidiaries | 0.5 | 0.9 |
| Changes in value | (3.2) | (3.9) |
| Deferred compensations from acquired subsidiaries | 17.2 | 2.6 |
| Considerations paid in respect of acquisitions in preceding years | (0.9) | - |
| Interest due to passage of time | 0.8 | 1.0 |
| Translation differences | (0.7) | (2.8) |
| Balance at December 31 | 33.0 | 19.3 |
| Non-current portion | 10.6 | 12.6 |
| Current portion | 22.4 | 6.7 |
| Balance at December 31 | 33.0 | 19.3 |

The effective interest rate amounts to 5.0% (2016: 5.0%).

accounting policy

Other liabilities mainly include liabilities arising from arrangements with the previous owners of acquired companies who still hold a non-controlling interest ('deferred considerations') and deferred payments from other business combinations.

With respect to these arrangements, the Group has entered into put and call options with the holders of these non-controlling interests. The put option gives the minority shareholder the right to sell its non-controlling interest to the Group. The call option gives the Group the right to purchase the non-controlling interest. The option exercise price is determined by a contractually agreed formula that is based mainly on the future results of the company involved.

The liability is initially stated at fair value. Subsequent measurement is at amortized cost, using the effective interest method. The value is determined by means of the present value of the expected cash outflows to settle the liability, based on projected results. The discount rate used in discounting the expected cash outflows is based on an interest rate that reflects the current market assessment of the time value of money, taking into account the expected settlement of these liabilities.

In line with the nature of the put option, the liability is classified as short term, except for the part that can only be exercised after one year. Changes in the value of these liabilities (also including interest due to passage of time), as well as differences upon settlement between the actual cash outflow and the expected cash outflow, are accounted for in net finance costs. The companies acquired under these arrangements are fully consolidated, with no recognition of a non-controlling interest.

# notes to the

# consolidated statement of cash flows.

## 21 statement of cash flows

The statement of cash flows has been prepared applying the indirect method. Cash in the statement of cash flows comprises cash and cash equivalents, as well as current borrowings, because current borrowings form an integral part of the Group's cash management.

Cash flows in foreign currencies have been translated, in principle, at average exchange rates; certain material (mainly financing) transactions are translated at the exchange rate at the day of translation. Exchange differences concerning cash items are shown separately in the statement of cash flows. Income taxes paid/ received are included in the cash flow from operating activities. Finance income received, finance expenses paid, and dividends paid are included in the cash flow from financing activities.

The purchase price of acquisitions paid, as well as the selling price of disposed subsidiaries received, is included in cash flow from investing activities. This purchase price paid, as well as the selling price received, is included in the statement of cash flows net of net cash acquired or disposed of respectively. Changes in assets and liabilities resulting from the acquisition and disposal of subsidiaries are taken into account in the calculation of the consolidated cash flows.

The majority of the items in the consolidated statement of cash flows are individually cross-referenced to the relevant notes to the consolidated statement of comprehensive income and the balance sheet. For the remainder of the material items, the reconciliation between amounts as included in the consolidated statement of cash flows and related amounts in the statement of comprehensive income and the balance sheet is shown in this note.

Currency differences on cash items are presented in the line 'translation and currency gains'.

### 21.1 cash

cash

| | 2017 | 2016 |
|---|---|---|
| Cash and cash equivalents | 326.3 | 385.8 |
| Current borrowings | (712.5) | (438.6) |
| | (386.2) | (52.8) |

## 21.2 trade and other receivables

trade and other receivables

| | 2017 | 2016 |
|---|---|---|
| Trade and other receivables as at January 1 | 4,174.2 | 3,435.7 |
| Adjusted for: | | |
| Current part of loans and receivables | (69.9) | (6.7) |
| Deferred receipts relating to disposed Group companies | - | 0.0 |
| Interest receivable | 0.0 | (0.1) |
| Operating working capital assets as at January 1 | 4,104.3 | 3,428.9 |
| Acquisition of subsidiaries | 173.0 | 347.0 |
| Disposal of subsidiaries | - | (0.9) |
| Translation gains | (147.5) | (37.1) |
| Statement of cash flows | 447.9 | 366.4 |
| Operating working capital assets as at December 31 | 4,577.7 | 4,104.3 |
| Adjusted for: | | |
| Current part of CICE receivable | 98.7 | 67.4 |
| Current part of other loans and receivables | 3.6 | 2.5 |
| Interest receivable | 0.0 | 0.0 |
| Balance as at December 31 | 4,680.0 | 4,174.2 |

## 21.3 trade and other payables

trade and other payables

| | 2017 | 2016 |
|---|---|---|
| Trade and other payables as at January 1 | 3,397.5 | 2,811.9 |
| Adjusted for: | | |
| Interest payable | (5.3) | (4.4) |
| Operating working capital liabilities as at January 1 | 3,392.2 | 2,807.5 |
| Acquisition of subsidiaries | 121.8 | 423.4 |
| Disposal of subsidiaries | - | (0.3) |
| Translation losses | (98.4) | (35.3) |
| Statement of cash flows | 272.7 | 196.9 |
| Operating working capital liabilities as at December 31 | 3,688.3 | 3,392.2 |
| Adjusted for: | | |
| Interest payable | 6.0 | 5.3 |
| Trade and other payables as at December 31 | 3,694.3 | 3,397.5 |

## 21.4 other items

other items

| | 2017 | 2016 |
|---|---|---|
| CICE receivable | (144.9) | (110.3) |
| Loans | 2.4 | 1.9 |
| Non-cash | (142.5) | (108.4) |
| Redemptions of CICE receivable | 70.2 | - |
| Statement of cash flows | (72.3) | (108.4) |

For the CICE receivable, see note 16.1.2.

## 21.5 corporate income taxes paid

corporate income taxes paid

| | 2017 | 2016 |
|---|---|---|
| North America | 2.7 | (1.5) |
| Netherlands | 26.7 | 27.7 |
| France | 43.0 | 38.7 |
| Germany | 15.0 | (3.9) |
| Belgium & Luxembourg | 27.9 | 3.2 |
| Iberia | 7.7 | 6.2 |
| Italy | 12.9 | 20.8 |
| Other European countries | 7.4 | 12.6 |
| Rest of the world | 13.4 | 23.6 |
| Global businesses | 1.3 | 4.7 |
| Corporate | 28.2 | 27.7 |
| Total | 186.2 | 159.8 |

Corporate income taxes paid in North America are relatively low as a result of accumulated net operating losses that are offset against taxable income.

Randstad Holding and its Dutch subsidiaries form a fiscal unity for corporate income tax.

In Germany, the 2016 taxes paid were distorted due to receipts from prior years. The 2017 taxes paid in Belgium were impacted by payments related to 2016.

## 21.6 free cash flow

Free cash flow comprises net cash from operating and investing activities, excluding the acquisition and disposal of subsidiaries/activities, of equity investments, and of associates:

### free cash flow

| | 2017 | 2016 |
|---|---|---|
| Net cash from operating activities | 688.1 | 559.7 |
| Net cash from investing activities | (457.4) | (675.8) |
| | 230.7 | (116.1) |
| Acquisition of subsidiaries, equity investments and associates | 356.2 | 581.4 |
| Dividend received associates | (1.3) | - |
| Disposal of subsidiaries and associates | - | (0.7) |
| Free cash flow | 585.6 | 464.6 |

# other notes to the consolidated financial statements.

## 22 subsidiaries

### 22.1 subsidiaries

Subsidiaries are companies controlled by Randstad Holding nv. Control exists when Randstad is exposed to or has rights to variable returns from its involvement with subsidiary companies and has the ability to influence those returns through its power over the subsidiary, generally accompanying a shareholding of more than 50% of the voting rights. Subsidiaries are consolidated from the date that such control commences until the date that it ceases.

Intragroup balances and intragroup transactions are eliminated, as well as any unrealized gains from these transactions. Unrealized losses from intragroup transactions are also eliminated, unless there is evidence of impairment of the assets transferred. Intercompany transactions take place on an arm's length basis.

### 22.2 financial statements of group companies

Upon translation of foreign activities, the assets and liabilities of operations in currencies other than the euro, including goodwill and fair-value adjustments arising on consolidation, are translated into euros at the foreign exchange rates at the balance sheet date. The income statements of these operations in currencies other than the euro are translated into euros at average exchange rates.

Upon the acquisition of a subsidiary that has a currency other than the euro, balance sheet items are translated into euros at the foreign exchange rates at the acquisition date.

### 22.3 net investment in subsidiaries that have a currency other than the euro

The net investment in subsidiaries that have a currency other than the euro includes the participation in the net assets of these subsidiaries, and, if applicable, loans to these subsidiaries, settlement of which is neither planned nor expected to occur in the foreseeable future.

Translation differences that occur upon consolidation, relating to the translation of the net investment in subsidiaries that have a currency other than the euro, are recognized in other comprehensive income and presented in the (foreign currency) translation reserve, a separate component within equity, as are translation differences of financial liabilities designated as hedges of such investments (net investment hedge), to the extent that the hedge is effective. The gain or loss relating to the ineffective portion is recognized immediately in net finance costs.

If the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation differences is allocated to the non-controlling interests.

Whenever a foreign operation is disposed of, these translation differences are released or charged to the statement of comprehensive income as part of the gain or loss on disposal.

## 22.4 overview of selected subsidiaries, as per december 31, 2017[1]

### north america
- Randstad North America Inc, United States
- Randstad Professionals US LLC, United States
- RiseSmart Inc., United States
- Monster Worldwide Inc., United States
- Ausy North America Inc., United States
- Randstad Intérim Inc., Canada

### the netherlands
- Randstad Nederland bv
- Tempo-Team Group bv
- Yacht Group Nederland bv
- Randstad Sourceright International bv
- Randstad Sourceright EMEA bv
- Monster Worldwide Netherlands bv

### france
- Randstad SAS
- Ausy SAS
- Atoll SASU
- Monster Worldwide SAS

### germany
- Randstad Deutschland GmbH & Co KG[2]
- Randstad Automotive GmbH & Co KG[2]
- Tempo-Team Personaldienstleistungen GmbH
- GULP Information Services GmbH
- GULP Solution Services GmbH & Co KG[2]
- Pentasys AG
- Elan-Ausy GmbH
- Monster Worldwide Deutschland GmbH
- eSolve AG

### belgium & luxembourg
- Randstad Belgium nv
- Tempo-Team nv, Belgium
- Ausy Belgium nv
- Randstad Interim sa, Luxembourg

### iberia
- Randstad Empleo, Empresa De Trabajo Temporal S.A. Sociedad Unipersonal, Spain
- Randstad Recursos Humanos, Empresa de Trabalho Temporario S.A., Portugal

### italy
- Randstad Italia SPA, Italy

### other european countries
- Randstad Austria GmbH
- Randstad sro, Czech Republic
- Randstad A/S, Denmark
- Randstad AE, Greece
- Randstad Hungary Kft, Hungary
- Randstad Ireland Operations Limited, Ireland
- Randstad Norway AS, Norway
- Randstad Polska Sp. z.o.o., Poland
- Randstad Romania Srl, Romania
- Randstad AB, Sweden
- Proffice AB, Sweden
- Randstad Schweiz AG, Switzerland
- Randstad Work Solutions Istihdam ve İnsan Kaynakları Ltd. Şti., Turkey
- Randstad CPE Limited, United Kingdom
- Randstad Financial & Professional Limited, United Kingdom
- Randstad Public Services Limited, United Kingdom
- Randstad Sourceright Limited, United Kingdom
- Randstad Solutions Limited, United Kingdom
- Monster Worldwide Limited, United Kingdom

### rest of the world
- Sesa Internacional S.A., Argentina
- Randstad Pty Ltd, Australia
- Randstad Brasil Recursos Humanos Ltda, Brazil
- Randstad Chile S.A., Chile
- Talent Shanghai Co. Ltd, China
- Randstad Hong Kong Limited, Hong Kong
- Randstad India Private Ltd, India
- Randstad KK, Japan
- Careo KK, Japan
- Randstad Sourceright Sdn. Bhd., Malaysia
- Randstad Mexico S. de R.L. de CV, Mexico
- Randstad Limited, New Zealand
- Randstad (PTE) Limited, Singapore
- Randstad Uruguay, Uruguay

### other subsidiaries
- Randstad Holding Nederland bv, the Netherlands
- Randstad Finance GmbH, Switzerland
- Randstad FTC Pte Limited, Singapore

[1] A list of all subsidiaries has been filed at the Chamber of Commerce in Amsterdam ('Kamer van Koophandel', Amsterdam; Chamber of Commerce number 33216172). Randstad Holding nv has, directly or indirectly, a 100% interest in all subsidiaries (by way of legal ownership of the shares or by way of economic ownership of the shares (put-call option arrangements) for a limited number of companies), unless stated otherwise.

[2] The fully consolidated German subsidiaries mentioned above exercise simplification options in accordance with Article 264.b of the German Commercial Code ('HGB').

# 23 share-based compensations

The company has various share-based compensation arrangements that are settled in ordinary shares. The fair value of these share-based compensations, calculated on grant date, is based on valuation models, taking into account relevant market conditions and non-vesting conditions. The fair value is included in personnel expenses in the vesting period during which the expected employee services are received. The same amount is credited to shareholders' equity.

At each balance sheet date, the company reassesses its estimates of the non-market vesting conditions under these share-based compensation arrangements. The impact of the revision on original estimates with respect to the past vesting period, if any, is recognized in personnel expenses immediately, with a corresponding adjustment to shareholders' equity.

Within the Group, a number of share-based compensation arrangements are in effect: performance share plans for Executive Board members, senior management, an advisory board share plan, and a share purchase plan for all corporate employees.

The actual annual grant of performance shares will, in principle, not exceed 1% of the ordinary issued capital. However, depending on the realization of related performance targets and the company's actual share price, the number of shares to be issued in relation to vesting of the performance shares might in a certain year exceed the 1% limit.

## 23.1 performance share plans

### 23.1.1 executive board performance share plan

As from 2007, conditional performance shares have been granted annually to the members of the Executive Board. The plan has a term of three years. The number of shares to vest depends on the company's TSR performance compared to a peer group of nine companies (2017: 18 peers) measured over a three-year period starting on January 1 of the year of grant. As of 2013, the number of shares to vest also depends on achieving certain sustainability performance targets.

All performance share plans are equity-settled. The fair value is determined as at the date of each grant, based on a Monte Carlo simulation model.

Volatility of the shares of the peer companies, as well as the pair-wise correlation between all peer shares, is estimated on the basis of historical daily prices over three years. Estimated dividends of the peer companies are based on historical dividends.

The fair value is charged to the income statement during the vesting period, based on the on-target awards of the TSR part of each plan and on the expected outcome of the sustainability performance targets.

At each balance sheet date, the non-market conditions (attrition and sustainability performance) are reassessed; any adjustment is charged to the income statement. As of 2013, the company uses treasury shares to allocate vested shares.

The shares yet to be vested of a Board member who resigns from the Group within the three-year vesting period will, in principle, be forfeited.

### 23.1.2 senior management performance share plan

As from 2007, conditional performance shares have also been granted to a limited group of senior management on terms and conditions that are identical to those of the Executive Board, except for the fact that, for the years 2013 and 2014, the number of shares to vest solely depends on the company's TSR performance.

The performance shares 2014 of Executive Board and senior management vested in early 2017, based on relative TSR performance and reaching certain sustainability targets of the company, resulting in 1,107,446 shares being vested (share price at allocation date of € 57.00), compared to an on-target award of 740,231 shares.

The expenses charged to the 2017 income statement amount to € 25.0 million (2016: € 25.6 million).

### 23.1.3 retention performance share plan

In 2017, conditional performance shares have been granted to certain senior management as part of a retention plan. These shares will vest based on performance during the vesting period from the year

2017 until 2019, 2017 until 2020 and 2017 until 2021. The performance conditions are non market conditions and possible adjustments due to the yearly assessment of the conditional performance are charged to the income statement.

The expenses charged to the 2017 income statement amount to € 1.0 million.

### 23.1.4 advisory board share plan

Members of the Advisory Board are granted conditional shares on an annual basis until 2016. The plan has a term of three years, and vesting of shares only depends on rendering of employee services during the vesting period. The fair value is charged to the income statement during the vesting period.

parameters used for fair-value determination

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Average share price at grant date | € 55.89 | € 47.20 | € 52.88 |
| Expected volatility, based on historical prices over the three-year period to the valuation date | 30.0% | 28.0% | 26.0% |
| Expected dividends | 3.4% | 2.3% | 2.3% |
| Risk-free interest rate (yield on Dutch government bonds) | 0.0% | (0.2%) | 0.1% |

The Advisory Board share plan 2014 vested in early 2017, resulting in 10,882 shares being vested (share price at allocation date of € 57,00), compared to an on-target award of 10,882 shares.

The expenses charged to the 2017 income statement amount to € 0.2 million (2016: € 0.5 million).

details of all (performance) share plans

| | number of shares (x 1,000) on target | | | | | |
|---|---|---|---|---|---|---|
| year of grant | january 1, 2017 | granted | forfeitures | Vested in 2017 | december 31, 2017 | average fair value at grant date per share (in €) |
| 2014 | 751 | - | - | (751) | - | 29.83 |
| 2015 | 470 | - | (26) | - | 444 | 61.07 |
| 2016 | 580 | - | (55) | - | 525 | 43.26 |
| 2017 | - | 621 | (35) | 0 | 586 | 50.44 |
| Total | 1,801 | 621 | (116) | (751) | 1,555 | |

## 23.2 performance stock option plans

From 2007 to 2012, Executive Board members were granted stock options annually conditional on performance; as of 2008 up to 2012, the options had an exercise price equal to the average trading price of the Randstad shares during three business days before grant date. The options have a term of seven years, and are only exercisable after a period of three years from the date of grant.

On exercise of options, the company issues new shares. Since December 31, 2014, all stock options under these plans have been vested. For an overview of performance stock option plans, see note 24.2.

## 23.3 share purchase plan for corporate employees

Under the share purchase plan, participating corporate employees may purchase shares through Stichting Randstad Optiefonds twice a year. The maximum amount to be spent within the plan is set annually at 5% of the participant's annual salary. Employees receive a number of bonus shares equal to 50% of the number of shares purchased; these bonus shares vest over a period of six months, only if employees hold on to the purchased shares for the same period of six months (on condition that they are still employed by the Group). The bonus is expensed by the company over the vesting period (2017: € 6.2 million; 2016: € 5.2 million). In 2017, a total of 118,990 (2016: 108,812) bonus shares were allocated to employees.

## 23.4 executive board share matching plan

As of 2017, 25% of the net annual bonus of the Executive Board will be paid out in shares. After 3 years, these shares will be matched 1:1 subject to a sustainable performance of the Company and at the discretion of the Supervisory Board. Executive Board members are allowed to voluntarily convert an additional 25% of the net annual bonus with the same matching principles. The expenses recorded for the matching of shares amount to € 0.1 million.

### 23.5 total share-based compensations

| | 2017 | 2016 |
|---|---|---|
| Performance share plan | 25.0 | 25.6 |
| Retention performance share plan | 1.0 | - |
| Advisory Board share plan | 0.2 | 0.5 |
| Share purchase plan | 6.2 | 5.2 |
| Share matching plan | 0.1 | - |
| | 32.5 | 31.3 |

## 24 related-party transactions

### 24.1 key management

The members of the Executive Board and Supervisory Board are considered the key management of the Group.

### 24.2 remuneration of the members of the executive board

The totals of the remuneration of the members of the Executive Board are included in the income statement.

Leo Lindelauf resigned as a Board member on April 2, 2015. After resigning from the Board, Leo Lindelauf continued to perform services for the company. The associated costs in 2017 amounted to € 57,000 (2016: € 238,000).

The expenses for performance shares refer to the fair value of share-based payments charged to the income statement for the years 2017 and 2016 respectively.

In the column 'Other benefits/expenses', special wage taxes of € 157,000 (2016: € 149,000) are included, relating to the salary of François Béharel.

The company has not issued any loans, commitments to provide loans, or guarantees to Executive Board members. Pension changes related to Dutch-based Board members include compensation for the limitation of accrual of pension rights in 2017 and 2016.

executive board remuneration

x € 1,000

| | fixed compensation | | | | variable compensation | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | base salary | | pension charge | | short-term bonus | | share-based payments | | other benefits/ expenses | | total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| J.W. van den Broek | 1,000 | 1,000 | 270 | 270 | 670 | 650 | 1,270 | 1,096 | 37 | 37 | 3,247 | 3,053 |
| R.J. van de Kraats | 724 | 710 | 196 | 192 | 485 | 462 | 939 | 842 | 36 | 35 | 2,380 | 2,241 |
| F. Béharel | 636 | 624 | 172 | 168 | 426 | 406 | 825 | 739 | 301 | 299 | 2,360 | 2,236 |
| L. Galipeau | 717 | 717 | 194 | 194 | 480 | 466 | 825 | 739 | 104 | 80 | 2,320 | 2,196 |
| C. Heutink | 636 | 624 | 172 | 168 | 426 | 406 | 825 | 739 | 29 | 28 | 2,088 | 1,965 |
| Total | 3,713 | 3,675 | 1,004 | 992 | 2,487 | 2,390 | 4,684 | 4,155 | 507 | 479 | 12,395 | 11,691 |

## number of performance stock options outstanding in 2017

| | year of granting | january 1, 2017 | exercised in 2017 | share price at exercise | december 31, 2017 | exercise price | end of exercise period | average fair value at grant date |
|---|---|---|---|---|---|---|---|---|
| J.W. van den Broek | 2010 | 7,083 | (7,083) | 57.28 | - | | | |
| | 2011 | 12,614 | | | 12,614 | € 39.16 | February 2018 | € 21.00 |
| | 2012 | 15,382 | | | 15,382 | € 28.11 | February 2019 | € 11.31 |
| R.J. van de Kraats | 2010 | 4,031 | (4,031) | 55.95 | - | | | |
| | 2011 | 14,359 | (14,359) | 56.24 | - | | | |
| | 2012 | 17,511 | (6,000) | 52.29 | 11,511 | € 28.11 | February 2019 | € 11.31 |
| Total | | 70,980 | (31,473) | | 39,507 | | | |

## number of performance shares outstanding in 2017

| | year of award | january 1, 2017 | number of shares on target 2017 | performance adjustment at vesting 2017 | vested in february 2017 | december 31, 2017 |
|---|---|---|---|---|---|---|
| Performance shares | | | | | | |
| J.W. van den Broek | 2014 | 25,537 | | 12,009 | (37,546) | - |
| | 2015 | 30,099 | | | | 30,099 |
| | 2016 | 21,486 | | | | 21,486 |
| | 2017 | | 22,066 | | | 22,066 |
| R.J. van de Kraats | 2014 | 21,475 | | 10,099 | (31,574) | - |
| | 2015 | 23,060 | | | | 23,060 |
| | 2016 | 15,260 | | | | 15,260 |
| | 2017 | | 15,986 | | | 15,986 |
| F. Béharel | 2014 | 18,864 | | 8,872 | (27,736) | - |
| | 2015 | 20,258 | | | | 20,258 |
| | 2016 | 13,405 | | | | 13,405 |
| | 2017 | | 14,043 | | | 14,043 |
| L. Galipeau | 2014 | 18,864 | | 8,872 | (27,736) | - |
| | 2015 | 20,258 | | | | 20,258 |
| | 2016 | 13,405 | | | | 13,405 |
| | 2017 | | 14,043 | | | 14,043 |
| C. Heutink | 2014 | 18,864 | | 8,872 | (27,736) | - |
| | 2015 | 20,258 | | | | 20,258 |
| | 2016 | 13,405 | | | | 13,405 |
| | 2017 | | 14,043 | | | 14,043 |
| Total | | 294,498 | 80,181 | 48,724 | (152,328) | 271,075 |
| Performance shares of former Board members | | | | | | |
| L.J.M.V. Lindelauf | 2014 | 9,433 | - | 4,434 | (13,867) | - |
| Total | | 9,433 | - | 4,434 | (13,867) | - |

The performance shares 2014 vested in early 2017, based on relative TSR performance of the company and reaching certain sustainability targets over the period January 1, 2014 – December 31, 2016, resulting in an overall vesting of 147% of the on-target award (share price at allocation date of € 57.00).

Final allocation after vesting of conditional shares awarded in 2015, 2016, and 2017 will take place in February 2018, 2019, and 2020 respectively.

For the conditions and criteria governing the granting and exercise of stock options and performance shares, see note 23.1.

number of ordinary shares in randstad holding nv held by executive board members

as at december 31, 2017

| | | | locked up | |
|---|---|---|---|---|
| | total | unrestricted shares | number | until |
| J.W. van den Broek | 96,405 | 59,580 | 17,814 | February 2018 |
| | | | 19,011 | February 2019 |
| R.J. van de Kraats | 39,410 | 3,144 | 20,279 | February 2018 |
| | | | 15,987 | February 2019 |
| F. Béharel[1] | 83,348 | 30,468 | 30,791 | February 2018 |
| | | | 22,089 | February 2019 |
| L. Galipeau | 28,702 | - | 16,327 | February 2018 |
| | | | 12,375 | February 2019 |
| C. Heutink | 14,044 | - | 14,044 | February 2019 |

1 Due to French tax regulations, the number of shares locked up for François Béharel are relatively high.

## 24.3 remuneration of the members of the supervisory board

Remuneration of the members of the Supervisory Board is included in the income statement.

supervisory board remuneration

| | 2017 | 2016 |
|---|---|---|
| Current board members | | |
| W. Dekker, Chairman | 128,500 | 128,500 |
| J. Winter, Vice Chairman | 107,500 | 107,500 |
| B. Borra | 89,500 | 94,000 |
| F. Dorjee | 88,500 | 88,500 |
| H.M.E.V. Giscard d'Estaing | 88,500 | 88,500 |
| G. Kampouri Monnas | 91,500 | 91,500 |
| R. Provoost | 90,000 | 88,500 |
| Total | 684,000 | 687,000 |

As members of the Supervisory Board of the Dutch sub-holding Randstad Holding Nederland bv, Jan Hovers and Willem Vermeend, both former members of the Supervisory Board, received an annual allowance of € 12,000 in 2017 and 2016. Henri Giscard d'Estaing holds 450 ordinary shares in Randstad Holding nv as at December 31, 2017 and 2016.

The company has not issued any loans, commitments to provide loans, or guarantees to members of the Supervisory Board.

## 24.4 other related-party transactions

The founder of the Randstad Group has an interest in a legal entity, which, based on the 'Wet financieel toezicht' (Act on Financial Supervision), is registered as a shareholder in Randstad Holding nv in the 30% – 40% category. There were no transactions with this related party, other than the rental of a ship, Clipper Stad Amsterdam, for promotional activities, at an annual rent of approximately € 2.0 million (2016: € 1.9 million).

See note 25.2 'Employee benefit obligations' for transactions with company pension funds through which certain pension schemes are operated.

# 25 employee benefit obligations

| | defined benefit pension plans | | | | | |
|---|---|---|---|---|---|---|
| | obligation | plan assets | net | other post-employment benefits | other long-term employee benefits | total |
| Balance at January 1, 2017 | 211.6 | (120.1) | 91.5 | 9.7 | 31.1 | 132.3 |
| Movements in 2017 | | | | | | |
| Acquisition of subsidiaries | 116.0 | (113.9) | 2.1 | - | 0.8 | 2.9 |
| Current service costs, total | 23.9 | - | 23.9 | 0.7 | 43.5 | 68.1 |
| Contributions, employees | - | (8.6) | (8.6) | - | - | (8.6) |
| Contributions, employers | - | (12.3) | (12.3) | - | - | (12.3) |
| Withdrawals/benefits paid | (9.6) | 8.9 | (0.7) | (1.4) | (25.4) | (27.5) |
| Total amount in statement of cash flows | 14.3 | (12.0) | 2.3 | (0.7) | 18.1 | 19.7 |
| Remeasurement results | (23.1) | (3.3) | (26.4) | 0.1 | - | (26.3) |
| Interest due to passage of time, net | 4.7 | (3.6) | 1.1 | 0.1 | 0.2 | 1.4 |
| Translation differences | (6.4) | 5.3 | (1.1) | (0.2) | (0.7) | (2.0) |
| Balance at December 31, 2017 | 317.1 | (247.6) | 69.5 | 9.0 | 49.5 | 128.0 |
| Non-current | 317.1 | (247.6) | 69.5 | 8.8 | 36.4 | 114.7 |
| Current | - | - | - | 0.2 | 13.1 | 13.3 |
| Balance at December 31, 2017 | 317.1 | (247.6) | 69.5 | 9.0 | 49.5 | 128.0 |
| Balance at January 1, 2016 | | | | | | |
| Non-current | 184.6 | (106.8) | 77.8 | 3.8 | 13.3 | 94.9 |
| Current | - | - | - | 0.4 | 12.0 | 12.4 |
| | 184.6 | (106.8) | 77.8 | 4.2 | 25.3 | 107.3 |
| Movements in 2016 | | | | | | |
| Acquisition of subsidiaries | 0.1 | - | 0.1 | 5.7 | - | 5.8 |
| Current service costs, total | 22.9 | - | 22.9 | 0.3 | 50.7 | 73.9 |
| Contributions, employees | - | (7.5) | (7.5) | - | - | (7.5) |
| Contributions, employers | - | (11.7) | (11.7) | - | - | (11.7) |
| Withdrawals/benefits paid | (7.4) | 6.2 | (1.2) | (0.6) | (45.2) | (47.0) |
| Total amount in statement of cash flows | 15.5 | (13.0) | 2.5 | (0.3) | 5.5 | 7.7 |
| Remeasurement results | 7.3 | 1.8 | 9.1 | - | - | 9.1 |
| Interest due to passage of time, net | 3.2 | (1.5) | 1.7 | 0.1 | - | 1.8 |
| Translation differences | 0.9 | (0.6) | 0.3 | - | 0.3 | 0.6 |
| Balance at December 31, 2016 | 211.6 | (120.1) | 91.5 | 9.7 | 31.1 | 132.3 |
| Non-current | 211.6 | (120.1) | 91.5 | 9.5 | 18.1 | 119.1 |
| Current | - | - | - | 0.2 | 13.0 | 13.2 |
| Balance at December 31, 2016 | 211.6 | (120.1) | 91.5 | 9.7 | 31.1 | 132.3 |

## 25.1 employee benefit obligations

The discount rates used to calculate employee benefit obligations are in the following ranges:

### discount rates (employee benefit obligations)

| | 2017 | 2016 |
|---|---|---|
| Defined benefit pension plans | 0.5%-1.9% | 0.5%-1.9% |
| Other post-employment benefits | 0.8%-3.7% | 1.9%-2.0% |
| Other long-term employee benefits | (0.3)%-3.0% | (0.2)%-3.0% |

The obligations regarding other post-employment benefits and other long-term employee benefits are unfunded.

## 25.2 pensions

### defined benefit pension plan schemes

| | 2017 | 2016 |
|---|---|---|
| Defined benefit plan, corporate employees in Belgium | 23.9 | 27.9 |
| Defined benefit plan, corporate employees in France | 23.2 | 41.2 |
| Defined benefit plan, corporate employees in Germany | 8.9 | 9.7 |
| Defined benefit plan, staffing and corporate employees in Switzerland | 5.2 | 7.5 |
| Defined benefit plan, corporate employees in Japan | 4.6 | 5.2 |
| Defined benefit plan, corporate employees in the Netherlands | 3.7 | - |
| | 69.5 | 91.5 |

The Group has various pension schemes, in accordance with local conditions and practices in the countries in which it operates. In some countries, such pension schemes are operated through a company pension fund. Most of the pension schemes are defined contribution plans, which are funded through payments to independent entities. For these schemes, the Group's obligation is limited to the payment of these annual contributions. The contributions constitute net periodic costs for the year in which they are due and are included in personnel expenses and/or costs of services.

A few pension schemes are defined benefit plans. The liability recognized in the balance sheet is the present value of the defined benefit obligation less the fair value of plan assets. Independent actuaries calculate the defined benefit obligations based on factors such as age, years of service, and compensation (projected unit credit method).

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and with terms to maturity that approximate the term when the related pension liability is due.

Current service costs are recognized in personnel expenses and/or cost of services and reflect the increase in the defined benefit obligation resulting from employee service in the current year.

Past service costs are recognized immediately in personnel expenses and/or cost of services.

Remeasurement gains and losses of the net defined benefit obligation arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

The net interest expense on the net defined benefit liability is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the then net defined benefit liability. Net interest expense is recognized in net finance costs.

In the Netherlands and Belgium, three pension schemes are operated through separate and independent company pension funds. For the Netherlands these pension funds are 'Stichting Pensioenfonds Randstad' for corporate employees and 'Stichting Pensioenfonds Flexsecurity' for staffing employees employed by Dutch Group companies. Both funds operate defined contribution pension plans. Stichting Pensioenfonds Randstad operates a closed pension plan. In 2017, the transactions with these funds amounted to € 0.0 million (2016: € 0.2 million) and € 52.9 million ((€ 50.7 million) respectively. The balances as at December 31, 2017 amounted to zero (2016: zero) and € 4.2 million (2016: € 3.7 million) payable respectively. For Belgium, the pension fund is 'Pensioenfonds Belgische werkmaatschappijen van Randstad OFP' for corporate employees employed by Belgian Group companies. The fund operates a defined benefit pension plan. In 2017, transactions with this fund amounted to € 5.2 million (2016 € 3.8 million). The balance as at December 31, 2017 amounted to € 0.5 million payable (2016: € 0.4 million payable).

The defined benefit pension plans in France and Belgium are final-salary pension plans, which provide benefits to (prior) employees in the form of a guaranteed level of pension payable for life or lump sums upon retirement.

In Belgium, the pension entitlement of corporate employees is based on the average pensionable salary in the last three years before retirement and is a pension payable for life upon retirement. The employer's contribution is capped at a maximum of 5% of salaries. The plan is organized through a fund that is legally separated from the company. The board of this pension fund is required to act in the interest of the fund and of all relevant stakeholders in the scheme; the investment policy with regard to the assets of the fund is also the responsibility of the board.

In France, the plan is in addition to state plans. The company is legally required to pay lump sums to employees upon retirement. The amounts are based on the number of years of service in the company and on the base salary according to the collective bargaining agreement in force. The scheme covers all corporate employees within the company. In 2017 a change in definition of turnover rate resulted in a remeasurement result of € 24.6 million.

In the Netherlands the defined benefit pension plan is a closed pension plan (operated through an insurance company) and the net liability is basically the difference between the expected future surplus interest sharing that will flow to the Group and a yearly guarantee payment based on the pension obligation towards employees.

## breakdown of obligations for defined benefit pension plans

| | 2017 | 2016 |
|---|---|---|
| Present value of funded obligations | 317.1 | 211.6 |
| Present value of unfunded obligations | - | - |
| Total present value of obligations | 317.1 | 211.6 |
| Fair value of plan assets | (247.6) | (120.1) |
| Liability in the balance sheet | 69.5 | 91.5 |

## major categories of plan assets

as a % of fair value of total plan assets

| | 2017 | 2016 |
|---|---|---|
| Cash | 0.8% | 2.4% |
| Bonds | 33.5% | 35.1% |
| Equity instruments | 42.4% | 39.6% |
| Real estate | 7.9% | 7.9% |
| Other | 15.4% | 15.0% |
| | 100.0% | 100.0% |

The actual return on plan assets was € 5.8 million positive (2016: € 0.3 million negative).

## principal actuarial assumptions used for defined benefit pension plans

| | 2017 | 2016 |
|---|---|---|
| Discount rate | 0.5%-1.9% | 0.5%-1.9% |
| Expected salary increases | 0.0%-3.3% | 0.0%-3.3% |
| Expected pension increases | 0.0%-1.8% | 0.0%-1.8% |

## average life expectancy[1]

in years

| | 2017 | 2016 |
|---|---|---|
| Male | 19.8-22.5 | 18.4 - 22.5 |
| Female | 23.7-26.3 | 22.6 - 26.3 |

1 Average life expectancy of an individual retiring at the age of 65 on the balance sheet date.

The assumptions regarding future mortality are based on published statistics and mortality tables in each territory.

The Group expects the 2018 contributions to be paid for defined benefit plans to be approximately € 14.1 million (expectation 2017: € 12.8 million), excluding the impact of acquisitions and disposals.

### risks

The most significant risks related to defined benefit plans are related to:

- Asset volatility: if the plan assets underperform, the yield on (high-quality) corporate bonds, which is the base for setting the discount rate in calculating the plan liabilities, will create a deficit;
- Interest/yield volatility: a decrease will result in an increase in the net plan liabilities;
- Salary volatility: future (expected) salaries are being used in the calculation of the plan liabilities; higher than expected salary increases will result in higher liabilities;
- Life expectancy: in the calculation of the plan liabilities, mortality tables are being used, indicating the life expectancy of the participants. If life expectancy increases, the plan liabilities will also increase.

### sensitivity

With respect to the provision for pensions, a change in the interest rate of 1 percentage point, with all other variables held constant, would result in a deviation in the range of € 5 to € 6 million (2016: € 11 to € 15 million).

## 25.3 other post-employment benefits

Other post-employment benefit plans are defined benefit plans and follow the same accounting treatment as defined benefit pension plans. Independent actuaries calculate the defined benefit obligations based on factors such as age, years of service, and compensation (projected unit credit method). These plans mainly consist of state-driven plans in Italy and India, and post-employment health benefits in the USA.

Remeasurements of the obligation – comprising gains and losses arising from experience adjustments and changes in actuarial assumptions – are recognized in other comprehensive income.

## 25.4 other long-term employee benefits

In accordance with applicable legal requirements, the Group recognizes liabilities for several other long-term employee benefit plans, such as sickness- and long-term disability- related schemes and long-service leave plans. These liabilities are based on calculations made by independent actuaries based on factors such as age, years of service, expected sickness duration, and compensation (the 'projected unit credit method').

Remeasurement gains and losses related to these plans are recognized in personnel expenses and/or cost of services in the year in which they occur.

# 26 number of employees (average)

| | 2017 | 2016 |
|---|---|---|
| Candidates | 668,800 | 626,300 |
| Corporate employees | 37,930 | 32,280 |
| | 706,730 | 658,580 |

### number of employees by segment

| | Candidates | | Corporate employees | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| North America | 100,900 | 101,700 | 5,720 | 5,410 |
| Netherlands | 81,800 | 82,500 | 4,230 | 4,170 |
| France | 86,600 | 78,200 | 4,140 | 3,520 |
| Germany | 49,500 | 47,000 | 2,740 | 2,610 |
| Belgium & Luxembourg | 45,600 | 41,900 | 2,070 | 1,900 |
| Iberia | 68,400 | 63,200 | 2,030 | 1,870 |
| Italy | 47,400 | 30,400 | 2,090 | 1,680 |
| Other European countries | 66,600 | 62,800 | 3,810 | 3,640 |
| Rest of the world | 111,300 | 109,900 | 5,000 | 4,980 |
| Global businesses | 10,700 | 8,700 | 5,880 | 2,300 |
| Corporate | - | - | 220 | 200 |
| | 668,800 | 626,300 | 37,930 | 32,280 |

# 27 commitments

| | 2017 | 2016 |
|---|---|---|
| Commitments less than 1 year | 256.5 | 263.1 |
| Commitments more than 1 year, less than 5 years | 399.6 | 421.9 |
| Commitments more than 5 years | 62.9 | 93.0 |
| | 719.0 | 778.0 |

Commitments comprise, almost exclusively, lease contracts for branches and lease contracts for IT equipment and automobiles.

No guarantees have been issued other than those relating to commitments regarding rent and leases, and those relating to liabilities that are included in the balance sheet.

# 28 auditors' fees

The following auditors' fees were expensed in the income statement in the reporting period:

auditors' fees

| | 2017 | 2016 |
|---|---|---|
| Audit of the financial statements[1] | 3.2 | 3.0 |
| Audit of the financial statements of subsidiaries by other audit firms | 1.6 | 1.5 |
| Subtotal for audit of the financial statements[2] | 4.8 | 4.5 |
| Other audit procedures[3] | 0.2 | 0.1 |
| Tax and other services[3] | - | 0.3 |
| Total | 5.0 | 4.9 |

1 The fees listed above relate to the procedures applied to the company and its consolidated Group entities by Deloitte Accountants B.V. as the external auditor referred to in Section 1 (1) of the Dutch Accounting Firms Oversight Act (Wta) as well as by the Deloitte network (€ 0.8 million and € 2.4 million respectively (2016: € 0.8 million and € 2.2 million)).
2 Including the audit fees with respect to the local statutory financial statements.
3 The fees listed above relate to the procedures applied to the company and its consolidated Group entities by Deloitte Accountants B.V. as the external auditor referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Wta) (€ 0.1 million), as well as by the Deloitte network.

# 29 events after balance sheet date

On January 31, 2018 Monster Worldwide, Inc. announced that it has signed an agreement to sell its Asian Pacific businesses. The transaction was closed on February 8, 2018. The consideration received amounted to approximately € 10 million.

# company

# financial statements.

(before profit appropriation for ordinary shares)

## income statement

| in millions of € | note | 2017 | 2016 |
|---|---|---|---|
| Revenue | 2 | 289.2 | 249.8 |
| Gross profit | | 289.2 | 249.8 |
| Selling expenses | | 12.4 | 10.6 |
| General and administrative expenses | | 73.9 | 71.3 |
| Total operating expenses | | 86.3 | 81.9 |
| Operating profit / (loss) | | 202.9 | 167.9 |
| Finance income | | 54.4 | 45.9 |
| Finance expenses | | (152.2) | (134.5) |
| Net finance costs | | (97.8) | (88.6) |
| Income / (loss) before taxes | | 105.1 | 79.3 |
| Taxes on income | | (36.1) | (26.3) |
| Income from subsidiaries after taxes | 4 | 562.4 | 535.0 |
| Net income | | 631.4 | 588.0 |

# statement of financial position at december 31

| in millions of € | note | 2017 | 2016 |
|---|---|---|---|
| **assets** | | | |
| Software | 3 | 0.3 | 0.6 |
| Intangible assets | | 0.3 | 0.6 |
| Subsidiaries | 4 | 7,712.5 | 7,465.6 |
| Long-term loans receivable from subsidiaries | 5 | 518.8 | 806.9 |
| Financial fixed assets | | 8,231.3 | 8,272.5 |
| Non-current assets | | 8,231.6 | 8,273.1 |
| Receivables | 6 | 732.1 | 91.4 |
| Income tax receivable | | - | 14.2 |
| Cash and cash equivalents | | - | 15.9 |
| Current assets | | 732.1 | 121.5 |
| Total assets | | 8,963.7 | 8,394.6 |
| **equity and liabilities** | | | |
| Issued capital | | 25.9 | 25.8 |
| Share premium | | 2,284.3 | 2,270.7 |
| Legal reserves | | 100.9 | 257.8 |
| Other reserves | | 1,208.5 | 997.8 |
| Net income for the year | | 631.4 | 588.0 |
| Shareholders' equity | 7 | 4,251.0 | 4,140.1 |
| Non-current liabilities/borrowings | 8 | 2,009.2 | 2,298.2 |
| Borrowings | 8 | 1,111.3 | 252.4 |
| Trade and other payables | 9 | 1,575.6 | 1,703.9 |
| Income tax payable | | 16.6 | - |
| Current liabilities | | 2,703.5 | 1,956.3 |
| Total equity and liabilities | | 8,963.7 | 8,394.6 |

# notes to the company financial statements.

## 1 accounting policies for the company financial statements

The company financial statements of Randstad Holding nv are prepared in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code. The company has made use of the possibility based on Article 362, paragraph 8, Part 9, Book 2 of the Dutch Civil Code to prepare company financial statements based on the accounting policies used for the consolidated financial statements.

The subsidiaries are presented in accordance with the equity method.

Receivables are mainly receivables on subsidiaries. The accounting policy on trade and other receivables is included in note 3.2.1 of the notes to the consolidated financial statements.

A summary of the significant accounting policies and a summary of the critical accounting estimates, assumptions and judgments are given in note 2 and note 4 respectively of the notes to the consolidated financial statements.

## 2 revenue

Revenue comprises charges to subsidiary companies with regard to corporate expenses as well as royalty charges.

These (royalty) charges are based on a percentage of revenues of subsidiary companies.

## 3 software

### software

| | 2017 | 2016 |
|---|---|---|
| Balance at January 1 | 0.6 | 1.1 |
| Additions | 0.3 | - |
| Amortization | (0.6) | (0.5) |
| Balance at December 31 | 0.3 | 0.6 |
| Cost | 2.3 | 2.0 |
| Accumulated amortization and impairment | (2.0) | (1.4) |
| Balance at December 31 | 0.3 | 0.6 |

Additional information with respect to software is given in note 14 of the notes to the consolidated balance sheet.

## 4 subsidiaries

### subsidiaries

| | 2017 | 2016 |
|---|---|---|
| Balance at January 1 | 7,465.6 | 6,415.9 |
| Capital contributions | 4.7 | 765.1 |
| Dividend | (89.4) | (269.6) |
| Net income | 562.4 | 535.0 |
| Share-based compensations, subsidiaries | (20.1) | (9.7) |
| IAS 19 effects, subsidiaries | 17.6 | (6.5) |
| Fair value adjustment on equity investment | 0.8 | 0.3 |
| Disposal of non-controlling interest | - | (0.1) |
| Translation differences | (229.1) | 35.2 |
| Balance at December 31 | 7,712.5 | 7,465.6 |

See note 22.4 of the notes to the consolidated financial statements for an overview of the selected subsidiaries.

# 5 long-term loans receivable from subsidiaries

This mainly relates to various loans to subsidiaries that are issued with maturity dates from July 2018 to July 2019. The average interest on all loans is 4.4% (2016: 5.6%). The current part of loans to subsidiaries is included in receivables.

# 6 receivables

receivables

| | 2017 | 2016 |
|---|---|---|
| Receivables from subsidiaries | 128.2 | 85.0 |
| Current part of loans receivable from subsidiary | 600.0 | - |
| Other receivables | 3.9 | 6.4 |
| | 732.1 | 91.4 |

# 7 shareholders' equity

Additional information is given in the consolidated statement of changes in equity and in note 19 of the notes to the consolidated financial statements.

## 7.1 legal reserves

Based on Dutch law, a legal reserve needs to be established for currency translations, fair-value adjustments, and capitalized costs of development of software. The legal reserve cannot be used for dividend distribution and is therefore restricted in usage.

legal reserves

| | 2017 | 2016 |
|---|---|---|
| Translation reserve | 37.9 | 220.7 |
| Developed software | 61.3 | 36.2 |
| Fair value reserve | 1.7 | 0.9 |
| | 100.9 | 257.8 |

Movements during 2017 relate to translation losses and to the net balance of capitalization and amortization of software developed in-house.

## 7.2 other reserves

'Other reserves' includes a reserve with respect to share-based compensations to the amount of € 57.5 million (2016: € 54.2 million).

# 8 borrowings

borrowings

| | 2017 | 2016 |
|---|---|---|
| Non-current borrowings comprising drawings on the multi-currency syndicated revolving credit facility | 489.5 | 699.2 |
| Promissory note | 150.0 | - |
| Non-current borrowings, payable to subsidiaries | 1,369.7 | 1,599.0 |
| Non-current borrowings | 2,009.2 | 2,298.2 |
| Current borrowings | 521.3 | 252.4 |
| Current borrowings, payable to subsidiaries | 590.0 | - |
| Current borrowings | 1,111.3 | 252.4 |
| Total borrowings | 3,120.5 | 2,550.6 |

Total borrowings payable to subsidiaries consist of various loans amounting to € 1,959.7 million (2016: € 1,599 million), maturing from December 31, 2018 to April 6, 2027. The average interest rate on all loans is 5.3% (2016: 5.6%).

movements in non-current borrowings third parties

| | 2017 | 2016 |
|---|---|---|
| Balance at January 1 | 699.2 | 124.6 |
| (Repayments of) / drawings on syndicated loan | (145.2) | 552.9 |
| Issuance of promissory note | 150.0 | - |
| Amortization of transaction costs | 1.6 | 2.2 |
| Translation differences | (66.1) | 19.5 |
| Balance at December 31 | 639.5 | 699.2 |

Additional information with respect to borrowings is given in note 3.2 of the notes to the consolidated balance sheet.

# 9 trade and other payables

trade and other payables

| | 2017 | 2016 |
|---|---|---|
| Trade payables | 1.6 | 1.2 |
| Payables to subsidiaries | 1,557.6 | 1,686.6 |
| Other taxes and social security premiums | 1.7 | 1.4 |
| Wages, salaries and other personnel costs | 6.6 | 6.0 |
| Accruals and deferred income | 8.1 | 8.7 |
| Balance at December 31 | 1,575.6 | 1,703.9 |

# 10 number of employees (average)

In 2017, the company employed an average of 172 employees (2016: 160).

# 11 remuneration

See note 24 of the notes to the consolidated financial statements.

# 12 related parties

All companies within the Group are considered to be related parties. Also see notes 22, 23 and 24 of the notes to the consolidated financial statements.

# 13 guarantees and commitments

The company bears joint and several liability for drawings by subsidiaries under the multi-currency syndicated revolving credit facility and under bank overdraft and guarantee facilities, to the amount of € 648 million (2016: € 562 million).

As at December 31, 2017, guarantees issued on behalf of subsidiaries amounted to € 4.8 million (2016: € 7.4 million). Furthermore, in the normal course of business, the company provides financial support to its subsidiaries.

The company's commitments for the period shorter than one year amount to € 0.8 million (2016: € 0.7 million) and for the period between one and five years to € 0.7 million (2016: € 1.2 million) with respect to lease contracts for automobiles.

The company is part of fiscal unities for corporate income taxes, as well as for value-added taxes. As a consequence, the company bears joint and several liability for the debts with respect to corporate income taxes and value-added taxes of the fiscal unities. The company settles corporate income taxes, in principle, based on the results before taxes of the subsidiaries belonging to the fiscal unity.

The company has issued joint and several liability statements in accordance with Section 403, Part 9, Book 2 of the Dutch Civil Code for a limited number of its Dutch subsidiary companies, mainly serving as sub-holding companies.

# 14 auditors' fees

Information with respect to auditors' fees is given in note 28 of the notes to the consolidated financial statements.

Diemen, the Netherlands, February 12, 2018

The Executive Board

Jacques van den Broek, Chair
Robert Jan van de Kraats, Vice-Chair
François Béharel
Linda Galipeau
Chris Heutink

The Supervisory Board

Wout Dekker, Chair
Jaap Winter, Vice-Chair
Barbara Borra
Frank Dorjee
Henri Giscard d'Estaing
Giovanna Kampouri Monnas
Rudy Provoost

# other information.

## provisions in the articles of association concerning profit appropriation

The following is a summary of the most important stipulations of Article 28 of the Articles of Association concerning profit appropriation.

### subsection 1.

Any such amounts from the profits as will be fixed by the Executive Board with the approval of the Supervisory Board will be allocated to reserves. As far as possible, from the remaining profits (hereinafter also called the total profits):

A dividend will first be distributed to the holders of preference A shares on the amount paid on said shares, of which the percentage will be equal to the average of the statutory interest – in the event of a change in the meantime to the respective percentages – during the financial year for which the distribution is made. This percentage will be increased by a surcharge fixed by the Executive Board, subject to the approval of the Supervisory Board, amounting to a maximum of three percent (3%). If, in any year, the profit distribution on preference A shares cannot be made or can only be made partially, the overdue dividend on the shares will be distributed in the subsequent years before any other dividend distribution is made.

A dividend will subsequently be distributed per series to holders of preference B shares (equal to the basic percentage to be mentioned under b.2) of the sum of the nominal amount and the amount in share premium which was paid upon the first issue of the shares of said series, which percentage will be increased upon said issue by a surcharge, fixed by the Executive Board, subject to approval of the Supervisory Board, of a maximum of one hundred and seventy-five (175) base points. If the share premium reserve has not shown the same balance for the whole financial year, the dividend shall be calculated on the time-weighted average balance for that financial year.

The basic percentage referred to under b.1 will be the arithmetic average of the effective yield on the government bonds issued by the Kingdom of the Netherlands with a term or remaining term of six to seven years. For the first time on the date that the preference B shares (of a series) have been outstanding for seven years, and subsequently each period of seven years after this, the basic percentage of the preference B shares (of the series concerned) will be adjusted to the yield then effective of the state loans referred to in the above-mentioned provisions.

A dividend will be distributed per series of preference C shares to holders thereof equal to the basic percentage mentioned under b.4 increased with the increment mentioned under b.4 calculated over the sum of the nominal amount increased by the daily time weighted average over the relevant financial year of the sum of the share premium amount and the preference C shares dividend reserve of said series. Notwithstanding the preceding sentence the dividend on the preference C shares for the period until the eighteenth day of November two thousand and nineteen will be five hundred eighty (580) basis points.

For the first time on the eighteenth day of November two thousand nineteen and subsequently each period of seven years after this, the basic percentage of the preference C shares (of the series concerned) will be adjusted to the average effective return on Dutch government bonds with a (remaining) life of seven years.

The increment is to be determined by the Executive Board with the approval of the Supervisory Board with a minimum of fifty (50) basis points and a maximum of six hundred and fifty (650) basis points, depending on the market circumstances (as a function of, among other things, illiquidity, perpetuality, creditworthiness, subordination and tax treatment) at that time and is subject to the approval of the meeting of shareholders of the preference C shares or series concerned, which approval requires unanimous votes of the holders of the preference C shares present or represented at such meeting.

The Executive Board is authorized, subject to the approval of the Supervisory Board, to resolve that dividend on the preference B shares or on the preference C shares of any series shall not be distributed but reserved instead in order to be distributed at a later date following a resolution to this effect by the Executive Board, subject to the approval of the Supervisory Board. When it is resolved that dividend on the preference B shares shall not be distributed but reserved then it shall also be resolved that dividend on the preference C shares shall not be distributed but reserved and vice versa.

If and insofar as the profit is not sufficient to fully make the distribution referred to hereinbefore on preference B shares and on preference C shares, the Executive Board may resolve, subject to the approval of the Supervisory Board, to make these distributions from the freely distributable reserves, with the exception of the share premium reserves referred to in Article 4, paragraph 4 under b and c, preference A shares dividend reserves, preference B shares dividend reserves and preference C shares dividend reserves.

If and insofar as in any financial year no distribution can be made, or it is resolved not to make a distribution on preference B shares, from the profit realized in the subsequent years after allocation to reserves and reduction of the amounts accruing to holders of preference A shares in accordance with the provisions in paragraph 1 subparagraph a of Article 28, following a resolution to that effect by the Executive Board, subject to the approval of the Supervisory Board, such distribution will be made to the holders of said preference shares or reserved that the deficit will have been fully made good before the provisions laid down hereinbefore can be applied.

If and insofar as in any financial year no distribution can be made, or it is resolved not to make a distribution on preference C shares, from the profit realized in the subsequent years after allocation to reserves and reduction of the amounts accruing to holders of preference A shares in accordance with the provisions in paragraph 1 subparagraph a of Article 28, following a resolution to that effect by the Executive Board subject to the approval of the Supervisory Board, such distribution will be made to the holders of said preference shares or reserved as such that the deficit will have been fully made good before the provisions laid down hereinbefore can be applied. Such deficit will be increased with the percentage referred to in paragraph 1 under b.3 or under b.4 of this Article 28 calculated over the period the deficit occurred and the moment the deficit has been made good.

If preference B shares or preference C shares have been issued in the course of any financial year, the dividend on the shares concerned for said financial year will be reduced proportionately until the first day of issue.

## subsection 2.
The balance then remaining will be available to the General Meeting, subject to the proviso that (i) no distribution will be made as long as not all the profit distributions on the preference shares have been made and the reserves are distributed on the preference shares as referred to in this Article 28 and (ii) no further distribution will be made on preference shares, nor will any amounts be reserved for this purpose.

## subsection 3.
The company may only make distributions to shareholders from the profit susceptible to distribution insofar as its common equity exceeds the amount of the paid and claimed part of the capital increased by the reserves to be kept by virtue of the law.

## subsection 4.
Subject to the approval of the Supervisory Board, the Executive Board may pass a resolution for distribution of an interim dividend, to be deducted from the dividend expected for the financial year concerned, if the requirement of the preceding paragraph has been fulfilled, as will be evident from an interim specification of equity and all the distributions on preference B shares and preference C shares have been made. Said specification of equity will relate to the position of the equity at the earliest on the first day of the third month prior to the month in which the resolution for distribution will be announced. It will be drawn up with due observance of the valuation methods deemed acceptable in society. The specification of equity will include the amounts to be allocated to the reserves by virtue of the law. It will be signed by the members of the Executive Board. In the event that the signature(s) of one or more of them should be lacking, the reason thereof will be stated. The company will deposit the specification of equity at the office of the Trade Register within eight days after the date on which the resolution for distribution will be announced. A resolution for distribution of an interim dividend may be limited to a distribution of an interim dividend exclusively to shareholders of a particular class, without prejudice to the rights of shareholders of other classes.

## subsection 5.

Resolutions for the complete or partial cancellation of reserves as stated in paragraph 1 of this Article may only be passed by the General Meeting on a proposal of the Executive Board approved by the Supervisory Board, with the exception of resolutions in respect of: (i) distributions from reserved dividend on preference B shares and on preference C shares, which shall be resolved upon by the Executive Board subject to the approval of the Supervisory Board; and (ii) annual distributions of twenty per cent (20%) of the preference C shares share premium reserve on preference C shares, which may be increased with an additional amount at the expense of the general reserves, such amount as to be determined at the time of issuance, which distributions may be resolved upon by the Executive Board, subject to the approval of the Supervisory Board, once the preference C shares (of a series) have been outstanding for four years. If in any financial year a distribution as referred to under (ii) does not occur or does not wholly occur, such distribution may take place in a subsequent year, provided that in any financial year not more than thirty percent (30%) may be distributed. When it is resolved that distributions shall be made from the preference B shares dividend reserve then it shall also be resolved that distributions shall be made from the preference C shares dividend reserve and vice versa.

Resolutions of the General Meeting for the complete or partial cancellation of a share premium reserve will require the prior approval of the meeting of holders of shares of the class and series concerned, without prejudice to the provisions in Article 4, paragraph 5, under b.1. Only holders of ordinary shares will be entitled to distributions deducted from allocations to reserves other than those mentioned in the preceding sentence. However, without prejudice to the amounts that would accrue to holders of preference B shares or holders of preference C shares, in accordance with the provisions in Article 28, paragraph 1b.4. and Article 34, paragraph 4.6., resolutions for the complete or partial cancellation of reserves as stated in paragraph 1 of this Article may only be passed by the General Meeting on a proposal of the Executive Board approved by the Supervisory Board, with the exception of distributions from reserved dividend on preference B shares, which shall be resolved upon by the Executive Board subject to the approval of the Supervisory Board. Resolutions of the General Meeting for the complete or partial cancellation of a share premium reserve as stated in Article 4, paragraph 4.b. will require the prior approval of the meeting of holders of shares of the class and series concerned, without prejudice to the provisions in Article 4, paragraph 5, under b.1. Only holders of ordinary shares will be entitled to distributions deducted from allocations to reserves other than those mentioned in the preceding sentence. However, without prejudice to the amounts that would accrue to holders of preference B shares in accordance with the provisions in Article 28, paragraph 1b.4. and Article 34, paragraph 4.

Article 29 of the Articles of Association concerning payment in shares or from the reserves states:

1. The General Meeting may, at the proposal of the Executive Board and with the approval of the Supervisory Board, decide to distribute a dividend on ordinary shares in whole or in part in shares of the company and not in cash.
2. The General Meeting may decide to make a distribution on ordinary shares, in whole or in part, in shares of the company and not in cash.
3. The General Meeting may, at the proposal of the Executive Board and with the approval of the Supervisory Board, decide to make a distribution to holders of ordinary shares from the distributable part of the shareholders' equity. The provisions in paragraph 1 of this article will apply mutatis mutandis. Distribution as meant in the present paragraph 3 will only apply if all the amounts owed by virtue of Article 28, paragraph 1 have been paid.
4. In the event of a merger of a Subsidiary of the company, the General Meeting will have the authority to issue shares from one or more of the company's reserves, which do not need to be retained pursuant to the law or these Articles of Association.

# independent auditor's report

To the shareholders and Supervisory Board of Randstad Holding nv

## report on the audit of the financial statements 2017 included in the annual report

### our opinion

We have audited the accompanying financial statements 2017 of Randstad Holding nv, based in Diemen. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Randstad Holding nv as at 31 December 2017, and of its result and its cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

- The accompanying company financial statements give a true and fair view of the financial position of Randstad Holding nv as at 31 December 2017, and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2017.

2. The following statements for 2017: the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.

3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The statement of financial position as at 31 December 2017.

2. The income statement for 2017.

3. The notes comprising a summary of the accounting policies and other explanatory information.

### basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Randstad Holding nv in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 50 million. The materiality is based on 6% of Income before taxes. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

In the previous year materiality was determined for the financial statements as a whole at € 30 million, based on 4% of Income before taxes. Generally, when using Income before taxes as a benchmark, a percentage is applied towards the lower end in the range of 5% to 10%. In the first two years, we worked with a reduced materiality level as we had been recently appointed. As this is our third year, we believe that current materiality level reflects what is considered important for the users of the financial statements and reflects the level of activity of the company.

Audits of the Group entities (components) were performed using materiality levels determined by the judgment of the group engagement team, taking into account the materiality of the financial statements as a whole and the reporting structure within the Group. Component materiality did not exceed € 30 million.

We agreed with the Supervisory Board that misstatements in excess of € 2.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

## scope of the group audit

Randstad Holding nv is at the head of a group of entities. The financial information of this Group is included in the consolidated financial statements of Randstad Holding nv.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the Group entities by the group engagement team and by component auditors from other Deloitte firms. The newly acquired company Ausy and Monster Worldwide, which was acquired in prior year, were included in the audit scope and were audited by other (non-Deloitte) audit firms. We directed and supervised their work as part of the group audit.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those Group entities so as to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. For each Group entity we determined whether we required an audit of their complete financial information or whether other procedures would be sufficient. The following Group entities were subject to a full scope audit: the United States, France, the Netherlands, Germany, Belgium, Italy, Spain, United Kingdom, Sweden, Japan, Australia, India, Monster Worldwide, and the Ausy Group. These Group entities were selected because of their financial significance to the Group’s revenue or assets. In line with prior years, the group engagement team visited components in several key locations.

In addition, we performed review procedures or specific audit procedures at other Group entities.

### audit coverage

| | |
|---|---|
| Audit coverage of consolidated revenues | 89% |
| Audit coverage of consolidated assets | 87% |

The group consolidation, financial statement disclosures and certain centrally managed subjects were audited by the group engagement team at the head office. These subjects include amongst others the annual goodwill impairment test, purchase price allocation for acquisitions and the valuation of deferred tax assets.

By performing the procedures mentioned above at Group entities, together with additional procedures at Group level, we have been able to obtain sufficient and appropriate audit evidence about the Group's financial information to provide an opinion about the consolidated financial statements.

## our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| key audit matter | how the key audit matter was addressed in the audit |
|---|---|
| **revenue** | |
| **description**<br>The company's revenue for the year 2017 amounts to € 23,272.8 million. In recent years, the composition of the revenue started to change due to Randstad's strategic focus on digitalization and professionals, which is amongst others reflected in the acquisition of Monster Worldwide in 2016 and Ausy Group in 2017.<br><br>Due to this trend we have considered revenue recognition a key audit matter.<br><br>Due to differences in nature of businesses, internal processes, size of components, internal control environment and complexity within the Group, we tailored our audit approach regarding revenue per component. At each component level, revenue recognition is assessed and pinpointed to the risks of material misstatement which have largely been linked to management estimates and manual adjustments. The company's disclosures concerning revenue are included in note 4.4 to the consolidated financial statements. | **our response**<br>Together with our component auditors, we updated our understanding of the different revenue streams, internal processes and internal control environments within the group as input for the risk assessment. We identified the relevant key controls (including IT related controls) to the extent necessary within the scope of the audit of the financial statements. Where deemed effective and efficient we have tested the operating effectiveness of these key controls. Where deficiencies were identified, the compensating controls and remediation measures of the company were evaluated and focused procedures were carried out. If needed we performed additional substantive procedures in order to appropriately address the risks.<br><br>In addition to control testing, we have performed substantive audit procedures including test of details and substantive analytical procedures on sales transactions. These procedures included tests to assess revenue transactions during the year and after balance sheet date. We analyzed differences between hours written, billed and paid of temporary workers to address completeness of revenue. Furthermore, we tested manual journal entries posted to revenue in order to ensure that these entries were appropriate.<br><br>The scope and nature of the procedures performed were appropriate and sufficient to address the risks of material misstatement of different revenues. |
| **valuation of deferred tax assets** | |
| **description**<br>The company's deferred tax assets as at December 31, 2017 are valued at € 437.9 million. Under EU-IFRS, the company is required to periodically determine the valuation of deferred tax positions. This area was significant to our audit because of the related complexity of the valuation process which involves significant management judgment. The key judgement areas include expected future market and economic conditions and applicable tax laws and regulations. The company's disclosures concerning income taxes are included in note 4.3 to the consolidated financial statements. | **our response**<br>Our audit procedures included obtaining an understanding of management's process for recognizing and measuring deferred tax assets and testing relevant controls. Our audit procedures mainly comprised of substantive audit procedures and focused on assessing the recoverability of deferred tax assets. We assessed the consistency of management's profitability forecasts with those included in the annual goodwill impairment test. We also assessed relevant tax developments with a particular focus on key assumptions underlying the valuation of the deferred tax assets such as changes in the statutory income tax rate (amongst others the US tax reform) and statutes of limitation. We involved tax specialists to assist us in evaluating the assumptions and methodologies used by the company. We also assessed the adequacy of the company's disclosures on deferred tax positions and assumptions used.<br><br>We paid specific attention to the deferred tax assets of the USA, Luxembourg, and France in view of their significance and the level of management judgment involved. Our audit procedures are deemed appropriate and sufficient to address the risks of material misstatement. |

| key audit matter | how the key audit matter was addressed in the audit |
|---|---|
| **valuation of goodwill** | |
| **description**<br>At December 31, 2017 the company's goodwill carrying balance is € 3,077.3 million. Under EU-IFRS, the company is required to annually perform an impairment test of goodwill. This annual impairment test was significant to our audit because the assessment process involves significant management judgment and is based on assumptions that are affected by expected future market and economic conditions. Management concluded that no goodwill impairment was needed. The key assumptions and sensitivities are disclosed in note 4.1 to the consolidated financial statements.<br><br>Due to the significance of the goodwill balance and its dependence on management judgement, we considered goodwill a key audit matter. We have pinpointed the risk to those areas that are particularly sensitive to changes in assumptions. | **our response**<br>Our audit procedures include obtaining an understanding of management's annual impairment test including relevant controls. Our audit procedures mainly comprised of substantive audit procedures. We involved our valuation experts to assist us in evaluating the assumptions and methodologies used in the annual impairment test prepared by the company. We challenged management's assumptions that were most sensitive including projected revenue growth, EBITA margin, discount rate and perpetual growth. These procedures included corroborating management's judgements by comparing the assumptions to historic performance, analyst reports, local economic development and industry outlook. We assessed the sensitivity of changes to the respective assumptions on the outcome of the goodwill impairment calculations. We also assessed the adequacy of the company's related disclosures in note 4.1 to the consolidated financial statements.<br><br>As part of our audit procedures we have paid specific attention to cash generating units that are most sensitive to changes in assumptions and determined that the disclosure in note 4.1 adequately reflects such sensitivity, which is mainly related to projected revenue growth, EBITA and discount rates. |

Compared to previous year the audit of business combinations is no longer considered a key audit matter due to the fact that entities acquired in 2017 (Ausy, BMC, Sageco and eSolve) are financially less significant compared to the entities acquired in 2016 (Proffice, Twago, Obiettivo Lavoro, Careo and Monster).

## report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Management Report
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code
- Other information as included in the annual report

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## report on other legal and regulatory requirements

### engagement
We were appointed by the general meeting as auditor of Randstad Holding nv on April 3, 2014 as of the audit for year 2015 and have operated as statutory auditor ever since that date.

### no prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

## description of responsibilities regarding the financial statements

### responsibilities of management and the supervisory board for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

## our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management’s use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events 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. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for Group entities. Decisive were the size and/or the risk profile of the Group entities or operations. On this basis, we selected Group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Executive and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 12 February 2018

Deloitte Accountants B.V.

B.E. Savert

# supplementary information.

# ten years of randstad (1).

| amounts in millions of €, unless stated otherwise | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Revenue | 23,272.8 | 20,684.1 | 19,219.2 | 17,249.8 | 16,568.3 |
| Growth % | 12.5% | 7.6% | 11.4% | 4.1% | (3.0)% |
| Gross profit[1] | 4,705.5 | 3,934.2 | 3,594.5 | 3,177.6 | 3,010.0 |
| EBITDA[1] | 1,080.6 | 966.1 | 896.7 | 725.9 | 597.9 |
| EBITA[1] | 993.7 | 892.0 | 832.0 | 660.7 | 529.7 |
| Operating profit/(loss)[1] | 859.7 | 790.6 | 704.7 | 515.3 | 366.3 |
| Net income | 631.4 | 588.2 | 518.8 | 340.1 | 230.7 |
| Growth % | 7.3% | 13.4% | 52.5% | 47.4% | 528.6% |
| | | | | | |
| Net cash flow from operations | 688.1 | 559.7 | 565.6 | 557.5 | 340.7 |
| Free cash flow | 585.6 | 464.6 | 498.8 | 487.7 | 292.9 |
| | | | | | |
| Depreciation, amortization and impairment of property, plant, equipment, and software | 86.9 | 74.1 | 64.7 | 65.2 | 68.2 |
| Additions to property, plant, equipment, and software | 107.3 | 97.2 | 67.2 | 65.7 | 61.5 |
| Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill | 134.0 | 101.4 | 127.3 | 145.4 | 163.4 |
| | | | | | |
| Shareholders' equity | 4,251.0 | 4,140.1 | 3,861.7 | 3,313.1 | 2,907.8 |
| (Net debt) / net cash | (1,025.7) | (793.4) | (173.2) | (422.0) | (761.0) |
| Operating working capital[2] | 889.4 | 712.1 | 621.4 | 487.7 | 459.5 |
| | | | | | |
| Average number of candidates | 668,800 | 626,300 | 597,400 | 580,300 | 567,700 |
| Average number of corporate employees | 37,930 | 32,280 | 29,750 | 28,720 | 28,030 |
| Number of branches, year-end | 2,900 | 2,974 | 2,750 | 2,816 | 3,161 |
| Number of inhouse locations, year-end | 1,958 | 1,778 | 1,723 | 1,595 | 1,426 |
| | | | | | |
| Market capitalization, year-end | 9,390.4 | 9,431.2 | 10,529.1 | 7,215.2 | 8,366.0 |
| Number of ordinary shares outstanding (average in millions) | 183.1 | 182.7 | 181.7 | 178.9 | 175.5 |
| Closing price (in €) | 51.24 | 51.53 | 57.53 | 40.06 | 47.15 |
| | | | | | |
| Ratios in % of revenue | | | | | |
| Gross profit[1] | 20.2% | 19.0% | 18.7% | 18.4% | 18.2% |
| EBITDA[1] | 4.6% | 4.7% | 4.7% | 4.2% | 3.6% |
| EBITA[1] | 4.3% | 4.3% | 4.3% | 3.8% | 3.2% |
| Operating profit[1] | 3.7% | 3.8% | 3.7% | 3.0% | 2.2% |
| Net income | 2.7% | 2.8% | 2.7% | 2.0% | 1.4% |
| | | | | | |
| Basic earnings per ordinary share (€) | 3.38 | 3.15 | 2.79 | 1.83 | 1.25 |
| Diluted earnings per ordinary share (€) | 3.36 | 3.13 | 2.76 | 1.81 | 1.23 |
| Diluted earnings per ordinary share before amortization and impairment of acquisition-related intangible assets and goodwill (€) | 3.85 | 3.52 | 3.23 | 2.35 | 1.87 |
| Dividend per ordinary share (€) | 2.76 | 1.89 | 1.68 | 1.29 | 0.95 |
| Payout per ordinary share in % | 67% | 50% | 50% | 50% | 45% |

1 The results as presented in this overview are actual results. As such, they have not been adjusted for one-offs, integration costs or acquisition-related costs.
2 Operating working capital (as from 2014): trade and other receivables minus the current part of financial fixed assets, deferred receipts from disposed Group companies, and interest receivable minus trade and other payables, excluding interest payable. Comparative figure for 2013 is adjusted; all other years are not adjusted.

# ten years of randstad (2).

| amounts in millions of €, unless stated otherwise | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| Revenue | 17,086.8 | 16,224.9 | 14,179.3 | 12,399.9 | 14,038.4 |
| Growth % | 5.3% | 14.4% | 14.4% | (11.7)% | 52.6% |
| Gross profit[1] | 3,107.3 | 2,953.9 | 2,669.3 | 2,421.3 | 2,972.3 |
| EBITDA[1] | 547.7 | 633.6 | 598.9 | 346.0 | 744.0 |
| EBITA[1] | 463.6 | 553.1 | 513.6 | 252.4 | 644.0 |
| Operating profit/(loss)[1] | 127.6 | 249.7 | 341.2 | 93.8 | (34.7) |
| Net income[2] | 36.7 | 179.0 | 288.5 | 67.6 | 18.4 |
| Growth % | (79.5)% | (38.0)% | 326.8% | 267.4% | (95.2)% |
| | | | | | |
| Net cash flow from operations | 528.6 | 519.5 | 369.2 | 742.7 | 760.1 |
| Free cash flow | 466.5 | 435.2 | 309.3 | 698.1 | 672.7 |
| | | | | | |
| Depreciation, amortization and impairment of property, plant, equipment, and software | 84.1 | 80.5 | 85.3 | 93.6 | 100.0 |
| Additions to property, plant, equipment, and software | 63.5 | 85.5 | 60.7 | 48.5 | 92.0 |
| Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill | 336.0 | 303.4 | 172.4 | 158.6 | 678.7 |
| | | | | | |
| Shareholders' equity | 2,724.9 | 2,898.4 | 2,850.8 | 2,491.0 | 2,416.9 |
| (Net debt) / net cash | (1,095.7) | (1,302.6) | (899.3) | (1,014.7) | (1,641.0) |
| Operating working capital[3] | 527.6 | 631.6 | 525.5 | 395.2 | 711.5 |
| | | | | | |
| Average number of candidates | 581,700 | 576,800 | 521,300 | 465,600 | 555,600 |
| Average number of corporate employees | 29,320 | 28,700 | 25,680 | 27,640 | 28,230 |
| Number of branches, year-end | 3,191 | 3,566 | 3,085 | 3,182 | 4,146 |
| Number of inhouse locations, year-end | 1,305 | 1,145 | 1,110 | 947 | 1,087 |
| | | | | | |
| Market capitalization, year-end | 4,785.3 | 3,907.9 | 6,716.9 | 5,917.6 | 2,466.9 |
| Number of ordinary shares outstanding (average in millions) | 171.9 | 170.8 | 169.9 | 169.6 | 148.6 |
| Closing price (in €) | 27.81 | 22.86 | 39.50 | 34.90 | 14.55 |
| | | | | | |
| Ratios in % of revenue | | | | | |
| Gross profit[1] | 18.2% | 18.2% | 18.8% | 19.5% | 21.2% |
| EBITDA[1] | 3.2% | 3.9% | 4.2% | 2.8% | 5.3% |
| EBITA[1] | 2.7% | 3.4% | 3.6% | 2.0% | 4.6% |
| Operating profit[1] | 0.7% | 1.5% | 2.4% | 0.8% | (0.2)% |
| Net income | 0.2% | 1.1% | 2.0% | 0.5% | 0.1% |
| | | | | | |
| Basic earnings per ordinary share (€) | 0.17 | 1.00 | 1.65 | 0.36 | 0.07 |
| Diluted earnings per ordinary share (€) | 0.17 | 1.00 | 1.63 | 0.36 | 0.07 |
| Diluted earnings per ordinary share before amortization and impairment of acquisition-related intangible assets and goodwill (€) | 1.73 | 2.42 | 2.32 | 0.99 | 4.38 |
| Dividend per ordinary share (€) | 1.25 | 1.25 | 1.18 | - | - |
| Payout per ordinary share in % | 59% | 53% | 60% | - | - |

1 The results as presented in this overview are actual results. As such, they have not been adjusted for one-offs, integration costs or acquisition-related costs.
2 For the year 2007, net income includes dividend on preferred shares as financial expenses under net finance costs.
3 Operating working capital (as from 2014): trade and other receivables minus the current part of financial fixed assets, deferred receipts from disposed Group companies, and interest receivable minus trade and other payables, excluding interest payable. Comparative figure for 2013 is adjusted; all other years are not adjusted.

# glossary.

## operational glossary

### activity-based field steering
Our activity-based field steering (ABFS) model is used to manage and direct performance across our businesses. By embedding operational performance tools at every level of our organization, the input-based ABFS model helps operational managers to take the right decisions, at the right time, and translate them into action. Managers receive up-to-date, accurate reports on a weekly basis, covering a range of key performance indicators. These data enable us to manage our units and teams in the field by adapting to changing client and market demands as they occur.

### agency work
Agency work is a special form of temporary work, where generally the employer does not hire the employee directly on a contract with a limited duration, but through a private employment agency. The employee is mostly hired directly by the employment agency, mostly on a temporary basis, but sometimes on a permanent contract. During the contract period, the employee can be assigned to different user companies.

### blue-collar
Within Staffing, we typically divide the market into blue-collar and white-collar work. The distinguishing factor is difference in skill sets. Blue-collar is predominantly geared towards industrial and technical job profiles.

### branches
Branches are physical office locations from which our consultants operate.

### candidate
Another term for the people we help to find work at our clients (temporary and permanent employees).

### candidates/staffing employees working
The number of temporary employees currently working for our clients.

### concepts
Our concepts represent the services we offer to our clients. We standardize the working processes per concept in order to easily 'copy and paste' them across our operations around the world.

### consultant
A consultant is a front-office employee who is located at one of our outlets (i.e., branch or Inhouse location), directly meeting the demands of clients and candidates.

### digital factory
The Digital Factory is responsible for the global digitalization of Randstad. Their role is to stimulate and support relevant internal digital initiatives in the HR Tech arena, to develop new concepts and implement them globally, and to scale up innovations within Randstad and for its stakeholders.

### FTE
Full-time equivalent.

### inhouse location
An Inhouse location is a branch that is located at a client's premises, where our consultants work on-site dedicated to that specific client.

### managed services provider (MSP)
An MSP is a company that takes on primary responsibility for managing an organization's contingent workforce program. An MSP may or may not be independent of a staffing supplier.

### outlets
Outlets are branches and Inhouse locations combined.

### outplacement
Within outplacement, we advise and support organizations in situations in which employment contracts need to be terminated because of a strategic decision or for other reasons. We assist employees in their search for a suitable new job to make the transition as smooth as possible.

### outsourcing
Outsourcing is the sustainable transfer of several client activities with output responsibility both in the production/logistics and in the administrative environment.

### penetration rate
The penetration rate is the percentage of temporary workers in the total working population.

### permanent placement
Apart from attracting candidates for temporary jobs, we also service clients by recruiting candidates for permanent positions. The process involved is referred to as permanent placement.

### professionals
Professionals is the service we offer to our clients where we offer a broad and deep range of candidates with an academic or equivalent degree on a temporary or interim basis, as well as on a permanent placement basis through Search & Selection.

### recruitment
The process of hiring candidates for permanent positions.

### recruitment process outsourcing (RPO)
RPO is the transfer of operational responsibility for one or more recruiting functions or tasks, including recruitment administration, from the client to a service provider.

### specialties
Specialties are the specific market segments that dedicated units in our Staffing business focus on, such as healthcare, transport, airports, and contact centers. The knowledge, experience, and expertise we gain by focusing on these specialties translate into added value for clients and candidates.

### staffing
A service we offer to our clients that involves matching candidates with temporary positions at our clients.

### temporary work
Compared to part-time work, temporary work is an even more flexible form of labor. This includes both agency workers and limited-duration contract workers.

### two-tier board structure
A governance structure in which the board is split between an Executive Board and a Supervisory Board. The Executive Board is responsible for developing, driving, executing, and achieving the approved strategy and strategic targets, while the Supervisory Board acts in the interest of the company by supervising and advising the Executive Board.

### vendor management system
A VMS is an internet-enabled contingent worker sourcing and billing application that enables a company to procure and manage a wide range of contingent workers and services in accordance with client business rules.

### white-collar
Within Staffing, we typically divide the market into blue-collar and white-collar work. The distinguishing factor is difference in skill sets. White-collar is predominantly geared towards administrative job profiles.

## sustainability glossary

### fatality
An incident causing the death of a corporate employee or candidate at work, in traffic, while working, or while commuting.

### fixed-term contract
An employment contract with a particular end date, meaning that the contract ends after a certain event or on the completion of a task.

### lost time injury (LTI)
Days off work due to work-related injury, based on actual working days. Injury rate calculation: number of workings days lost divided by (average FTE x available days).

### misconduct reporting procedure
Grievance mechanism; a facility operated by an independent external provider, where serious breaches of the Randstad business principles can be reported if the regular avenues are inappropriate.

### OECD
The mission of the Organisation for Economic Co-operation and Development (OECD) is to promote policies that will improve the economic and social well-being of people around the world.

### permanent or open-term contract
An employment contract for an indefinite period of time; this metric includes employees with a permanent or open-term job but without an official contract, which is often the case in the US, for example.

### sickness rate
Includes both short-term and long-term sickness. Generally excludes absence due to work-related accidents and pregnancy leave, unless local authorities use a different definition.

### sustainable development goals (SDG)
In September 2015, the UN launched the 17 Sustainable Development Goals. Countries adopted these goals to end poverty, protect the planet, and ensure prosperity for all by 2030.

### training costs
Total expenditure on training of candidates or employees. In addition to external costs of training, an estimate is made of the salary costs of internal trainers.

### training hours
Number of hours spent on training of candidates or employees. Training of employees excludes attendance at the Frits Goldschmeding Academy, which is reported separately.

### volunteer hours
The number of hours actually worked by the volunteer(s) or: number of months of placement x 4 weeks x 36 hours; for short-term volunteers: number of weeks x 36 hours.

### VSO volunteers
Number of employees (headcount) working on an indefinite contract with an operating entity, who have provided support to VSO (e.g., HR/finance/marketing/legal or strategic advice, fundraisers) either in their home country or at a VSO office (e.g., in the UK or the Netherlands), or on an assignment in Africa or Asia.

### work-related injuries
Accidents during working hours, whether on work premises or while traveling as part of work duties, causing candidates or employees to be injured on a scheduled workday or normal work shift, resulting in days off work.

### world employment confederation (europe)
Our worldwide/European industry federation that strives for well-regulated working conditions for corporate employees and candidates.

## financial glossary

### amortization (and impairment) of acquisition-related intangible assets
Upon acquisitions, Randstad identifies intangible assets, such as customer relationships, brand names, and candidate databases. On average, these acquisition-related intangible assets are amortized over 1 to10 years, leading to an annual non-cash amortization charge, which is included in operating profit.

### capital expenditures
Part of cash flow from investing activities. Amounts incurred for investments in property, plant and equipment (e.g., furniture, computer hardware), and software.

### cash flow from operating activities
EBITDA adjusted for changes in working capital, taxes on income, movements in other balance sheet positions, such as provisions, and certain other non-cash items.

### closing price
Share price of Randstad at the end of a given trading day on Euronext, where an ordinary share of Randstad is listed.

### cost of services
Expenses which are directly attributable to revenue. These costs mainly include expenses related to staffing employees, such as wages, social security charges, and taxes.

### diluted earnings per ordinary share
Diluted earnings per ordinary share are calculated by adjusting the weighted average number of ordinary shares outstanding, assuming conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares arise from various share-based payment arrangements.

### dividend on ordinary shares
Part of net income attributable to holders of ordinary shares that will be distributed to holders of ordinary shares.

### DSO (days sales outstanding, moving average)
The DSO represents the number of days before we are able to convert sales into cash (received from our client). In the Annual Report, we use the moving average of the monthly DSO.

### EBITA
Earnings Before Interest, Taxes and Amortization (and impairment of acquisition-related intangible assets and goodwill). It is basically the same as operating profit adjusted for amortization charges on acquisition-related intangible assets. This is the key performance indicator when looking at the profitability of our business.

### EBITA margin
EBITA as percentage of revenue.

### EBITDA
Earnings Before Interest, Taxes, Depreciation of property, plant and equipment and Amortization of software.

### economic value added (EVA)
A financial performance method to calculate the true economic profit of a corporation. EVA can be calculated as net operating profit after taxes minus a charge for the opportunity cost of the capital invested.

### enterprise value
Market capitalization plus net debt.

### EPS (earnings per share)
Net income attributable to holders of ordinary shares divided by the weighted average number of ordinary shares outstanding.

### free cash flow (FCF)
Free cash flow is the sum of net cash flow from operating activities and investing activities adjusted for cash flows for acquisitions and disposals of subsidiaries, equity investments and associates.

### gross margin
Gross profit as percentage of revenue.

### gross profit
Revenue minus cost of services.

### IFRS
International Financial Reporting Standards.

### incremental conversion ratio (ICR)
Additional EBITA in a year, when compared with the previous year, as a percentage of additional gross profit in a year, when compared with the previous year, based on organic growth. We aim for an incremental conversion ratio of 50%, if gross profit growth has been achieved.

### leverage ratio
Net debt divided by 12-month EBITDA. We aim at a leverage ratio of between 0 and 2x EBITDA, which is important for continuity. The syndicated loan documentation allows us a leverage ratio of 3.5x EBITDA.

### market capitalization
Total shares outstanding multiplied by the share price of Randstad.

### net debt
Cash and cash equivalents minus current borrowings and non-current borrowings.

### net finance costs
Net finance costs include net interest expenses in relation to our net debt position, foreign currency exchange results, net interest expenses due to passage of time, and other items.

### net income
Operating profit minus net finance costs, share of profit (or loss) of associates, and taxes on income.

### net income attributable to holders of ordinary shares
Net income adjusted for the dividend on preferred shares, as well as for results of non-controlling interests.

### operating expenses
Operating expenses comprise personnel and accommodation expenses in relation to the activities at the outlets and the various head offices, IT expenses, other general and administrative expenses, as well as the amortization and impairment of acquisition-related intangible assets and goodwill.

## operating expenses margin

Operating expenses as a percentage of revenue.

## operating profit

Gross profit minus operating expenses.

## operating working capital

Trade and other receivables (excluding current part of loans and receivables and other interest receivable) minus trade and other payables (excluding interest payable). The level of working capital is related to the timing of the invoicing and payrolling processes (weekly or monthly). The payment terms negotiated with clients and the effectiveness of our collection processes are equally important. Liabilities, such as social security charges, wage tax, and value-added tax are settled every month and in some countries on a quarterly basis. Payment terms are often determined by law and therefore difficult to influence.

## payout per ordinary share

Dividend on ordinary shares divided by net income per share attributable to holders of ordinary shares before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs (after taxes).

## productivity

We measure productivity in three ways: (1) gross profit per staff member (GP/FTE), (2) gross profit in relation to personnel expenses (GP/PE), and (3) the number of candidates per staff member (Temps/FTE).

## recovery ratio (RR)

The total year-on-year change in operating expenses as a percentage of the decline in gross profit. We aim for a recovery ratio of 50% in case gross profit declines.

## return on invested capital (ROIC)

This ratio is calculated by dividing the after-tax operating income (NOPAT) by the book value of both debt and equity capital less cash/equivalents.

## revenue

We distinguish three types of revenue: (1) revenue from temporary billings, (2) permanent placement fees, and (3) other revenue. 'Revenue from temporary billings' includes the amounts received or receivable for the services of temporary staff, including the salary and salary-related employment costs of those staff. These revenues are generally based on the number of hours worked by the temporary staff. 'Revenue from permanent placements' includes the fee received or receivable for the services provided. The fee is generally calculated as a percentage of the candidate's remuneration package. The category 'other revenue' includes revenue for services such as job posting and résumé services on our digital platforms, payrolling, outplacement, outsourcing, MSP and RPO services, consultancy, and related HR offerings.

## share in profit/loss of associates

Associates are companies in which Randstad Holding nv has significant influence, but no control, over the financial and operational policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. The share of profit or loss of the associate is presented in this line of the income statement.

## syndicated credit facility

Randstad has a € 1,850 million multi-currency syndicated revolving credit facility at its disposal, which will mature in July 2022. The loan documentation allows a leverage ratio of 3.5x EBITDA, although we aim for a leverage ratio of between 0 and 2, which is important for continuity. In certain cases, we are allowed to report a maximum leverage ratio of 4.25x EBITDA for a limited amount of time.

## taxes on income

Taxes on income comprise current taxes and the realization of deferred taxes. Current taxes on income are the sum of taxes levied on the results before taxes in the countries in which those results were generated, based on local tax regulations and against tax rates of the applicable year. Tax-exempt income and expenses not deductible for tax purposes are taken into account in calculating taxes on income.

## velocity of shares

Velocity represents the average holding period of a share in Randstad. It is measured as the total number of shares traded divided by the average number of shares outstanding.

# sustainability and industry memberships and partnerships.

Through our membership in the World Employment Confederation (before: Ciett), we strive for well-regulated working conditions for our corporate employees and candidates.

The International Organisation of Employers (IOE) is the largest network of the private sector in the world, with more than 150 business and employer organization members. Through our partnership with the IOE, our contributions and perspectives are reflected in matters of international standards, business and human rights, CSR, occupational health and safety, and international industrial relations.

Through our membership in the World Employment Confederation Europe (before: Eurociett), we strive for well-regulated working conditions for our employees and candidates.

Brussels European Employee Relations Group (BEERG) is an information-sharing and networking group established in 2002, which now has over 60 member companies headquartered in the EU, the US, India, and Japan. Through our BEERG membership, we discuss employment law and labor relations issues with other members and stakeholders, such as speakers from trade unions, the European Commission, and national or international agencies.

CSR Europe is a leading European business network for corporate social responsibility, with more than 60 leading multinational corporations as members. Randstad is involved in CSR Europe projects in the areas of skills for employability, mainstreaming diversity, and well-being in the workplace.

BusinessEurope is the leading advocate for growth and competitiveness at European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. Through our BusinessEurope membership, Randstad contributes to the world of work on a European and international level.

Randstad is a registered organizational stakeholder of the Global Reporting Initiative (GRI) and supports its mission to make sustainability reporting standard practice; one which helps to promote and manage change towards a sustainable global economy.

VNO-NCW, the Confederation of Netherlands Industry and Employers, represents the common interests of Dutch business, both at home and abroad. Members comprise over 160 trade and sector associations, representing more than 120,000 enterprises.

Our partnership with Voluntary Service Overseas combines the strength of two organizations driven by a common aim: to help alleviate poverty across the globe by sharing skills and expertise with local communities. VSO focuses on sustainable development, and places volunteers through partners in developing countries. Randstad supports VSO by providing strategic support, expertise, funding, and most of all, through our employees who can volunteer themselves.

The Business and Industry Advisory Committee to the OECD (BIAC) speaks for business at the OECD. Established in 1962, it stands for policies that enable businesses of all sizes to contribute to growth, economic development and prosperity. Through BIAC, national business and employers' federations and their members provide expertise to the OECD and governments for competitive economies, better business, and better lives.

The United Nations Global Compact is a voluntary business initiative for companies committed to aligning their activities with ten universally accepted principles in the areas of human rights, labor, the environment, and anticorruption. As signatories of the Compact since 2004, Randstad firmly believes that responsible business promotes the development of markets, commerce, technology, and finance for the benefit of economies and societies everywhere.

The Business and Industry Advisory Committee to the OECD (BIAC) speaks for business at the OECD. Established in 1962, it stands for policies that enable businesses of all sizes to contribute to growth, economic development, and prosperity. Through BIAC, national business and employers' federations and their members provide expertise to the OECD and governments for competitive economies, better business, and better lives.

# certifications, rankings, and awards.

## certifications

- GULP Information Services GmbH holds the seal of approval 'Arbeits- und Gesundheitsschütz nach LS-Standard' from TÜV SÜD Life Service GmbH as one of only four enterprises in Bavaria.
- In the field of data protection Randstad Germany was certified by the TÜV Rheinland Industrie Service GmbH.
- Randstad France and Tempo-Team Belgium hold the Label Diversité and Randstad Group France the Label égalité professionnelle femmes/hommes.
- Randstad Spain holds the Youth Employment Certificate.
- Randstad Australia has the AS/NZS 4801 accreditation (internationally known as OHSAS 18001).
- Randstad Brazil and Spain hold the OHSAS 18001 certificate (Occupation Health and Safety Assessment Series for health and safety management system).
- The labor management system 'AMS' of Randstad Germany was certified for systematic and effective industrial protection of the employer's liability. This certification includes the standards NFL/ILO-OSH 2001 and OHSAS 18001:2007.
- Randstad Switzerland holds the Swiss staffing SQS label which stands for ethical working and for high professional standards in the industry.
- GULP Germany holds the Bildungsträger AZAV certificate.
- Randstad, Tempo-Team and Yacht in the Netherlands have been certified by FIRA Rating System for sustainability assurance based on ISO 26000, consulted by purchasing organizations.
- Randstad Belgium, Randstad France, Randstad Italy and Randstad Holding continue to be certified with the Gender Equality European & International Standard (GEEIS) for their professional gender diversity practices.
- Randstad Norway is a certified employer with the certificate 'Revidert Arbeidsgiver' and is qualified in the Achilles Joint Qualification system for suppliers.
- Randstad Italy holds the certification for credit management process according to CRMS - FP 07/2015 standard.
- Randstad France, Randstad Germany including Professionals and Tempo-Team, Randstad Belgium (inhouse) and Tempo-Team Belgium (Staffing and inhouse), Randstad Spain, Randstad Portugal (Staffing, Professionals, Contact Centers and Healthcare), Randstad in Italy, Hungary, India, Japan, Brazil, Australia, Argentina, Greece, China, Poland, the UK, our companies in Sweden and Norway, New Zealand, Randstad Interim Luxembourg, Chile and the companies in the Netherlands are certified under the ISO 9001 label for quality management.
- Randstad Belgium is certified VCU and Randstad Professionals Belgium is certified Qfor, where VCU stands for 'Health and Safety' and Qfor for 'Quality training and consulting organizations'.
- Randstad Group Netherlands, Randstad Italy, Randstad Sweden, Randstad Norway, Randstad Brazil and Randstad Professionals Germany hold the ISO 14001 environmental management certification.
- Randstad Group Belgium and Randstad Italy hold the Social Accountability SA 8000 accreditation.

# rankings and awards

- The Randstad Youth Employability Project, as part of the Randstad VSO partnership won the VSO Volunteer Team Award in 2017.
- Randstad Canada was again recognized in 2017 as one of the Best Workplaces for Women in Canada by the Great Place to Work® Institute.
- Randstad Japan won the 'Best Practice Award' from DHL Supply Chain.
- HR Partners (Australia) has been awarded the Gold Medal for Recruitment in the HRD Magazine, Service Provider Awards.
- Stevie Award for Female Executive of the year in Asia, Australia and New Zealand by Sageco, a RiseSmart company, Sydney, NSW, Australia: Alison Monroe, National Director (Australia & NZ).
- With strong showings in multiple market categories, Randstad Australia took out HRD's Recruiter of the Year Award.
- Randstad Construction business in the UK is one of The Times Top 100 Employers.
- Randstad US named GWBC 2017 Top Corporation.
- Randstad US earns Safety Standard of Excellence® mark from American Staffing Association and National Safety Council.
- Randstad Belgium won the special HR community prize for the HR Excellence Awards in 2017.
- In 2017, on the Acesia platform the rating for Expectra in terms of CSR is 89/100 (compared to an overall average of 46/100).
- Randstad Denmark was awarded the 'Flexworker of the year' by the Federation of Staffing Agencies in Denmark. One of our flexworkers received the prize.
- Randstad Hong Kong won the Silver Award for Best Recruitment Team at the 2017 Asia Recruitment Awards for North Asia.
- The Singapore office also clinched the Gold Award for Best Client Service in the 2017 Asian Recruitment Awards.
- Randstad Singapore was recently recognized for being one of the Top Performing Companies in the Reward & Recognition sub-category in the HRD Asia 2017 Employer of Choice.
- Randstad Asia won the headline award for the second year in a row at the prestigious Global Recruiter Asia Pacific Industry Awards 2017: Best Large Recruitment Business Award.
- Randstad France is among the 2% best staffing companies in labor practices out of more than 150 staffing companies assessed by Ecovadis, a platform to monitor sustainability performance in the supply chain.
- Randstad Spain was a finalist in the Corresponsables Awards.
- Randstad Germany won the Communicator Award for the film 'Diversity'.
- Randstad Germany won the Business Award 2017 'Wir für Anerkennung' (We stand for recognition) from the Ministry of Education.
- Randstad Holding was listed in VBDO's (Dutch Association of Investors for Sustainable Development) Tax Transparency Benchmark at position 6.
- 8 executives were included in the Global Power 100 – Women in Staffing List 2017. The list is compiled by Staffing Industry Analysts, highlighting women's contributions to the staffing industry.
- Randstad Holding has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe.
- In the Carbon Disclosure Project (CDP) 2017 Randstad Holding scored a B- (management level) in the Global Climate report (above industry average).
- Randstad Holding is included in the Dutch Transparency Benchmark, an annual research on the content and quality of CSR or integrated reports of Dutch companies.
- According to the Euronext Vigeo index Randstad Holding is one of the 20 most advanced companies in the Benelux region and one of the 120 most advanced companies in the Eurozone region rated on environmental, social and governance performances.
- Randstad Holding received confirmation of its continued membership of the FTSE4Good Index Series.
- Randstad Holding is the only HR services provider included as a member in the Professional Services industry of the DJSI world and DJSI Europe indices 2017.

# highest randstad positions in industry associations.

| | | position | | | |
|---|---|---|---|---|---|
| country | association name | president | vice-president | board member | member |
| Argentina | FAETT | | | x | |
| | CASEEC[1] | | | x | |
| Austria | ÖPD (Österreichs Personaldienstleister) | | | | x |
| Australia | RCSA | | | | x |
| | AHRI1 | | | | x |
| Belgium | Federgon | | | x | |
| Brazil | Sindeprestem (Sao Paolo) | | | | x |
| Canada | ACSESS | | | x | |
| | NACCB[1] | | | x | |
| Chile | AGEST | | | | x |
| China | Shanghai HR Consulting Association[1] | | | x | |
| | CAFTS (Beijing) | | | | x |
| Czech Republic | APPS | | | | x |
| Denmark | Vikarbureaernes Brancheforening | | | x | |
| France | PRISM'EMPLOI | | | x | |
| Germany | BAP | | x | | |
| Greece | ENIDEA | | | x | |
| Hungary | SZTMSZ | | | x | |
| India | ISF | | | x | |
| Italy | Assolavoro | x | | | |
| Japan | JASSA | | | x | |
| | JSLA[1] | x | | | |
| | JHR (umbrella organization)[1] | | | x | |
| Luxembourg | Fedil/F.E.S. (Fedil Employment Services) | | x | | |
| Mexico | AMECH | | | x | |
| Netherlands | ABU | | | x | |
| New Zealand | RCSA | | | | x |
| Norway | NHO Bemanning | | | | x |
| Poland | Polski HR Forum | | x | | |
| Singapore | Singapore Professional Staffing Organisation | | | x | |
| Portugal | APESPE | | | x | |
| Spain | Asempleo | | | x | |
| Sweden | Bemanningsforetagen | | | | x |
| Switzerland | Swiss Staffing | | | x | |
| Turkey | OIBD | | | | x |
| UK[1] | REC | | | | x |
| Uruguay | CUDESP | | | | x |
| US | ASA | | | x | |
| Europe | World Employment Confederation Europe | | | x | |
| International | World Employment Confederation (WEC) | x | | | |

1 Non-WEC member.

# financial calendar.

**march 27, 2018**
Annual General Meeting of Shareholders

**march 29, 2018**
Ex-dividend

**april 3, 2018**
Record date

**april 5, 2018**
Dividend available for payment

**april 24, 2018**
Publication of Q1 2018 results (pre-market)
Analyst conference call Q1 2018 results

**july 24, 2018**
Publication of Q2 2018 results (pre-market)
Analyst conference call Q2 2018 results

**october 23, 2018**
Publication of Q3 2018 results (pre-market)
Analyst conference call Q3 2018 results

**february 12, 2019**
Publication of Q4 and annual results 2018 (pre-market)
Analyst conference call Q4 and annual results 2018

# history timeline.

**1960**
Uitzendbureau Amstelveen founded in the Netherlands.

**1964**
The company takes a new name: Randstad Uitzendbureau.

**1967**
Randstad has 32 branches in 4 countries.

**1983**
Staffing agency Tempo-Team acquired.

**1985**
Randstad celebrates its silver jubilee; 257 branches in four countries.

**1990**
Randstad shares are listed on the Amsterdam Stock Exchange.

**1996**
Randstad deploys 16,000 staffing employees at the Olympic Games, Atlanta.

**1998**
Randstad founder, president & CEO Frits Goldschmeding retires.

**1998/99**
International network doubles via aquisitions in the US, Germany & Spain.

**2007**
Randstad is present in 20 countries, promoted to the AEX index.

**2008**
Randstad & Vedior join forces becoming the 2nd largest HR services provider worldwide.

**2010**
Randstad acquires FujiStaff Holdings in Japan. Randstad celebrates 50 years with a global party for nearly 30,000 employees.

**2011**
Randstad acquires SFN Group. The combination creates the No. 3 HR services provider in North America.

**2013**
Acquisition of part of European staffing activities of USG People.

**2015**
Randstad Award celebrates 15 years of existence.

**2016**
Acquisition of Proffice, Obiettivo Lavoro, Careo, twago, and Monster Worldwide.

**2017**
Randstad acquires BMC and Ausy to strengthen the European Professionals business.

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