annual report 2019

realizing true potential.

randstad

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randstad

at a glance.

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key figures 2019.

revenue in millions

€ 23,676

› 73

underlying EBITA margin

4.6%

› 73

adjusted net income in millions

€ 766

› 73

free cash flow in millions

€ 915

› 73

global HR services leader

1

› 73

number of candidates working (on a daily basis)

649,000

› 71

number of permanent placements

260,700

› 71

proposed dividend per ordinary share

€ 4.32

› 47

employee engagement score

7.6

› 45

women in senior leadership positions

47%

› 42

number of candidates trained

330,500

› 52

number of employees trained

34,300

› 60

key financials.

in millions of €, unless otherwise indicated	2019	restated 2018	Δ
Underlying[1]			
Revenue	23,676	23,812	(1%)
Gross profit	4,726	4,703	0%
EBITA[2]	1,094	1,131	(3%)
Actual			
Revenue	23,676	23,812	(1%)
Gross profit	4,705	4,701	0%
EBITA[3]	977	1,061	(8%)
Net income	606	708	(14%)
Free cash flow[4]	915	627	46%
Net debt, excluding lease liabilities[5]	756	985	(23%)
Net debt (including lease liabilities)	1,377	1,640	
Leverage ratio (net debt/12-month EBITDA)	1.0	1.2	
Total equity	4,473	4,447	1%
Ratios (in % of revenue)			
Underlying[1]			
Gross margin	20.0%	19.8%	
EBITA margin	4.6%	4.7%	
Actual			
Gross margin	19.9%	19.7%	
EBITA margin	4.1%	4.5%	
Net income margin	2.6%	3.0%	
Share data			
Basic earnings per ordinary share (in €)	3.24	3.80	(15%)
Basic earnings per ordinary share, underlying (in €)[6]	4.18	4.55	(8%)
Diluted earnings per ordinary share, underlying (in €)[6]	4.17	4.54	(8%)
Dividend per ordinary share (in €)	4.32	3.38	28%
Payout per ordinary share (in %)[7]	103	74	39%
Closing price, year-end (in €)	54.44	40.09	36%
Market capitalization, year-end	9,979	7,349	36%
Enterprise value, year-end[8]	10,735	8,334	29%
Employees/outlets			
Average number of candidates working	649,000	670,900	(3%)
Average number of corporate employees	38,280	38,820	(1%)
Number of branches, year-end	2,761	2,827	(2%)
Number of Inhouse locations, year-end	2,100	1,999	5%

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 goodwill.
3 EBITA: operating profit before amortization and impairment of acquisition-related intangible assets and goodwilll.
4 Free cash flow: sum of net cash from operating and investing activities, excluding the acquisition and disposal of subsidiaries and associates and equity investments, and dividends from associates; including repayment of lease liabilities.
5 Net debt, excluding lease liabilities: cash and cash equivalents minus borrowings.
6 Before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, acquisition-related expenses, and one-offs.
7 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.
8 Enterprise value: the total of market capitalization and net debt (net debt excluding lease liabilities).

message from the CEO.

> 'We want to grow because we want to give more and more people the chance to grow with us'

Dear Stakeholder,

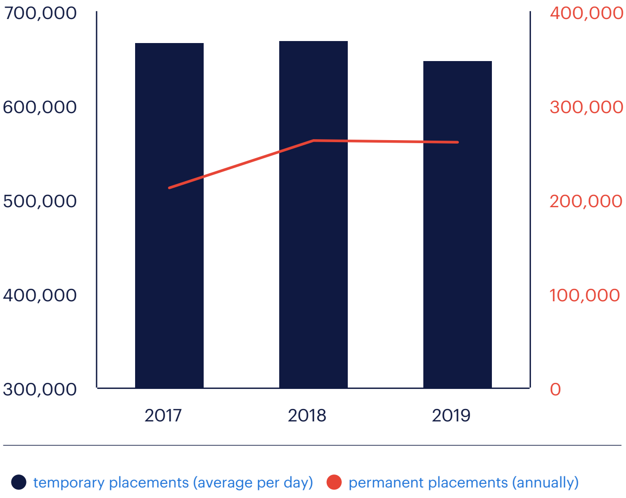
In 2019, we solidified our global No. 1 position as the largest HR services firm in the world. This further strengthens our commitment and responsibility to support people and organizations in realizing their true potential. In fact, we see it as our core business. It has helped us achieve our leading position, and it will help us in our journey towards our ultimate goal of touching the work lives of 500 million people worldwide by 2030.

So why is growth so important to us? Most importantly, we want to grow because we want to give more and more people the chance to grow with us, providing them with ever better career opportunities. That has also been my personal experience over the past 32 years, as Randstad's growth has helped me to realize my own full potential. I believe that in today's labor market, where mismatches between jobs and people are on the rise, our role is becoming increasingly significant.

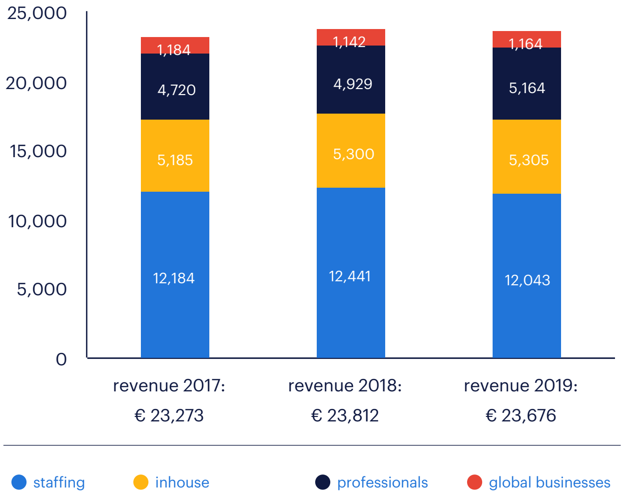
As data-driven global HR experts, we can help people and organizations overcome these mismatches and help them navigate the increasingly complex labor market to realize their true potential. And not just once, but throughout people's careers and throughout business life cycles.

For me and my colleagues, it has always been crucial to perform today, but also to deliver a solid strategy for tomorrow. I'm glad to say that we achieved both in 2019. We delivered a sound return for shareholders, and we made strong progress advancing our digital transformation and Tech & Touch strategy. In 2019, we launched our Human Forward promises: transparency, guidance and proactivity. Together with our core values, these promises will help us to perform to the best of our ability and drive future growth.

I was pleased to see our efforts recognized by our external stakeholders through several awards and listings in 2019. We were recognized by some of our largest clients with key partnership awards, our Annual candidates placed in jobs



revenue in millions of €



Report 2018 won the prestigious FD Henri Sijthoff Prize in the Netherlands, and we were again listed as the only HR services company in the Dow Jones Sustainability Index.

2020 promises to be a special year, as Randstad will be celebrating its 60th anniversary. The theme of our anniversary program will be 'above and beyond', emphasizing our purpose and culture. With this engagement program, we'll be reaching out to our more than 38,000 employees across the globe. Again, this is where technology helps us to create a global communication platform, where employees can share stories about how they went above and beyond in helping people. That's what Human Forward is all about.

Financially, 2019 was a challenging year, particularly in Europe, but we have been able to show our resilience once again. Randstad's increasingly diversified portfolio by region and activity paid off. Our Group revenue was slightly down organically year-on-year, reflecting ongoing macro and geopolitical uncertainties, primarily in Europe. At the same time, we continued our outperformance in several key geographies, such as France, Germany, and Italy. Importantly, we were able to further improve our pricing power and discipline, reflecting increasing scarcity in labor markets and the successful implementation of digital pricing tools globally. All in all, we successfully protected our 2019 EBITA margin, arriving at a sound level of 4.6%. Underpinning the strong resilience of our business model, we generated a free cash flow of € 915 million, resulting in a strong balance sheet and additional cash returns to shareholders. For 2019, we propose a record-high cash dividend of € 4.32 per ordinary share, an increase of 28%. This consists of a regular dividend of € 2.09, representing a payout of 50% and a special dividend of € 2.23.

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, I would like to thank all Randstad colleagues around the world for their enthusiasm, commitment, and dedication to this great company.

Best regards,
Jacques van den Broek

about randstad.

why
how
what

profile

Randstad is the global leader in the HR services industry. By serving as a trusted human partner in today's technology-driven world of talent, we support people and organizations in realizing their true potential. Randstad was founded in 1960 and is headquartered in Diemen, the Netherlands.

38
markets

4,861
outlets

38,280
corporate employees

€ 23.7
billion revenue

why

lifetime employability

At the center of our business model, we connect clients with talent to foster lifetime employability. By combining data-driven insights with the power of human relationships, we endeavor to be a trusted human partner to talent, providing guidance on employability throughout their working life.

our purpose

We support people and organizations in realizing their true potential

our ultimate goal

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

how

strategy

Our strategy focuses on delivering long-term value to all our stakeholders and is comprised of three primary components: digital, operational excellence and accelerating growth, which position us for profitable growth.

core values and human forward promises

Our core values represent the foundation of our culture: to know, to serve, to trust, striving for perfection, and simultaneous promotion of all interests.
Our Human Forward promises of transparency, guidance and proactivity guide our behavior.

what

staffing

Focus on recruiting candidates for manufacturing, logistics and administrative jobs. Staffing covers temporary staffing, permanent placements, and specialties focusing on specific market segments.

inhouse

A unique on-site solution for managing a client's workforce with specific skill sets and a fluctuating level of demand, aiming to improve clients' labor flexibility, retention, productivity and efficiency.

professionals

Focus on recruiting experienced professionals and managers with an academic or equivalent qualification from a wide range of industry backgrounds. Professionals covers temporary and permanent placements, and statement of work.

global businesses

A range of services, such as online talent acquisition, managed services programs, recruitment process outsourcing, and outplacement.

our core values

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

to know	We are experts. We know our clients, their companies, and our candidates. 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 talent 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 human forward promises

With Human Forward, we are positioning ourselves as 'the trusted human partner in the technology-driven world of talent'. To help us to deliver on this positioning, we have defined a set of three Human Forward promises, which guide our behavior.

transparency	Clients get insight into how their HR needs are being met and candidates know where they stand in their job search.
guidance	Clients have an HR partner throughout the business lifecycle and the talent we serve can count on a partner in every step of their career.
proactivity	Clients stay steps ahead in the competitive world of talent and we help people find jobs even before they start looking.

our key brands

Randstad has a long history of understanding the value of superior brands. Our founder, Frits Goldschmeding, understood that building a strong brand was vitally important to a company selling services rather than a physical product. We continue to serve as stewards of this superior brand philosophy by putting forward a strategic priority of becoming recognized as a top 100 global brand.

our brand strategy

Randstad is our corporate brand and the primary commercial brand that we do business as in most markets. We only take other brands to market in cases where there is a strong commercial reason to do so. This master brand strategy drives a shared connection around our Human Forward brand promise, makes it easier for clients to do business with us across capabilities, and allows us to maximize our marketing return on investment.

our brand reputation

As we strive to become a top 100 global brand, it is important for Randstad to effectively manage and measure our brand reputation. We want stakeholders to consider us to be both a knowledgeable expert and a trusted human partner. In order to measure our effectiveness in living up to this positioning, we undertake an annual Randstad Brand Guidance Survey in more than 30 countries around the world. This survey helps us to evaluate our brand performance in local markets compared to our competitors and selected other benchmarks by measuring awareness, consideration, preference, recommendation, and the image of our brands. In 2019, the survey demonstrated overall improvement between perception of the Randstad brand and our desired positioning on a global level.

net promoter score

One of the metrics that we include in the Randstad Brand Guidance Survey is the Net Promoter Score (NPS), which tracks the percentage of respondents who would recommend us to others. NPS is a good proxy for measuring the overall health of our brand in the marketplace. Our goal is to have a top NPS score within our industry and to improve our NPS relative to our competitors year-over-year. In 2019, 62% of our key markets achieved a top 5 position with clients, and we saw NPS improvements in the majority of key markets with both clients and the general public.

customer delight

A more granular way of measuring the performance of our brand is through customer satisfaction surveys. We administer these through our Customer Delight program, now live in 14 markets. Customer Delight is a pragmatic approach to enhance the satisfaction of clients, talent and employees. As part of the Customer Delight program, we seek to exceed customer satisfaction scores of 8 (on a 1-10 scale), the proven threshold for increased loyalty, recommendation and trust. We have seen improved relative market performance in operating companies where we have been able to achieve scores of 8 or higher.

An overview of the services we offer under our key brands, is given on the next page.

randstad

Staffing, professionals and inhouse services

Geography: Global

randstad sourceright

MSP & RPO, collaboration with local Randstad partners for all other service offerings

Geography: Global

MONSTER

Online talent acquisition, talent management and analytics solutions

Geography: Europe, North America, Australia

AUSY

IT & engineering consultancy, projects, outsourcing (SOW), and professionals

Geography: Europe, North America, India

randstad risesmart

Outplacement and career development

Geography: Global

expectra by randstad.

Professionals

Geography: France

appel medical by randstad.

Professionals recruitment, focus on healthcare

Geography: France

tempo team

Staffing and inhouse services

Geography: Netherlands, Belgium, Germany

YACHT a Randstad company

Professionals, inhouse solutions, payrolling and trainee programs

Geography: Netherlands

GULP experts united

Professionals (focus on IT & finance) and IT solutions

Geography: Germany

twago

MSP connected to freelance marketplace

Geography: Europe, North America

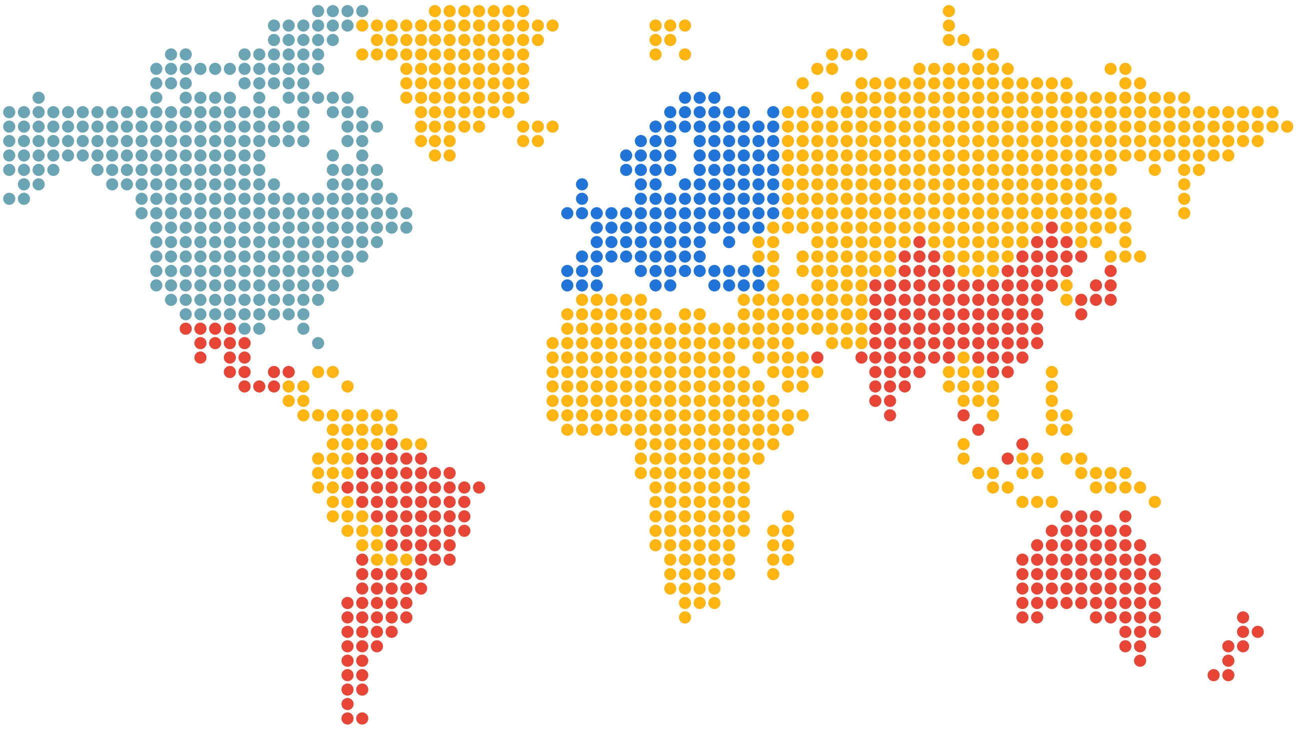
spherion STAFFING SERVICES

Staffing and inhouse services (franchise)

Geography: United States


persoonlijkheidstest
capaciteitenscan
inschrijven
vacatures

our global presence.



north america
- revenue € 4,373 million
- 5,690 corporate staff
- 94,600 candidates (avg. weekly)
- 1,153 outlets, incl. 504 inhouse

europe

france
- revenue € 3,707 million
- 4,610 corporate staff
- 87,200 candidates (avg. weekly)
- 640 outlets, incl. 268 inhouse

netherlands
- revenue € 3,330 million
- 4,190 corporate staff
- 77,800 candidates (avg. weekly)
- 654 outlets, incl. 398 inhouse

germany
- revenue € 2,059 million
- 2,770 corporate staff
- 40,200 candidates (avg. weekly)
- 582 outlets, incl. 302 inhouse

belgium & luxembourg
- revenue € 1,601 million
- 2,080 corporate staff
- 47,000 candidates (avg. weekly)
- 327 outlets, incl. 173 inhouse

italy
- revenue € 1,637 million
- 2,240 corporate staff
- 49,900 candidates (avg. weekly)
- 259 outlets, incl. 34 inhouse

iberia
- revenue € 1,482 million
- 2,170 corporate staff
- 65,000 candidates (avg. weekly)
- 382 outlets, incl. 147 inhouse

other european countries
- revenue € 2,199 million
- 3,710 corporate staff
- 59,800 candidates (avg. weekly)
- 482 outlets, incl. 237 inhouse

rest of the world
- revenue € 2,124 million
- 5,780 corporate staff
- 117,200 candidates (avg. weekly)
- 243 outlets, incl. 37 inhouse

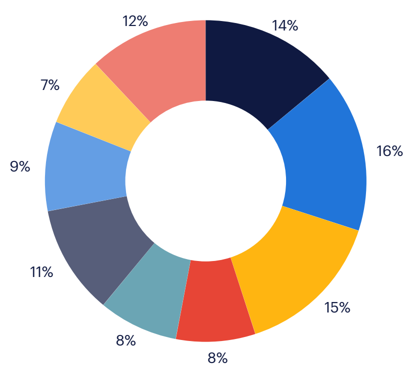
global businesses
- revenue € 1,164 million
- 4,790 corporate staff
- 10,300 candidates (avg. weekly)
- 139 outlets

We also have a number of strategic alliances to expand our global reach.

geographic spread.

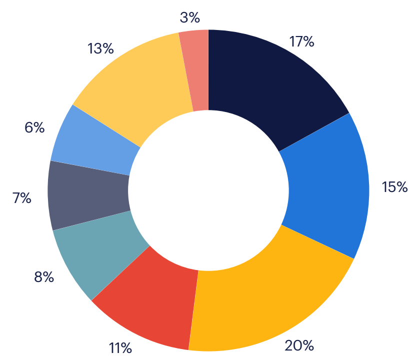
geographic spread of staffing revenue

staffing revenue € 12,043 million



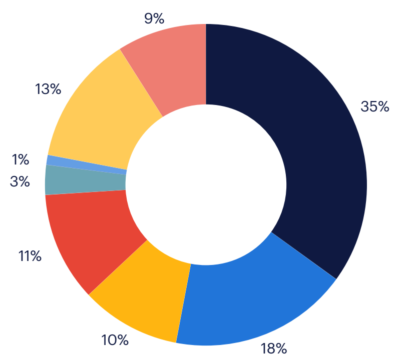
geographic spread of inhouse revenue

inhouse revenue € 5,305 million



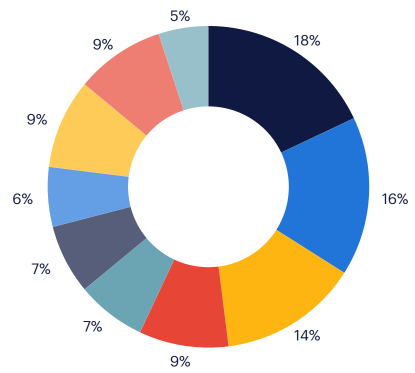
geographic spread of professionals revenue

professionals revenue € 5,164 million



geographic spread of total revenue

total revenue € 23,676 million



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

realizing

true potential.

The purpose of Randstad has always been to support people and organizations in realizing their true potential. We support the talent we serve as well as our own employees in making the most of their careers and we support our clients in finding the best talent. In a fast-changing world, we combine our passion for people with the power of today's technology, positioning ourselves as 'the trusted human partner in the technology-driven world of talent'.

As a purpose-driven company and building on our core values, we bring this to life through our Human Forward promises, which help to guide our priorities and behaviors with clients and talent. Specifically, we seek to be transparent in our actions, provide guidance, and proactively address their needs. These three promises demonstrate how we can deliver on our core values in ways that are relevant and beneficial to people and organizations, helping them to realize their true potential. This is how the Human Forward experience comes to life.

how the human forward experience comes to life.

supporting people
Randstad is rooted in a deep belief that work makes life meaningful and gives it purpose. By giving candidates clear insight into where they stand in their job search, by being a trusted human partner for them in every step of their career, and by suggesting new career moves even before they start looking, we aim to help them realize their true potential throughout their working lives. Similarly, we support our employees in realizing their true potential by offering continuous development and career opportunities that make their work meaningful. We empower our employees by giving them access to state-of-the-art technology, helping them to focus on serving clients and talent in the best possible way.

supporting organizations
Randstad supports its clients at all levels by providing a wide range of services, enabling them to find the best talent with the most relevant skills for their business. By giving our clients transparent insight into how their HR needs are being met, by being a guiding partner for our clients throughout their business life cycle, and by proactively helping them get a competitive advantage, we support our clients in realizing their true potential in the ever-changing world of business.

a superior human forward experience
The core of our business also contributes to a sustainable society. By supporting people and organizations in realizing their true potential, we help shape the world of work, driving lifetime employability and sustainable economic growth. Through our everyday interactions with clients, talent, employees and society, we aim to deliver a superior Human Forward experience – day in and day out, all around the world, maximizing our collective impact. That's realizing true potential. And that's moving us forward: Human Forward.

management

report.

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how we create value.

input our key assets

human
We pride ourselves in developing the best HR professionals in the world, with a transformational and change orientation.

intellectual
Our knowledge, experience and strong brands ensure that our clients and talent can count on the highest quality service and concepts.

technological
Ability to build and scale up proven innovations quickly around the world, as well as acquisitions, partnerships and minority stakes in start-ups.

financial
A sustainable mix of debt and equity investments (including institutional investors) and a sound financial position.

relationships
Proactive interaction with government, industry and employer bodies, and other influential organizations, as well as schools, universities and local communities.

business model

trends & growth drivers

- globalization & urbanization
- technological progress & automation
- demographics
- changing nature of work
- mobility

output value created

€ 23,676 mln
revenue

280,000
clients

2,065,000
candidates placed

260,700
permanent placements

330,500
candidates trained

7.6
engagement score

47%
women in senior leadership positions

34,300
employees trained

-2%
organic revenue growth

€ 1,094 million
EBITA

€ 915 million
free cash flow

32%
of workers < 25 years

13%
of workers > 50 years

included in Dow Jones Sustainability Index

outcome value shared

clients
We help our clients to find the best talent with the most relevant skills for their business.

talent
We help talent to find jobs and develop their skills, guiding them towards a meaningful career.

employees
We are an attractive employer for our employees by offering continuous development and career opportunities.

investors
Through our strategy and ambitions we ensure long-term economic value for our investors.

society
Through our core activities and active dialogue, we help shape the world of work, driving lifetime employability and sustainable economic growth.

impact

our ultimate goal.

To underpin our commitment to driving lifetime employability and contributing to economic growth for society as a whole, we have defined our ultimate goal:

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

Our ultimate goal, which we launched in 2017, 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. It will not be an easy goal to achieve, but it motivates us to move forward. Our core values form a solid basis for this goal. We also take our sustainability basics seriously: corporate citizenship, safeguarding labor & human rights and taking environmental care.

To lead the way towards the goal, we have identified four drivers. By rigorously and conscientiously committing ourselves to these drivers, we will be taking the necessary, and measurable, steps towards realizing 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. By combining our human touch with technological expertise and data-driven insights, we will empower our clients and talent to grow, develop, and improve, so they can add value to the economy, both now and in the future.

Related measured KPIs: revenue, market share, number of clients, net promoter score.

driver 2: connecting with people

We will connect with people beyond search, selection, staffing, and recruitment. Through our smart solutions and online platforms, we aim to be present at all stages in people's careers, consistently improving their employability and providing training opportunities where this is appropriate. In today's fast changing world, new technologies, tools, and solutions are redefining the way we interact with people. We combine this with the most important we have to offer: our human touch.

Related measured KPIs: number of employees, placements, average length of employment, hires by clients (temp to perm), interns, employees and candidates trained, training hours, digital initiatives, platform visitors and users.

driver 3: fostering inclusive employment

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

Related measured KPIs: employees and candidates by gender, having a disability, younger than 25 or older than 50, candidates placed who have been unemployed more than one year or have no educational degree, injuries, fatalities, business principles incidents, engagement.

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 talent, and our continuous dialogue with governments and labor organizations, we take the lead in shaping the world of work. This is, in fact, also our mission. By promoting equal opportunities and contributing to better functioning labor markets in this way, we create for ourselves the opportunity to touch the work lives of more people.

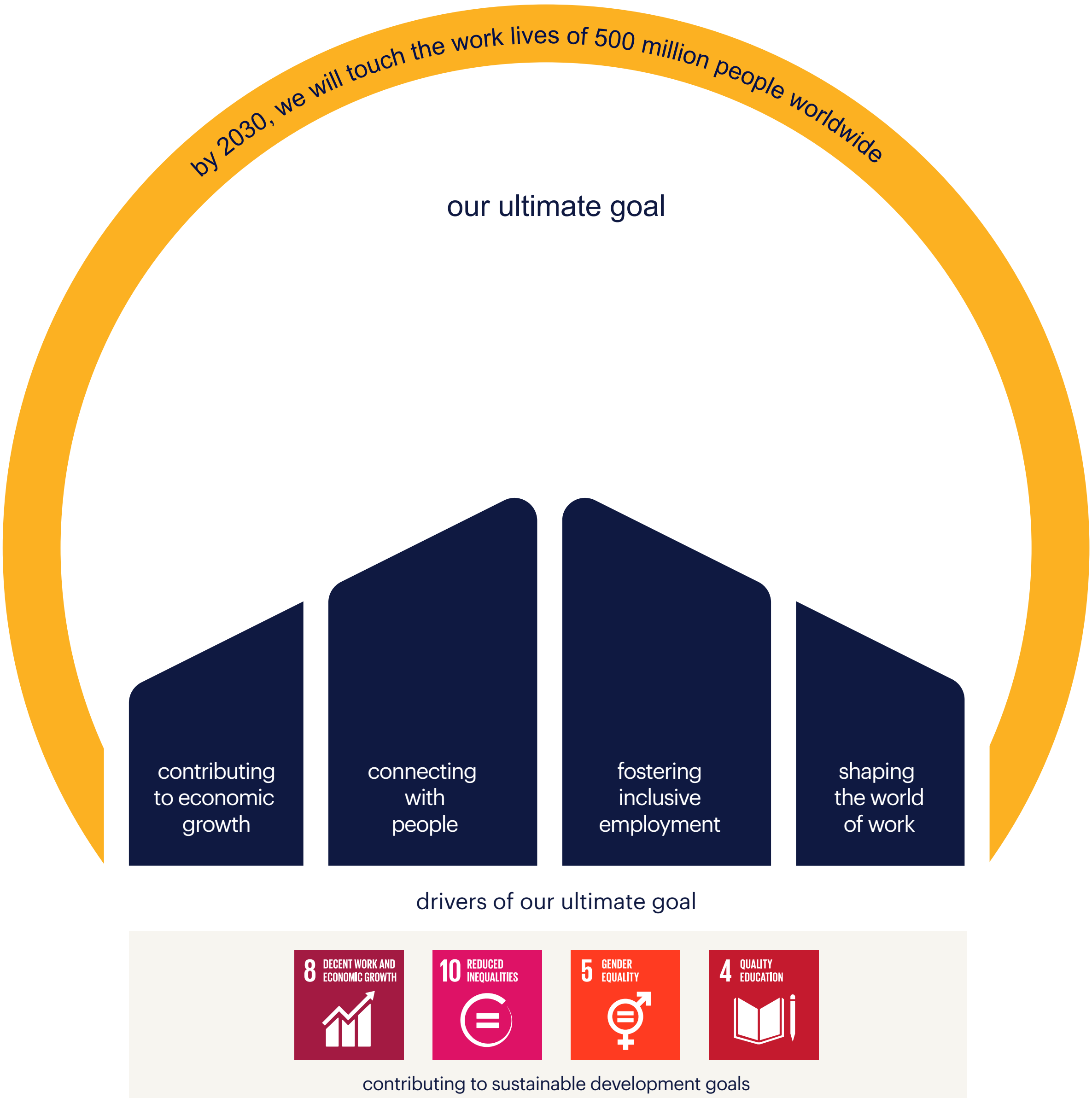
Related measured KPIs: staffing penetration rates, research and publications, thought leadership events.

All related KPIs are mentioned in our integrated reporting framework. Where appropriate, we report on the KPI results throughout this annual report.

These drivers will lead the way towards our ultimate goal, but will also have an impact on the UN's Sustainable Development Goals.

sustainable development goals

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 United Nation's Sustainable Development Goals (SDGs).



Governments have adopted the United Nations' 17 SDGs to end poverty, protect the planet, and ensure prosperity for all by 2030. As a global HR services provider, Randstad specifically contributes to four goals: decent work and economic growth (SDG 8), reduced inequalities (SDG 10), gender equality (SDG 5), and quality education (SDG 4).

More details on our contribution to the SDGs can be found under supplementary information. In our integrated reporting framework, we also highlight the SDGs and their relevant subtargets to which Randstad can contribute most.

key material topics

To identify key material topics in the dynamic world of work, we take input from both inside and outside Randstad. We re-assessed our most recent materiality analysis in 2018. This assessment was conducted by independent consultants in order to validate our current material topics and identify new topics. The stakeholder groups included clients, candidates, employees, authorities, shareholders, trade unions, civil society, and sector organizations. The relevance of topics was assessed through an online survey completed by clients, candidates, employees, and other stakeholders. The business impact of each topic was assessed by internal representatives of different departments, functions, and regions. Board members were actively involved in the process and are responsible for the management of material topics.

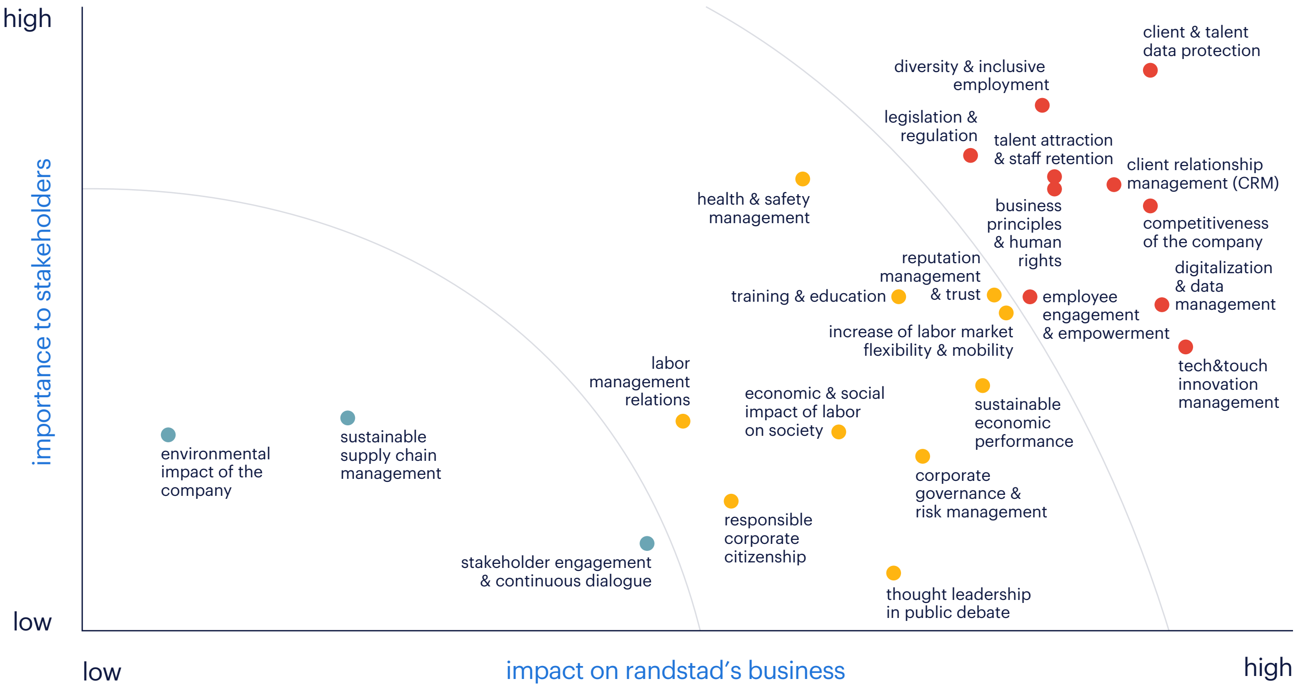
We identified 23 material topics in the social, economic, and environmental domains. These topics are captured in a materiality matrix (see next page), where the importance for stakeholders is plotted on the y axis and the business impact is plotted on the x axis. The materiality matrix does not reflect regional or cultural differences. We report on our key material matters at least annually in our Annual Report.

The matrix shows the distribution of the top 10 (red dots), which are considered our key material topics, and the remaining 11 – 20 (yellow dots). Topics 21 – 23 are considered to be less relevant for Randstad. For all 23 topics, we indicate where the information is presented throughout this report.

results in line with external and internal developments

The results show that there are some new topics to be taken into account, while certain existing topics have become more relevant, especially data protection. These key material topics are in line with the trend of digitalization and data management, as well as an increased focus on innovation, thought leadership, and inclusiveness. Some topics remain stable, such as health and safety, labor market flexibility, and business principles. Topics that decreased in relevance are environmental impact and sustainable supply chain management, which seems to be in line with the potential impact of Randstad's core business activities.

materiality matrix



Top 10 material topics and their location in this report:	Remaining 11-23 material topics and their location in this report:
1 Client and talent data protection - pages 61, 99	11 Reputation management & trust - page 11
2 Competitiveness of the company -page 26	12 Increase of labor market flexibility & mobility - page 26
3 Client relationship management (CRM) - page 36	13 Sustainable economic performance - pages 14, 15, 47
4 Diversity & inclusive employment - pages 42, 52	14 Training & education - pages 44, 52
5 Digitalization & data management - page 31	15 Health & safety management - page 63
6 Talent attraction & staff retention - pages 45, 97	16 Corporate governance & risk management - pages 88, 128
7 Tech & Touch innovation management - page 31	17 Economic & social impact of labor on society - page 52
8 Business principles & human rights - pages 60, 62	18 Thought leadership in public debate - page 53
9 Employee engagement & empowerment - page 45	19 Responsible corporate citizenship - page 58
10 Legislation & regulation - page 29	20 Labor management relations - pages 26, 56
	21 Stakeholder engagement & continuous dialogue
	22 Sustainable supply chain management
	23 Environmental impact of the company

integrated reporting framework.

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

pillars	our value for clients: optimal workforces	our value for talent: the best jobs	our value for employees: employer of choice
material topics	• client and talent data protection • client relationship management • digitalization & data management • tech & touch innovation management	• client and talent data protection • diversity & inclusive employment • digitalization & data management • tech & touch innovation management • training & education	• diversity & inclusive employment • talent attraction & staff retention • tech & touch innovation management • engagement & empowerment • training & education
risks	• changing economic and geopolitical conditions • contract delivery and liability • workplace health & safety compliance	• technological disruption • information technology and cyber security • workplace health & safety compliance	• talent attraction and retention • technological disruption • information technology and cyber security
500 million people plan	• enabling clients to improve their performance • developing Tech & Touch innovations	• developing Tech & Touch innovations • improving employability • promoting equal opportunities	• developing Tech & Touch innovations • improving employability • promoting equal opportunities
KPIs[1]	• # of clients • net promoter score (NPS) • market share • investments in innovation • # of hires by clients (temp to perm) • digital initiatives • # of active platform visitors	• # of candidates trained; training hours • # of candidates placed • # of permanent placements • average length of employment • # of hires by clients (temp to perm) • # candidates placed younger than 25 or older than 50	• proportion of males and females in senior leadership positions • # of employees trained; training hours • employee retention rate • engagement score • average length of employment and type of contract • employees by age group • # of interns
measurable targets	• NPS: top 3 position or position improvement in our top 12 markets • implementation of customer delight in top 8 markets and significant improvement of scores • increase market share in our main markets • professionals growth above market • two digitally driven new business models with above average topline growth	• increasing # of initiatives to place talent with disabilities • increasing # of initiatives to guide people from unemployment to employment • permanent placements growth above market • increased utilization of candidate databases	• proportion of females in senior leadership positions: 50% in 2020 • decrease of employee turnover • engagement score higher than benchmark (with a participation rate of 80% or higher in Randstad in Touch)
SDGs	• target: 8.2 8 DECENT WORK AND ECONOMIC GROWTH	• target: 4.4 • targets: 5.1 and 5.5 • targets: 8.2; 8.5 and 8.6 • target: 10.2 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES	• target: 4.4 • targets: 5.1 and 5.5 • targets: 8.2; 8.5 and 8.6 • target: 10.2 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES

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

integrated reporting framework.

our purpose: we support people and organizations in realizing their true potential

pillars	our value for investors: creating EVA	our value for society: shaping the world of work	sustainability basics
material topics	• competitiveness of the company • corporate governance & risk management • sustainable economic performance	• legislation & regulation • increase of labor market flexibility & mobility • economic and social impact of labor on society • thought leadership in public debate	• responsible corporate citizenship • business principles & human rights • reputation management & trust • health & safety management • labor management relations • stakeholder engagement & continuous dialogue • sustainable supply chain management • environmental impact
risks	• credit risk • changing economic and regulatory environment	• competition law compliance • tax and labor law compliance	• data protection laws and regulations
500 million people plan	• enabling clients to improve their performance • developing Tech & Touch innovations	• promoting equal opportunities • contributing to labor markets	• contributing to society • safeguarding labor & human rights • taking environmental care
KPIs	• EBITA • incremental conversion ratio • recovery ratio • free cash flow	• staffing penetration rates in our markets • thought leadership events • research and publications	• # of hours and employees involved in VSO • # of employees trained in business principles • # of business principles incidents (misconduct reporting procedure • brand ranking • injuries and fatalities during work • sickness absence • sustainable procurement • measures to decrease environmental footprint
measurable targets	• EBITA margin of 5% to 6% over time • incremental conversion ratio towards 50% • recovery ratio ≥ 50% • dividend payout ratio of 40% to 50% of adjusted earnings per share (EPS) • increase of market share • optimization of economic value added (EVA)	• staffing penetration rates: increased in top 8 markets, where measurable • included in Dow Jones Sustainability Index	• 10,000 marginalized people made employable through our Randstad-VSO partnership by the end of 2020 • significant improvement in brand ranking (top 100 brand) • absentee rate of maximum 2.2% (employees) • in 2030, Randstad's CO_2 emissions per FTE have reduced 10% compared to 2018 • business cars: 10% decrease of the weighted average CO_2 per km by the end of 2022
SDGs	• target: 8.2	• targets: 5.1 and 5.5 • targets: 8.5 and 8.8 • target: 10.2; 10.3 and 10.4	

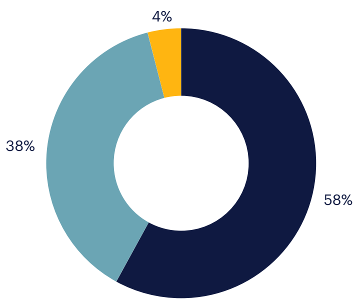
the world around us.

global HR market

According to estimates by Staffing Industry Analysts (SIA), in 2019, the HR services industry had a global market size of about € 416 billion, broadly stable compared to 2018 (€ 413 billion). As the global leader 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 2019

as % of total € 416 billion



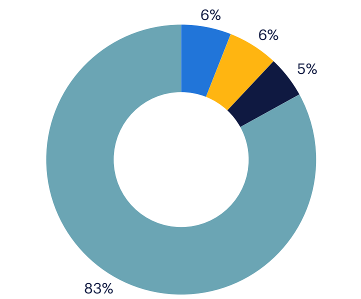
- staffing: € 241 billion
- executive search: € 18 billion
- professionals: € 157 billion

4Source: Randstad estimates and 2019 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 € 241 billion, comprising Randstad's services portfolio of Staffing (including permanent placements), Inhouse, Recruitment Process Outsourcing (RPO), Managed Services Programs (MSP), Payrolling, Outsourcing, and Outplacement, accounting for around 80% of our revenue. The global professionals market is worth around € 157 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, and statement of work (SOW).

global market share 2019

total HR services market: € 416 billion



- Randstad
- Manpower
- Adecco
- Rest of the market

Source: Randstad estimates, 2019 Bloomberg consensus and 2019 SIA reports

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 has led to an intense discussion about the future of work.

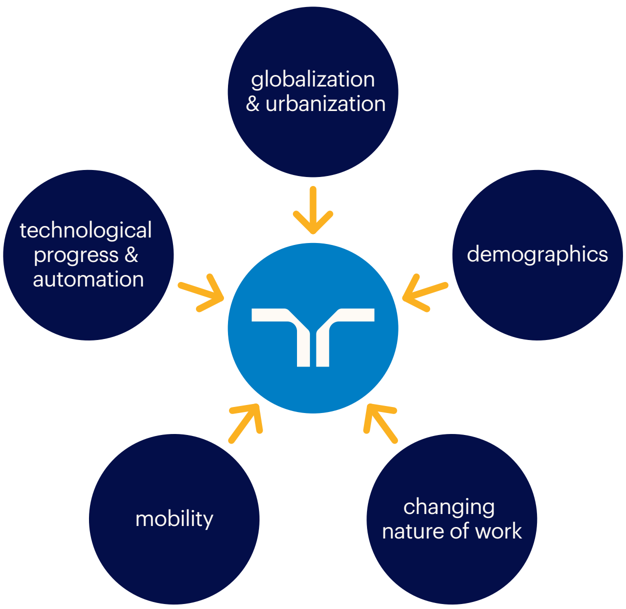
The world of work is experiencing transformative change, driven by technological innovation, demographic shifts, climate change and globalization. In 2019, in response to these challenges and to mark the 100th anniversary of the founding of the International Labour Organization (ILO), the Centenary Declaration for the Future of Work was adopted at the organization's International Labour Conference. Randstad proactively contributed to the negotiations preceding this new Declaration. For the employment and recruitment industry, the most important element of the Declaration is the recommendation that diverse forms of work arrangements, production and business models should make it possible to leverage opportunities for social and economic progress, provide for decent work, and be conducive to full, productive and freely chosen employment. To turn the ILO's recommendations on the future of work into concrete national action and policies, Randstad is working closely with local and international HR services industry federations and central employers' organizations to set up a proactive advocacy program, with the aim of achieving more sustainable, dynamic and inclusive labor markets.

Randstad identifies five global trends that affect our business and which provide opportunities for growth: globalization and urbanization, technological progress and automation, demographics, the changing nature of work, and mobility.

globalization and urbanization

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 are increasingly moving 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 drives changes in supply chains and production locations, impacting employment. In addition, for the first time in history, the global urban population is now outnumbering the rural population. It is expected that by 2050, some 70% of the global population will live in urban areas. Urban planning, transport systems, access to information, education and decent work are key to sustainable urban development. In addition, to ensure an inclusive urban labor market, people living and working in cities need to have the right skills, including soft skills. Every new highly skilled job in technology can be a catalyst for up to five new, unrelated jobs, both low- and medium-skilled. Most of these new jobs are created in cities where there is a large low-skilled workforce

structural growth drivers



present that can be upskilled. By investing in education and targeted public-private partnerships, cities can be inclusive for all their residents and create the agile inclusive labor market that will be key to sustainable urban development.

In line with this trend, Randstad ensures that it has a global and urban presence, serving clients around the world and offering a full range of services. Our global brands, from Monster to Randstad RiseSmart, provide our multinational clients with support for their global needs, ensuring aligned and optimized services irrespective of geographical location. In addition, Randstad aims to 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), the B20, and our membership of international and central employers' organizations. In response to the emerging trend of urbanization, Randstad focused on sustainable growth in the age of cities in one of its recent Flexibility@Work reports.

technological progress and automation

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 tasks that used to be performed by people. While some jobs will disappear, new ones will be created. The impact of technology and automation 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 talent. 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.

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 clients and talent in dealing with this growing mismatch and carries out regular research to stay ahead of the game. In our quarterly Talent Trends reports, we carry out continuous studies into the prospects and preferences of talent around the world, including the younger, digitally native generation.

changing nature of work

The world of work is constantly changing. In an increasingly competitive, globalizing and tech-driven 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 a variety of work forms, ranging from full-time, permanent forms to part-time, temporary and contract work, remote working and self-employment. Companies are looking for a workforce that is committed yet agile, 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 and agile workforce while adequately protecting workers' rights in terms of remuneration, social security, and opportunities for growth and development. We refer to this as our social innovation agenda, in which we combine the elements of work, social protection, and learning and development to enable everyone to thrive in a sustainable and inclusive labor market.

mobility

Around the globe, some 247 million people are living (and in large part working) in a country other than that of their birth. Sometimes described as the unfinished business of globalization, labor migration issues raise complex and sensitive political, human rights, economic, and social concerns, as well as an array of legal and regulatory challenges. Migration accordingly occupies a prominent place on both national and multilateral policy agendas, as well as in public discourse and debate. To deal with local talent shortages, such as in STEM (science, technology, engineering and mathematics) disciplines, more developed countries are increasingly trying to attract high-skilled workers from abroad. This is considerably easier for countries with less rigid immigration policies. As a result, talented people cannot always move to where the jobs are. This location mismatch between employers and employees is likely to be influential in the years to come.

Randstad has contributed to the labor migration debate through its People to Jobs, Jobs to People research. Commissioned by Randstad, the IZA Institute for the Study of Labor in Bonn studied the determinants of worker migration and the importance of labor migration in resolving future labor shortages.

regulatory environment in our markets

The increasing variety of work forms needs to be appropriately regulated. 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. 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.

Many countries still maintain unjustified restrictions on flexible work arrangements. As a result, these forms of work often still lack appropriate and fair regulation and social protection, which may also lead to an unnecessarily large informal labor market. According to the International Labour Organization's World Employment and Social Outlook, which analyses key labor market issues, 61% of the global workforce are employed informally, without access to any form of security in their career. Furthermore, half a billion people across the world are affected by labor underutilization, including the unemployed, the underemployed and those who lack sufficient access to labor markets. The number of underemployed people (165 million) is nearly as high as the number of unemployed (188 million). In addition, 276 million young people (aged 15-24) are neither in employment, education nor training (NEET). This underscores the need for a global drive to get the social innovation agenda implemented. It requires the smart combination of measures that appropriately regulate a diversity of work forms (valued by both workers and businesses) and provide unrestricted access to social security and skilling.

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. For example, Randstad has chaired the World Employment Confederation (WEC) since 2014, and has made a significant contribution to the recent WEC Manifesto 'No Future of Work without Social Innovation'. We also contributed to WEC Europe's vision paper 'Making Europe the best place to work'. In addition, Randstad is 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 order to fine-tune and customize arrangements.

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 agency work 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 33 countries worldwide, 14 of which are in Europe. The World Employment Confederation and ILO are continuously promoting further ratifications. In 2018, an ILO expert group reached an agreement on the definition of recruitment fees and related costs. The aim of this clear, global definition is to eliminate unfair charges made to workers and jobseekers, and to support countries in creating better regulation for the employment industry.

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 2019

In 2019, the most relevant developments with regard to regulation in our markets took place in the Netherlands and Germany.

the netherlands

On May 25, 2019 a legislative proposal called 'Wet arbeidsmarkt in balans' (Wab) was initiated and adopted by the Dutch government and came into force on January 1, 2020. This Act aims to make open-ended contracts more attractive to employers by easing dismissal law, while making flexible contracts less attractive to employees by making them more expensive. Randstad has responded to these changes in legislation by preparing our systems to ensure compliance and by informing our clients on the impact of the upcoming changes.

germany

On December 18, 2019, the Negotiating Association for Temporary Employment (VGZ), which consists of the Federal Employers' Association of Personnel Service Providers (BAP) and the Association of German Temporary Employment Agencies (iGZ), and the Collective Bargaining Association for Temporary Employment of the Confederation of German Trade Unions (DGB) agreed on a new Collective Labor Agreement. The CLA runs for 39 months, until March 2022. The negotiating parties have agreed on a declaration period until February 12, 2020, as both the union executive boards and the CLA commissions of the employers' associations must approve this agreement.

state of play on staffing regulation and trends, 2019

main market	regulation	regulatory trend
Argentina	restrictive	unchanged
Australia	appropriate/liberal	unchanged
Austria	workable/to be improved	unchanged
Belgium	workable/to be improved	unchanged
Brazil	restrictive	unchanged
Canada	appropriate/liberal	unchanged
Chile	restrictive	unchanged
China	workable/to be improved	unchanged
Czech Republic	restrictive	unchanged
Denmark	appropriate/liberal	unchanged
France	workable/to be improved	unchanged
Germany	workable/to be improved	unchanged
Greece	workable/to be improved	unchanged
Hong Kong SAR	restrictive	unchanged
Hungary	workable/to be improved	unchanged
India	restrictive	unchanged
Italy	restrictive	reversed
Japan	workable/to be improved	unchanged
Luxembourg	restrictive	unchanged
Malaysia	appropriate/liberal	unchanged
Mexico	workable/to be improved	unchanged
Netherlands	appropriate/liberal	reversed
New Zealand	appropriate/liberal	unchanged
Norway	restrictive	reversed
Poland	restrictive	unchanged
Portugal	workable/to be improved	unchanged
Romania	restrictive	unchanged
Singapore	appropriate/liberal	unchanged
Spain	restrictive	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

our strategy and progress.

our strategy

The world of work is changing rapidly. At Randstad we combine the power of today's digital technology with our distinctive human approach, supporting people and organizations in realizing their true potential. We aim to be the trusted advisor for talent in all steps of their working lives and the trusted HR partner for our clients in all their talent needs, creating long-term value for all our stakeholders.

Our strategy centers around three pillars that reinforce each other: digital, operational excellence, and accelerating growth.

digital

Our Tech & Touch strategy focuses on a solid technological and data-driven foundation, combined with our distinctive human touch. This strategy sets Randstad apart. Taking an integrated approach, we claim a presence in all areas of the HR services playing field, from purely digital to specifically human. We aim to empower people through innovation, while making HR technology feel more human at the same time. In this way, we deliver a Human Forward experience that is unique and relevant to talent, our clients, and our employees.

We continue to strengthen our digital foundation, building on our cloud-native architecture and leveraging the power of data. Through a joint effort of our Digital Factory, local market-led innovation teams, and our Innovation Fund, we are digitalizing each part of our processes. Since 2016, our Digital Factory has focused on scaling up the best technologies from both inside and outside the company as quickly and efficiently as possible, based on an agile and lean startup approach with short development cycles (sprints).

Through this digitalization strategy, we generate and build on access to decades of aggregated anonymized internal data as well as external HR market data. This includes data on attrition, salary and scarcity, employee engagement, turnover, and sourcing (including data generated by Monster).

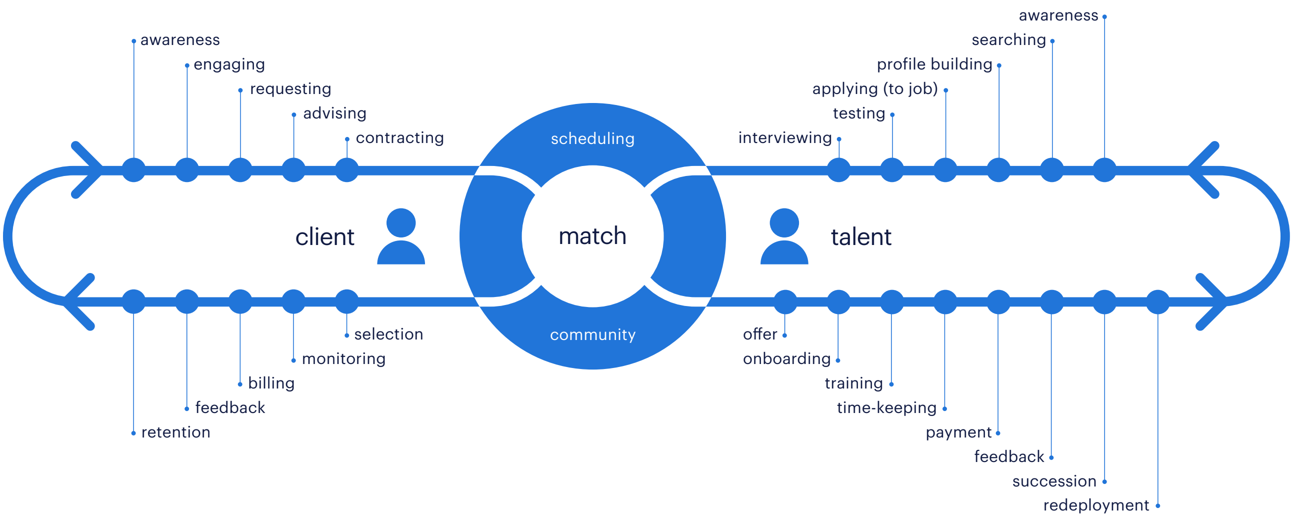
For the benefit of our clients, we are revolutionizing the way we predict and proactively suggest the best talent, supporting our clients' talent acquisition, their training and upskilling programs, and their workforce planning strategies as and when they need it. For the benefit of talent, we are combining the data we collect to provide better and more personal advice, creating more regular relationships, and providing opportunities to interact. In this way, we promote our goal of supporting people's lifelong employability.

Underpinning all our innovation efforts is our Customer Delight program, which researches the needs of clients and talent by means of a standardized global program. This program provides the input for all process improvements and aims to make every physical or digital interaction with Randstad relevant and distinguishable in the industry. In addition, we invest in user research and design for our solutions to ensure a great user experience.

Each implementation and all interactions lead to new data and learnings, which in turn create the basis for new sprints of innovation, helping us to future-proof our existing business models while continuously exploring new horizons and finding new ways to serve clients, talent, and our consultants. In particular, we focus on finding ever more transparent and personal ways to proactively guide and connect with them.

In today's interconnected world, people's work journeys are impacted in many different ways, and we see that our role in society is becoming more far-reaching than ever before. In the coming years, we will therefore focus on further strengthening our digital foundation and integrated approach in order to play a leading role in the larger 'ecosystem' of people's working lives (see page 38). Our Randstad Innovation Fund is evolving accordingly, scoping for new and innovative ways to add relevance and value in people's working lives.

process of connecting with clients and talent



operational excellence

As the industry leader, we are always looking for ways to improve existing processes and models in order to deliver even more value to talent, clients, employees and shareholders, as well as to society as a whole. We therefore commit significant resources to continuously improving our concepts and ways of working. As operational excellence depends on the excellence of our people, we attach great value to the training of our employees. In addition, we invest in standardization, consolidation, re-engineering, and automation, which are also important drivers of change.

Our activity-based field steering/end-to-end (ABFS/E2E) model is data-driven and designed to optimize adaptability and to drive productivity and growth. ABFS is a fact-driven field steering model, complemented by end-to-end measurement, including data and leads from all channels and digital tools, from talent registration through to conversion. The model enables us to adjust to changing market circumstances quickly. We use our ABFS/E2E 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. Consultants and managers have real-time insight into a range of key performance indicators and can manage and monitor performance through transparent weekly, monthly and quarterly reports. The model and easy-to-use local dashboards help managers to take quick decisions and translate them into immediate action.

At the same time, we are operating at a global scale, interacting with millions of people every day, both internally and externally, and we are in a unique position to learn from these interactions. We have therefore put in place improvement programs to leverage all our learnings and to continuously improve the experience we give to all our key stakeholders, which will enable us to become a better partner and employer. Through these improvement programs, we focus on realizing the true potential of a more connected Randstad, while also presenting a stronger and more competitive proposition to our external stakeholders. This will increase our overall capacity and performance, which will help us to further accelerate growth.

accelerating growth

Thanks to our nearly 60 years of HR knowledge, our global presence, and our digital transformation, we are in an excellent position to drive further profitable growth. We aim to accelerate growth by allocating resources to the digital HR services space, specific client segments, and concepts and/or geographies for which we see growth opportunities. Those initiatives ensure we live up to the promises we make to talent, clients, and employees in the best possible way. In doing so, we will continue to build a more resilient, future-proof company, actively managing and diversifying our portfolio, and ensuring long-term value creation.

In addition to supporting small to medium-sized companies in local markets, we have a unique offering for the largest companies in the world – one that redefines how large multinationals organize work in order to create a distinctive and lasting talent advantage. Our enterprise clients therefore form an important part of our growth strategy. In addition, we seek to accelerate the growth of our offerings in Statement of Work (SOW) and outplacement. The SOW market offers significant growth potential for Randstad's Professionals business, mainly in the IT and engineering space. Through the expansion of Ausy and Randstad Technologies, we have direct access to relevant SOW expertise, which we aim to roll out at an international scale. We will also continue to focus on expanding our proven strong service concepts, particularly Inhouse, Professionals, RPO and MSP.

As Randstad, we want to create the largest talent engine in the world. In a fast-changing environment, enabling and supporting the upskilling and reskilling of talent is one of the key ways to deliver on our Human Forward promises. We also continue to invest in new services, helping more and more companies with their talent needs, both today and in the future. For example, through the global rollout of our Randstad RiseSmart concept, we will be able to provide career development and coaching services as part of a unique and leading value proposition, in which we combine the power of people and technology.

“My Randstad journey has been both exciting and challenging. The vision shared by senior leadership inspires each one of us to strive for results every single time. In 2019, we saw India in the spotlight for getting a special mention during quarterly results calls for three consecutive times. Our mission ahead is to have #bestever2020, and the entire organization is committed to it.”

Ishita Jain, Assistant Manager, Talent Management and Engagement, Randstad India

strategic roadmap

With the aim of achieving our ultimate goal by 2030, we track our portfolio of strategic initiatives across multiple horizons and update our strategy based on progress. We need to accelerate, scale, innovate, be more proactive, and make more matches.

strategic roadmap

objectives

organizational excellence
- create capacity for growth
- continuously develop our employees
- talent acquisition and employer brand strategy

embed digital transformation
- digitalize our processes
- build a solid data-driven foundation
- reposition innovation fund

trusted HR partner for our clients
- deliver on our human forward promises: proactivity, guidance, transparency
- embed data-driven insights in our offerings
- organize our clients' workforces

world's largest talent engine
- deliver on our human forward promises: proactivity, guidance, transparency
- lifetime employability
- data-driven measurement of all interactions

capitalize on growth opportunities
- more resilient and profitable portfolio
- competitive growth
- value creation from employability ecosystem
- be recognized as a top 100 brand

ultimate goal
- by 2030, we will touch the work lives of 500 million people worldwide

financial objectives
- market share gains
- EBITA margin of 5% to 6%

org
- created a better, more connected Randstad
- activity-based field steering
- rollout of transformational leadership program
- continuous process improvement

digital
- rollout of digital solutions to clients, talent, employees
- continued development of workforce scheduling, data-driven sales, customer delight and market insights

client
- elevated customer value propositions
- focus on enterprise growth
- continuous rollout of customer delight program
- accelerated growth on RPO (+6%)

talent
- invested in upskilling and reskilling capabilities
- improved job boarding and talent guidance capabilities
- continuous rollout of customer delight program
- focus on talent journey and experience

growth
- achieved profitable market share gains
- focus on winning in specific markets
- repositioning of innovation fund
- accelerated career mobility, outplacement and statement of work
- strategic M&A: acquisition of Optedis and Aurec
- leverage ratio of 0.7

progress 2019

strategic priorities and financial objectives

Our strategic objectives and roadmap (see previous page) 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:

- embed digital transformation;
- build a stronger, more connected Randstad;
- continuously upskill and reskill our talent;
- accelerate in outplacement and career development and SOW;
- create the world's largest talent engine;
- drive enterprise growth;
- grow faster in North America and Japan;
- reposition our Innovation Fund;
- be recognized as a Top 100 brand.

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 cost optimization;
- sustained focus on Days Sales Outstanding (DSO) in order to maximize our free cash flow (FCF) generation;
- optimize our Economic Value Added (EVA);
- maintain a sound financial position;
- focus strongly on shareholder returns through 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 2019

objective	progress
Continuous profitable market share gains	In 2019, we continued our track record of profitable market share gains in core markets such as France, Germany, and Italy. Overall, we continued to pursue a disciplined pricing policy, driving further profitable growth in many of our markets.
EBITA margin of 5%-6% over time	In 2019, our EBITA margin was 4.6%, compared to 4.7% last year. We managed to protect our EBITA margin despite an organic growth decline of 2%. 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. Since then, our ROIC has improved to 15.2% in 2019. Our focus going forward remains on further improving our economic returns, also driven by active portfolio management. Being an important driver for optimizing EVA, capital discipline remains a strategic priority.
Sound balance sheet	Our leverage ratio further improved to 0.7 in 2019 (2018: 0.8) excluding IFRS 16, despite our record-high dividend payout in 2019. Given our largely organic growth focus going forward and generally sound free cash flow prospects through the cycle, we believe our balance sheet will remain robust going forward.
Strong focus on shareholder returns	Given our primarily organically focused digital strategy, our strong balance sheet, and a favorable free cash flow outlook in various economic scenarios, we have the following capital allocation policy in place: a conditional cash floor dividend of € 1.62 per share, with optional additional cash returns when the leverage ratio is < 1.0 (excluding IFRS 16).

our value for clients and talent.

We help our clients to find the best talent with the most relevant skills for their business. At the same time, we help talent to find jobs and develop their skills so they can have a meaningful career.

At Randstad, we see it as our role and responsibility to support both people and organizations in realizing their true potential. We do this by optimizing employment opportunities for talent and enabling the best possible workforce for clients. By partnering with Randstad, our clients can focus on their core business, while we bring them the best talent for the work they need doing, whether this is on a permanent, temporary, full-time, part-time or solution basis. And with our unique access to employment opportunities, we support and guide people from all backgrounds throughout their careers, matching them with our clients' needs.

our promise to clients

At Randstad, we play a key role in managing our clients' most critical asset: their talent. Every day, we promise our clients transparent insight into how we meet their HR needs, and they will find in us an HR partner to guide them throughout their business cycle. In today's fast-changing business environment, our primary goal is to help them organize their workforce in the most effective and cost-efficient way. And thanks to our proactive approach, we ensure that our clients stay ahead of the game in the competitive world of talent.

We partner with clients around the world, ranging from small local companies to large global enterprises, always offering a customized approach to meet their needs. Through proactive advisory based on our in-depth expertise and data-driven insights into our clients' businesses and the labor market, we are increasingly able to contact clients about their talent needs even before they are aware of these needs themselves, creating the best possible Human Forward experience and maximizing the chances of successful matches with our talent pool.

"From Day 1, Randstad has been more than just a trusted partner, they are a strategic asset. From co-creating innovative offerings around internal mobility and re-skilling to traditional outplacement and RPO managed services, Cisco is fortunate to have the full breadth of Randstad's global capability in play."

Jason Phillips, Vice President Digitization and Chief of Staff People and Communities, Cisco, United States

client propositions.

randstad enterprise group

Over the past 12 to 18 months, we have recognized that large, global enterprise clients are raising their expectations of the value a strategic talent solutions partner can bring to their strategic workforce plan and talent acquisition strategy. In 2019, to meet the evolving needs of enterprise clients, we built the Randstad Enterprise Group. This new, world-class talent advisory and account management infrastructure leverages Randstad's breadth of services to build total talent models that generate maximum business value for clients. The Randstad Enterprise Group will redefine how large, global companies get work done and brings together Randstad's complete portfolio of services, products and solutions to focus on developing strategic roadmaps for enterprise clients through each phase of the total talent lifecycle. Randstad Enterprise Group works in partnership with all of our operating companies to become the indispensable talent partner for enterprise clients.

total talent architecture (TTA)

Total Talent Architecture (TTA) is the approach Randstad Enterprise Group uses for global enterprise clients. It is also used by individual operating companies when working with many of our largest local clients. 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.

This approach connects all our business lines, and enables us to increase our presence in higher-value-added services such as recruitment process outsourcing (RPO), professionals, statement of work (SOW) services 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

Randstad's TTA approach helps us to deliver integrated talent solutions, or the right talent in the right modes of employment, to our clients. Our solutions encompass all worker types and sources, including permanent placements, staffing, 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 payrolling 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. We continuously adjust our delivery models to serve our clients in the best possible way.

randstad employer brand research

What attracts talent to an organization, what makes them want to stay, and what drives them away? Taking a deep dive into workers' drivers and motivators, the annual Randstad Employer Brand Research, which includes nearly 6,200 companies in 32 markets and over 200,000 respondents, is the world's most comprehensive independent study into what attracts employees and job seekers to an organization. It demonstrates our commitment to helping clients understand the value of superior brands in local markets, and it provides clients with a better understanding of how their own brand performs in terms of attracting talent. With access to a state-of-the-art, custom-built research platform, Randstad's clients benefit from proprietary insights that help them shape their employer branding strategy, employee value proposition, and talent attraction efforts.

In 2019, in its 19th year of existence, the survey captured the opinions of working age people across 32 markets, including newcomers Norway, Romania, and Ukraine. Participating countries organize local Randstad Employer Brand events, engaging key players in the local HR industry and celebrating winners of the research as being the most attractive employers in the minds of potential job seekers.

our promise to talent

We see people's working lives as journeys, which we want to make easier, more transparent, more rewarding, and more fulfilling, offering our support every step of the way. By making an impact on these journeys, we bring 'humans forward', step by step. We intend to make every interaction with Randstad relevant and be the advisor people turn to for all their work-related needs.

At Randstad, we see each person as an individual with unique skills and talents, not just another résumé. We understand the importance of a job and a meaningful career in people's lives. We promise the talent we connect with that we will use our technology, expertise, and personal approach to provide transparent feedback and proactive, tailored advice, while facilitating training and reskilling where necessary.

We connect talent with jobs through advanced talent acquisition, talent management, and analytics solutions. Our technology and strong data-driven insights makes the matching process simple and efficient, creating the best user experience and freeing up our consultants' time to personally guide people to short- and long-term career success.

From a broader perspective, we work to ensure the well-being of talent by addressing the importance of decent work and a healthy working and living environment with clients, governments and other local authorities. In addition, we advocate for job security and promote inclusion and diversity among our clients, and we ask them to adhere to our human rights policy.

wheel of working life

"Randstad has been instrumental in my career journey. My consultant took a personal interest in me, finding a perfect fit and trusting me to work on important assignments that led to permanent and gainful career opportunities. I will always choose Randstad to help me find work. It's like having my own private team vetting the companies I will work for!"

Rosemarie Hudson, a candidate in Atlanta, United States

our services

We offer a wide variety of services, which are well-known for the consistency and quality of their delivery. Our services range from permanent to temporary or interim roles at all levels, as well as solutions that are tailored to individual needs. We have global platforms in place to share best practices, ensuring that new services can be rapidly replicated and leveraged in other markets, while it is relatively easy to adapt them to meet specific local or client needs.

Our services fall into four categories: Staffing, Inhouse, Professionals and Global Businesses.

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 recruitment fee based on the individual's salary. Our Staffing teams place workers in light industrial, office & administrative, manufacturing & logistics, and other specialty areas. As part of our Staffing business, we also guide talent in suggesting training that could support a next step in their career. In addition, we offer payrolling services, taking over the administrative payroll burden of our clients, so that they can focus on their core business.

inhouse

Randstad’s Inhouse concept provides solutions for companies requiring large-volume workforces in a limited number of profiles. Our dedicated consultants work on-site, using processes tailored to our clients’ needs. By providing flexible work solutions designed exclusively for each client and often complemented by workforce scheduling tooling, 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. As part of this service, we offer planning of the client's workforce, both their temporary and permanent employees. Inhouse services are usually billed based on the number of hours worked.

professionals

As part of our Professionals offering, we source experienced staff for managerial and professional roles across a wide range of sectors and disciplines, including IT, engineering, finance & accounting, healthcare, HR, education, legal, and marketing & communications. Our consultants are experts in their own specific fields, and have well-developed social networks. They place people on a temporary, contracting 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.

Due to the increased complexity of roles in the IT and engineering space, Randstad offers advanced technology consultancy and innovative project-based solutions conducted by high-level professionals and expert managers under supervision of Randstad. We offer these solutions under a statement of work (SOW) arrangement based on agreed deliverables in the higher-level professionals segment, where we take on responsibility for achieving project milestones and deadlines. These solutions are delivered by our IT & engineering experts of Ausy and Randstad Technologies. Besides IT and engineering, we also deliver some local specific consultancy, for example, BMC (Netherlands) provides consultancy for the public sector. SOW solutions are usually billed based on hours worked but could also be billed based on specific milestones in the project.

global businesses

Our Global Businesses category includes Managed Services Programs (MSP), Recruitment Process Outsourcing (RPO), outplacement and career development, and online talent acquisition. Randstad's MSP and RPO services can be combined in an integrated talent offering to our enterprise clients. We work across borders to serve large, multinational organizations looking for added value through innovative sourcing services, employer branding, HR technology and analytics.

managed services programs

Through our Managed Services Programs, we take primary responsibility for the organization and management of a client's contingent workforce, typically including supplier selection and management, order distribution, reporting and consolidated billing, and Vendor Management System (VMS) software with on-site presence at the client. 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. The MSP fee is usually a percentage of the salaries paid to workers, which is paid by the suppliers, making this service cost-neutral for clients.

recruitment process outsourcing

Our Recruitment Process Outsourcing services take full or partial control of our clients' internal 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. Although we mostly recruit a client's permanent personnel, in some cases contingent workers may also be included, as part of an integrated model. Typically a fee is charged per position successfully fulfilled.

outplacement and career development

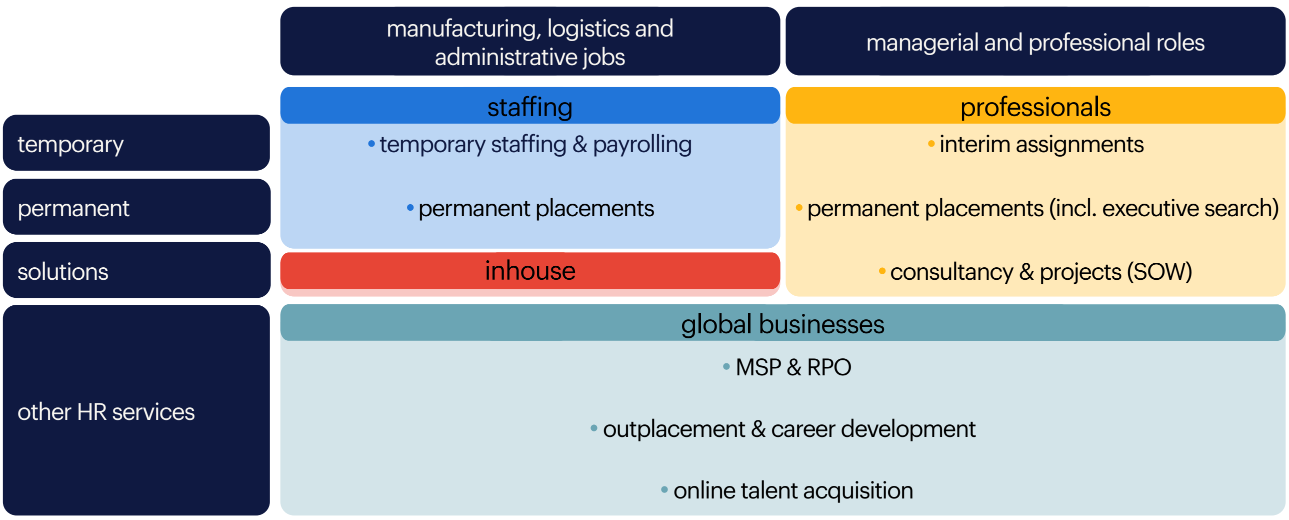
Our outplacement and career development services are mainly provided by Randstad RiseSmart. We partner with companies across the globe as they flex, adapt, and transform their businesses. Our innovative approach to talent mobility helps organizations adjust their workforce to changing circumstances. 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, facilitate training and provide career development guidance where necessary, and try to make the transition as smooth as possible. Randstad RiseSmart delivers its services with a unique, cloud-based technology platform with a proprietary matching engine to support career development, résumé writing, and coaching services. These services are commonly charged on the basis of a transactional fee.

online talent acquisition

As clients and talent are often looking for easy-to-use online solutions, we offer these through our Monster platform. Employers can post jobs to find employees for their vacancies. Monster then distributes job opportunities through a broad online network to find suitable talent, delivering a quick and easy way to fill vacancies. For talent, Monster provides online job searches, résumé assessments, and job-fit scoring to show them which jobs are most relevant to their skills and interests. In addition, Monster provides talent with online career advice, giving information to help them identify the right fit, get ready for a search, and find a job that meets their needs.

randstad services framework

Randstad supports its clients and talent at all levels by providing a wide variety of services



our value for employees.

We are an attractive employer for our employees by offering continuous development and career opportunities, enabling them to realize their true potential. Data-driven insights help our employees to enhance the human connection and serve clients and talent even better.

The true value of our business lies in connecting people, with our own people at the core. We take pride in working with the best talent in the industry and offering them meaningful work. We challenge them to perform to the best of their ability and realize their true potential by seizing 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. We want our people to 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. Over the past few years, this has also meant acting as a change agent in the Tech & Touch transformation of our organization, equipping our employees with new digital skills and competencies, and embedding these in our people's way of working, empowering them to continuously adapt to the changing demand from clients and talent.

Our Human Forward promises not only apply to our clients and talent, but also to our own employees. Through relevant digital tools and solutions, we enable our people to be transparent and proactive in the way they connect with clients and talent, and to provide customized guidance. This in turn will make their own job more fulfilling, as they can use their expertise to make a truly personal and meaningful difference.

leadership framework

In 2019, we developed our Human Forward Leadership Framework. With this framework, we will develop the collective leadership we need to achieve our long-term global ambitions and realize our true potential as a business.

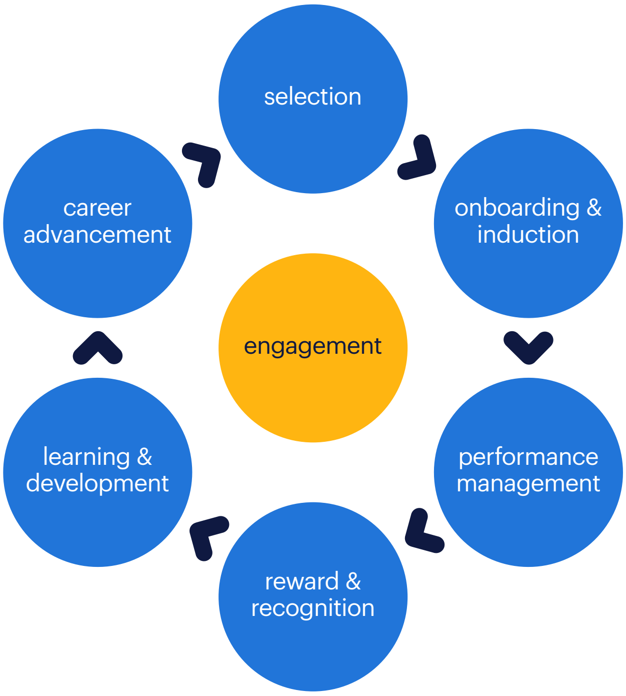
The framework provides Randstad's leaders with a clear set of standards and expectations about how to lead and manage a consistent delivery of the Human Forward experience. It has been developed collectively and in strong collaboration with all of our stakeholder groups to ensure its roots in our culture and powerful core values. Fully in line with our Tech & Touch strategy and Human Forward promises, the framework aims to ensure future-proof leadership supported and strengthened by our development programs and performance management.

The framework is based on four pillars: (1) delighting people, (2) performing today, (3) leading change, and (4) securing the future. All four of these pillars are linked to a core leadership competency that is expected of all leaders throughout our company, while eight complementary competencies are adaptable to the unique needs of individual operating companies and functions. In this way, we aim to develop and maintain a transformational leadership structure that promotes new ways of thinking, responsible risk-taking and experiments, cross-border collaboration, and agile innovation.

HR cycle

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

HR cycle



selection

At Randstad, we do not hire people to fill a vacancy, rather we hire people for a career. Randstad employees have the unique opportunity to make work meaningful and impact people's lives, helping them move forward. This is at 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. Internships also prove to be a valuable source of talent. In 2019, we provided internships to 3,560 people across the Group. 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.

equality, inclusion and diversity

Randstad is strongly committed to equality, inclusion and diversity. We believe this helps us build a more agile, productive, and innovative workforce that reflects our talent 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 2019, Staffing Industry Analysts (SIA) named eight Randstad executives in their 'Global Power 150 – Women in Staffing' list. Locally, there are many initiatives to support diversity and inclusion in the broadest sense.

proportion of women in senior leadership positions[1]

	2019	2018[2]	2017
North America	62%	53%	46%
France	41%	36%	48%
Netherlands	42%	42%	38%
Germany	39%	42%	45%
Belgium & Luxembourg	59%	60%	50%
Italy	50%	47%	53%
Iberia	37%	37%	42%
Other European countries	54%	55%	55%
Rest of the world	43%	46%	44%
Global Businesses	43%	57%	n.a.
Corporate	46%	40%	49%
Total	47%	48%	47%

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 2018 are slightly impacted by changes in the definition of 'Senior leadership'.

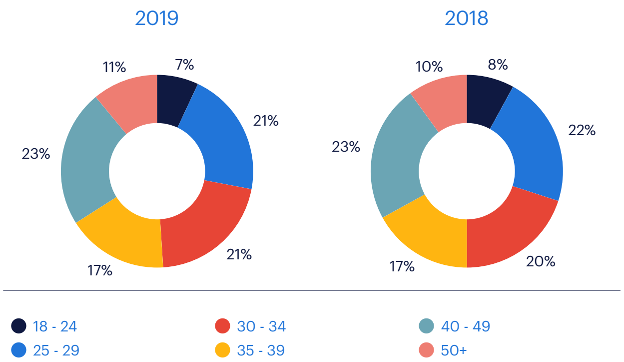
Source 2019 and 2018: Randstad in Touch engagement survey
Source 2017: Great People Survey

composition of our workforce by gender and contract type in 2019

	number of employees	of which female	% permanent contract		% temporary contract		% full-time contract		% part-time contract	
			male	female	male	female	male	female	male	female
North America	5,690	59%	100.0%	100.0%	0.0%	0.0%	99.4%	99.5%	0.6%	0.5%
France	4,610	77%	91.8%	89.7%	8.2%	10.3%	99.0%	93.4%	1.0%	6.6%
Netherlands	4,190	69%	82.3%	83.6%	17.7%	16.4%	84.4%	42.2%	15.6%	57.8%
Germany	2,770	63%	96.6%	95.4%	3.4%	4.6%	89.1%	63.7%	10.9%	36.3%
Belgium & Luxembourg	2,080	86%	97.5%	99.8%	2.5%	0.2%	91.0%	62.9%	9.0%	37.1%
Italy	2,240	80%	87.9%	92.3%	12.1%	7.7%	97.4%	88.5%	2.6%	11.5%
Iberia	2,170	79%	92.5%	93.6%	7.5%	6.4%	98.0%	80.8%	2.0%	19.2%
Other European countries	3,710	67%	93.8%	87.0%	6.2%	13.0%	96.5%	87.1%	3.5%	12.9%
Rest of the world	5,780	57%	89.3%	82.5%	10.7%	17.5%	97.0%	93.8%	3.0%	6.2%
Global Businesses	4,790	62%	96.5%	90.5%	3.5%	9.5%	96.0%	82.8%	4.0%	17.2%
Corporate	250	42%	76.2%	90.3%	23.8%	9.7%	95.3%	73.1%	4.7%	26.9%
Group	38,280	67%	93.0%	90.9%	7.0%	9.1%	95.1%	81.3%	4.9%	18.7%

In 2019, 91.6% of our employees had a permanent contract, and 84.4% worked on a full-time basis.

composition of our workforce by age group



Source: Randstad in Touch engagement 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 our Great Conversations program. 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. 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, learning & development, and career advancement.

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 personal development. In addition, our annual remuneration process also takes external market developments into account. To encourage our employees' affiliation with Randstad and to enable them to participate in Randstad's success, an employee share purchase plan is in place, with currently more than 15,500 active participants. This plan, which keeps growing in popularity, enables our employees to benefit from Randstad's growth and stimulates entrepreneurship. 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. In addition, managers play a crucial and important part in reinforcing their employees' learning journeys. Our training programs are always competency-based and focus on leadership, sales, job-related skills, 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. Our e-learning platforms offer world-class programs, covering a wide range of topics. In 2019, we continued to expand our digital learning opportunities, incorporating new tools and technology to enhance the learner experience and ensure sustainable business impact of our learning programs.

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, Vlerick Business School, Nova Business School, The Thrive, and Stand & Deliver Group. Our Executive Board and senior leaders are closely involved in the development and delivery of the programs. In 2019, the Frits Goldschmeding Academy trained 945 senior leaders in 47 different development programs.

The Frits Goldschmeding Academy particularly focuses on strategic transformational leadership programs, encouraging efficient exchanges of best practices at a global level. Through clear design principles, an integrated approach, and alignment within and across programs, we aim to achieve a high return on investment, as well as ensuring that all operating companies have access to top leadership programs.

"Since I joined Randstad, I've been challenged and encouraged to develop myself, and in 2019 it was no different. I had the opportunity to make global contacts and feel even more part of the company. I'm very proud to have participated in Randstad Sourceright's 50% growth in Brazil this year. Looking forward to the challenges and achievements of 2020!"

Myrella Luize Milano, Recruiter Business Partner III, Randstad Sourceright, Brazil

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 stretch assignments, while providing sufficient coaching and mentoring at all levels. Stretch 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 employees, 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 talent.

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, retention, and business outperformance. To measure and monitor engagement, we make use of the global online Randstad in Touch platform, which replaced the annual Great People Survey in 2018. The Randstad in Touch platform consists of an engagement-related questionnaire, which people complete at least four times a year. Results are shown in a real-time dashboard. Individual operating companies can add open questions related to the local situation, and employees can share comments or have conversations with their manager anonymously. A planning tool enables us to identify areas where there is room for improvement, so we can take appropriate action and champion positive change.

The Randstad in Touch tool is also used to measure our overall engagement score in comparison with that of similar companies. In 2019, Randstad's engagement score was 7.63, which is slightly above the benchmark of 7.58. The participation rate was 81%.

In the table below, the figures for 2017 are also included. Please note that these percentages cannot be compared one-on-one with the new scores on a scale of 1 to 10.

randstad engagement scores by geography [1]

as % of total number of respondents

	engagement score			benchmark		
	2019	2018	2017	2019	2018	2017
North America	8.3	8.3	77%	7.7	7.7	70%
France	7.6	7.4	64%	7.5	7.5	58%
Netherlands	7.7	7.8	69%	7.6	7.7	70%
Germany	7.3	7.6	66%	7.5	7.5	63%
Belgium & Luxembourg	8.1	8.0	72%	7.5	7.4	61%
Italy	7.5	8.1	60%	7.5	7.4	59%
Iberia	7.8	7.6	75%	7.5	7.4	66%
Other European countries	7.9	7.7	69%	7.6	7.4	n.a.
Rest of the world	7.1	7.1	61%	7.6	7.5	n.a.
Corporate	8.0	8.1	77%	7.6	7.7	n.a.
Group	7.6	7.7	68%	7.6	7.7	68%

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

Source 2019 and 2018: Randstad in Touch engagement survey
Source 2017: Great People Survey

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. In Europe, 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. In 2019, 43% of our employees were covered by collective bargaining agreements (2018: 49%).

employee retention rate

as % of total number of employees

	2019	2018	2017
Employees staying with their operating company	73.7%	77.8%	76.6%
Employees transferred within the Group	0.5%	1.3%	0.3%
	74.2%	79.1%	76.9%

Source: Quarterly non-financial reporting by operating companies

our value for investors.

Our strategy and ambitions ensure long-term economic value creation for our investors. We aim to optimize shareholder returns 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 digital 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 digital strategy going forward, our strong balance sheet, and favorable FCF outlook in various economic scenarios, we have a clear capital allocation strategy in place. The first component is 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 and liquidity ratios. Second, in the event of a leverage ratio below 1.0, we have committed to optional additional cash returns through (i) a special dividend or (ii) share buybacks.

investor relations

Randstad Investor Relations' main goal is to safeguard our 'financial brand'. Whereas clients and talent 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.

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 2019, we organized several specialized events to further showcase the progress of our digital strategy, such as field trips in the Netherlands and France. In Q4 2019, we organized and broadcast an extensive Analyst Seminar in London with several executive board members and other senior management.

In 2019, we hosted around 50 roadshows and equity investor conferences, spending in total more than 60 days on investor communications. We met with investors in Austria, Belgium, Canada, France, Germany, Hong Kong SAR, Italy, Ireland, Israel, Japan, the Nordics, Singapore, Spain, Switzerland, the Netherlands, the UK, and the US. In addition, a large and increasing number of investor meetings were held at our head office in the Netherlands.

On March 26, 2019, 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 € 5.9 billion, and we achieved return on invested capital of 15.2%, up from 13.6% last year. More information on and an analysis of invested capital can be found in the section 'financial performance'.

invested capital

	2019	restated 2018
Net debt, excluding lease liabilities	756	985
Lease liabilities	621	655
Net debt (including lease liabilities)	1,377	1,640
Total equity	4,473	4,447
	5,850	6,087
Return on invested capital[1]	15.2%	13.6%

1 Underlying EBITA (last 12 months) less income tax paid (last 12 months) as percentage of invested capital.

debt

Our financing policy aims to secure financing that matches the mid- to long-term financing requirements of the Group. The decrease in working capital requirements in 2019 was primarily due to our organic sales growth deceleration in combination with tight DSO management. Our leverage ratio (net debt/12-month EBITDA) ended at 1.0, slightly below last year (2018: 1.2), despite significant cash outflow in 2019 due to dividend payments. We consider a strong balance sheet to be 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. In addition, our policy of using floating interest rates provides a natural hedge against the development of operational results, which continued to pay off during 2019.

Leverage ratio pre-IFRS 16 'Leases' ended at 0.7 compared to 0.8 in 2018.

debt

	2019	2018
Total debt facility	2,350	2,350
Net debt, excluding lease liabilities	756	985
Leverage ratio (pre-IFRS16 'Leases')	0.7	0.8

total equity

In 2019, the number of issued and outstanding ordinary shares remained stable compared to 2018 at 183 million.

We offset the dilutive effect from our annual performance share plans for senior management through share buybacks. The next allocation of shares will take place on February 11, 2020.

total equity

	numbers year-end (in millions) 2019	2018	nominal value per share
Ordinary shares	183.3	183.3	€ 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	258.6	€ 0.10

On December 31, 2019, there were 50.1 million preference shares C in issue. In November 2019, the dividend yield on these shares was reset from 5.8% to 3.5%. For preference shares B, there were 25.2 million shares in issue. In November 2019, the dividend yield on preference shares B was reset from 2.7% to 2.0%. 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, which also implies equal voting rights. There are 3.6 million voting rights on preference shares B, and 5.6 million voting rights on preference shares C.

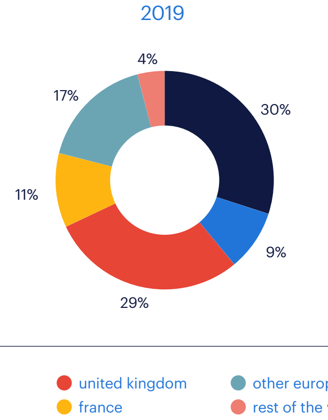
listing and indices

Randstad N.V. 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 DJSI World, DJSI Europe MSCI ESG, FTSE4 Good, Dutch Transparency Benchmark, Euronext Vigeo Eiris - Europe 120, Ethibel Sustainability Index Excellence Europe, VBDO's tax transparency benchmark, the Carbon Disclosure Project, Ecovadis, and Sedexe. 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 59% of shares held by Anglo-Saxon investors (2018: 53%). We estimate that in total approximately 81% 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

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 here are a combination of (depositary receipts of) ordinary shares and (depositary receipts of) preference shares.

major shareholders[1]

	nominal stake		voting rights	
	2019	2018	2019	2018
F.J.D. Goldschmeding	32%	32%	32%	32%
Stichting Administratiekantoor Preferente Aandelen Randstad Holding[2]	29%	29%	11%	11%
NN Group[2]	11%	11%	3%	3%
Richmond[2]	6%	6%	1%	1%
ASR[2]	5%	5%	1%	1%
Stichting Randstad Optiefonds	4%	4%	5%	5%
Stichting Administratiekantoor Randstad Optiefonds	3%	3%	3%	3%
Silchester	5%	3%	5%	3%

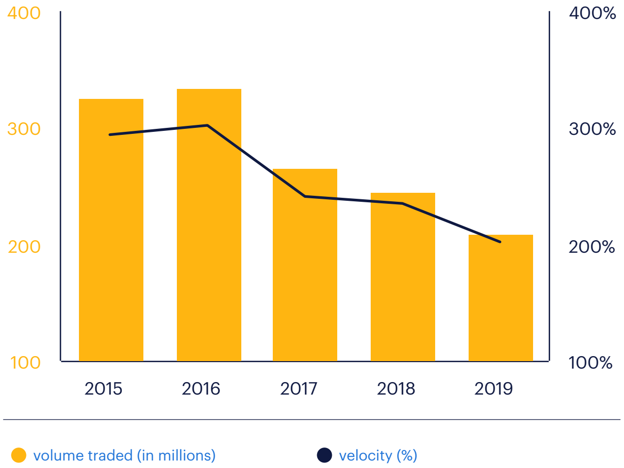
1 As last reported to the Dutch Authority for the Financial Markets.
2 Mainly based on preference shares (Stichting Administratiekantoor Preferente Aandelen Randstad Holding) or depositary receipts of such shares (NN Group, ASR, Richmond), which explains the difference in nominal stake and voting rights.

Growth investors remained the largest shareholder category of Randstad shares, comprising 24% of the free float. Index investors now hold 22% of the ordinary shares, overtaking value-focused investors. The remainder is held by alternative 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 210 million in 2019 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 slighty lower compared to 2018.

share volume traded and velocity



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 committed to 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 and liquidity ratios.

In 2019, we further enhanced our financial position. Our revenue and EBITA declined slightly organically, but this was more than offset by the countercyclical nature of our working capital. As a result, we will propose to our shareholders an all-time-high cash dividend of € 4.32 per ordinary share for 2019, up 28% year-on-year. This consists of a regular dividend of € 2.09, representing a payout of 50% of the basic underlying EPS. In addition, we propose a special cash dividend of € 2.23 per ordinary share, given our year-end 2019 leverage ratio excluding IFRS 16 of 0.7.

The ex-dividend date for the regular dividend will be March 26, 2020. The number of shares entitled to the regular dividend will be determined on March 27, 2020 (record date). The payment of the regular cash dividend will take place on April 2, 2020. The payment of the special cash dividend will take place in Q4 2020, 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 € 12.0 million.

per share data

		restated	not restated		
	2019	2018	2017	2016	2015
Dividend (€)	4.32	3.38	2.76	1.89	1.68
Dividend yield (%)	7.9	8.4	5.4	3.7	2.9
Payout (%)	103	74	67	50	50
Basic EPS (€)[1]	4.18	4.55	4.13	3.77	3.35
Diluted EPS (€)[1]	4.17	4.54	4.11	3.75	3.32
EBITA (€)[2]	5.95	6.17	5.82	5.18	4.74
Free cash flow (€)	4.99	3.42	3.20	2.54	2.75
Total equity (€)	24.40	24.26	23.22	22.66	21.25

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

share performance

share price development

The share price ended the year 2019 at € 54.44, well above the closing price of € 40.09 in 2018. In April, a dividend of € 2.27 per ordinary share was paid out, and in October a special cash dividend of € 1.11 was paid out. The total shareholder return (TSR) for 2019 was 59%.

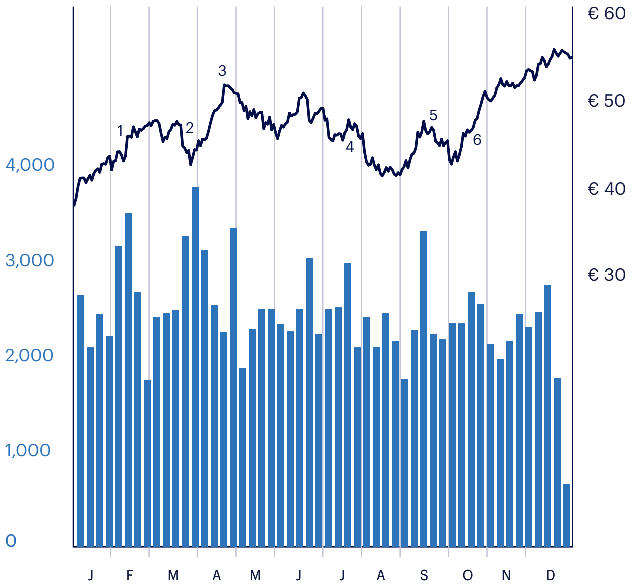
share price development

in millions of €, unless otherwise indicated

		restated	not restated		
	2019	2018	2017	2016	2015
Closing price (€)	54.44	40.09	51.24	51.53	57.53
TSR (%)	59	(18)	3	(8)	47
High (€)	55.30	59.34	57.51	57.53	64.92
Low (€)	36.41	38.46	48.38	32.58	38.37
P/E ratio	13.0	8.8	12.4	13.7	17.3
EV/Sales	0.45	0.35	0.45	0.49	0.56
Market capitalization	9,979	7,349	9,390	9,431	10,529
Enterprise value	10,735	8,334	10,416	10,225	10,702

total shareholder return development 2019 of randstad compared to euronext AEX index and peers

share price development 2019 of randstad ordinary shares



analyst recommendations

Approximately 18 financial analysts regularly publish reports on Randstad. At the end of 2019, around 30% had a 'buy' rating, while 40% of analysts recommended holding on to our shares; 30% of the analysts had a 'sell' rating. On December 31, 2019, the average target share price – according to analyst consensus – was around € 52. The highest target price was € 63, and the lowest was € 40.

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]

		restated	not restated		
	2019	2018	2017	2016	2015
Q1	€ 0.86	€ 0.86	€ 0.81	€ 0.67	€ 0.50
Q2	€ 1.04	€ 1.21	€ 0.98	€ 0.93	€ 0.83
Q3	€ 1.12	€ 1.20	€ 1.10	€ 1.05	€ 0.93
Q4	€ 1.14	€ 1.27	€ 1.22	€ 1.10	€ 1.05
Full year	€ 4.17	€ 4.54	€ 4.11	€ 3.75	€ 3.32

1 Before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs.

our value for society.

Having a meaningful job positively impacts people's lives. Through our core business, sustainability activities, and our dialogue with governmental authorities and other relevant bodies, we help shape the world of work, maximizing future employment and sustainable economic growth.

Randstad aims to make a positive contribution to society by focusing on its social responsibilities as well as through thought leadership and industry involvement, including research, surveys and publications, memberships, sponsorships, and events.

improving employability & skilling

Ongoing skills development is essential for employability and sustainability in any workforce. Our training programs are tailored to meet the needs of clients and talent 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. In 2019, 330,480 candidates were trained, with a total of 5,310,120 training hours.

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 participation requires an in-depth understanding of employment and labor market issues at a 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. In 2019, over 660,000 of the candidates working in our main markets were younger than 25, and we placed 11,500 young people in a permanent job. More information about our initiatives on youth employment can be found on our website.

social innovation programs

In 2019, we saw a total of over 100 social innovation programs around the world. An overview of these local initiatives is available on our website. In addition, Randstad has prepared a research publication on all our social innovation programs, which will be launched in 2020.

promoting equal opportunities and diversity

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 2019, over 260,000 of the candidates working in our main markets were older than 50. In addition, in several of our main (mostly European) markets, we placed around 31,000 people who had been unemployed for more than one year, and almost 70,000 with no educational degree.

In line with our aim to promote diversity in our workforce, we also welcome talent with a disability. We have found that registration of disabled talent varies in the different markets in which we operate. This may be related to local legislation, but also to the personal wishes of the people concerned. In 2019, we placed over 8,000 people with a disability in several of our main (mostly European) markets.

More information about our local initiatives regarding diversified workforces can be found on our website.

thought leadership

As the 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 local level, supporting us and our clients in making sound business decisions.

With the aim of further strengthening our reputation as a thought leader, Randstad proactively interacts with strategic stakeholders, such as governments, experts, educational institutions, and civil society. We are also actively involved with influential organizations such as the International Labour Organization, the World Employment Confederation, the Organisation for Economic Co-operation and Development, the Global Apprenticeship Network, Voluntary Service Overseas, the International Organization of Employers, and BusinessEurope.

research, surveys and publications

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. In this way, we aim to contribute

"Over 12 years of cooperation Randstad has helped our company to ensure continuity of the production and logistics process. We can rely on a high quality of employees, respect for labor law regulations, and good business ethics. In a fast-changing labor market, our partnership with Randstad enables us to successfully build a personnel strategy for the coming years."

Elżbieta Trzeciak, HR manager, Develey, Poland

to shaping solutions that create value for people, companies, and the global economy.

randstad workmonitor

The Randstad Workmonitor is one of our key surveys, providing a comprehensive understanding of job market sentiments and employee trends. In addition to measuring mobility, it also measures employee satisfaction and personal motivation. The survey includes a rotating set of themed questions. It is conducted via an online questionnaire among a population aged 18–65, working a minimum of 24 hours a week in a paid job (not self-employed). The minimum sample size is 400 respondents per market. In its 15th year, the survey now covers 34 markets around the world, encompassing Europe, Asia Pacific, and the Americas. The Randstad Workmonitor is published four times a year and the results are published on our website. Topics surveyed in 2019 include real-time feedback vs. performance review, future job skills and sourcing talent, working abroad and cultural diversity, and work-life balance. The published results receive a fair amount of online media attention in the markets in which Randstad is active.

flexibility@work

Since 2013, Randstad has published Flexibility@Work, a yearly report on flexible labor and employment, consisting of a database and an academic research topic. In the 2019 report 'Future of Work, an Agenda', research carried out by Utrecht University and Boston University shows that automation will eventually have a positive net effect on jobs. Advancing technologies are likely to increase total employment by around 0.5% annually. However, jobs in the future will not be the same as those of today. Despite an increase in total employment, 1 in 7 individual workers will on average be faced with job displacement as a direct result of automation. The changing nature of jobs will ultimately lead to the emergence of three new work types: ‘frontier work’ (jobs in new technological fields), ‘wealth work’ (jobs created thanks to increased productivity), and ‘last-mile work’ (jobs that cannot yet be automated). To ensure a future of work that is inclusive and rewarding for all, these changes call for a transition agenda, targeted interventions, and a whole-of-government approach that includes all stakeholders.

sustainability@work

In 2019, Randstad prepared the first edition of a new annual series called Sustainability@Work, which was launched in January 2020. This report focuses on the sustainable transformation of the labor market. It discusses the challenges and opportunities of sustainable employment and provides a comprehensive overview of Randstad's local social innovation programs run by our operating companies across the world. These may focus on employability and skills, youth employment, diversity and inclusion, or mobility and migration. Through these initiatives, we give people confidence and empower them to navigate the labor market today, tomorrow, and in the future.

workforce insights

Workforce Insights is our thought leadership blog where Randstad promotes its insights, opinions, and research on specific areas of the world of work. The blog focuses on employer branding, HR tech, talent management, and the future of work.

local industry insights

Randstad also conducts research through our 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 markets), various salary surveys tailored to specific target groups (e.g., the Professionals segment), white papers, and online polls.

randstad research institute

Set up by Randstad Spain in 2015, the Randstad Research Institute is a specialized, independent institution that provides in-depth analysis of labor market and HR trends through regular analysis of public labor market figures, quarterly reports on short-term labor market trends and medium-term employment forecasts, bi-monthly reports on the role of various sectors in the future of work, yearly salary surveys and HR trend reports, as well as one-off reports, infographics, and vlogs on sector-specific topics. The Randstad Research Institute has created strategic partnerships with organizations, and through special committees, it works closely with economists, academics, lawyers, journalists, and other influencers who specialize in labor market issues. It has proven to be a successful content generator and knowledge platform, enhancing thought leadership and Randstad's image as a trustworthy labor market expert. We have worked to transform this best practice in Spain into a global approach. In 2019, we implemented a Randstad Research Institute in Italy and Belgium. The launch in Germany is planned for the near future.

In 2019, the Randstad Research Institute in Spain published more than 40 reports and press releases, with a specific focus on sectoral reports, talent deficits, and absenteeism. It also launched a new quarterly report with short-term forecasting of the main variables of the Spanish labor market. The Institute participated in 57 newspaper interviews, both online and offline, and 113 radio interviews.

In Italy, the Randstad Research Institute was launched at the beginning of 2019. To guarantee the independence of the Institute, a scientific committee of labor market experts was set up. In 2019, the Institute realized a survey on the skills mismatch, and at the end of November 2019, it presented its report 'The nine challenges for the future of logistics work'. At the end of 2019, Randstad Research in Italy was certified by ISTAT (National Statistics Institute).

The Randstad Research Institute set up in Belgium was very successful in 2019. It launched five different studies, covering topics such as the attractiveness of professions in Belgium, the challenges of the Belgian labor market, employer brands, students at work, and the impact of social media on seeking and finding work. All five studies received massive media attention (print, radio, television, and social media).

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.

sponsorships and events

OECD forum

Randstad has been a partner of the OECD Forum since 2014. One of the most influential annual global public policy events, the OECD Forum brings together high-level government representatives, CEOs, civil society leaders, trade unions, leading academics, and the media. With the theme 'World in EMotion', this year's Forum focused on how societal changes – such as the shifting political landscape, rapid digitalization, and aging populations – can bring society together rather than creating further divide. At the OECD Forum in May 2019, Randstad CEO Jacques van den Broek exchanged views with business and government leaders at two of the Forum's key stages, with a focus on overcoming transition barriers to enable a sustainable future of work and the priorities governments should set in order to enhance the agility of labor markets and achieve a more inclusive society.

B20 employment & education taskforce

The Business 20 (B20) is the official Government 20 (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. Randstad has been part of the B20 process since the summit in Cannes in 2011. The G20 is an international forum for the governments from the 19 largest economies and the EU. It seeks to address issues that go beyond the responsibilities of one organization, including finance, sustainability, and employment. International organizations such as the ILO, OECD and IMF are closely connected to the G20 processes. G20 and B20 summits are held annually. In 2019, the summits took place in Japan, and the theme of the B20 summit was 'Society 5.0 for SDGs'. Randstad again played an influential role in the B20 deliberations regarding employment. Focusing on a 'future of work for all', we helped identify policy recommendations for the G20 with regard to SDG 8 (promoting decent work and sustainable economic growth), bringing it to life by developing an inclusive Social Innovation Agenda. The B20 made a statement that high-quality and diverse forms of work make labor markets more inclusive and support robust safety nets. The B20 recommendations were taken to heart by the joint G20 Ministers of Labor and Employment, as they committed to humancentered future of work policy priorities focused on demographic change and gender equality, responding to new forms of work, and adapting to demographic change and longer working lives. The ministerial statement also calls for the ILO Centenary Declaration for the Future of Work to be taken into account by G20 member countries.

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. Since its inception, the Forum has closely examined many (digital) transformation dilemmas. In 2019, the key theme of the discussions focused on the incumbent challenge of preparing organizations for the future, in particular the enabling role of CHROs, as well as change management and employability.

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 two times in 2019. The 2019/2020 work program included issues such as promoting national social dialogue by inviting representatives of the national bipartite funds. It also included presentations from the European Commission on the European Directive on transparent and predictable working conditions adopted in 2019, the European Council Recommendation on access to social protection, and the political guidelines of newly elected European Commission President Ursula von der Leyen.

In 2019, within the framework of the Sectoral Social Dialogue, the World Employment Confederation and UNI-Europa initiated a joint research project on social innovation in the temporary agency work industry. The results of this research project will be announced in 2020 and will be fed into the activities of the EU Sectoral Social Dialogue Committee on Temporary Agency Work.

contributing to labor markets

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 markets in which Randstad operates, as well as the expected trends. A third relevant KPI is our involvement in national and international employment institutions.

memberships

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, these forms often lack appropriate and fair regulation, which may also lead to an unnecessarily large informal labor market. In order to help shape the world of work, we invest in the membership of several influential central employers' organizations.

WEC

Through our membership in the World Employment Confederation (WEC) 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 WEC. She also chaired the European arm of the WEC from 2005 to 2017. Through our membership of the WEC Europe, we strive for well-regulated working conditions for our employees and candidates, and for the promotion of the social innovation agenda for the future of work.

BusinessEurope

BusinessEurope is the leading advocate for growth and competitiveness at a European level, standing up for companies across Europe and campaigning on the issues that most affect their performance. Through our BusinessEurope membership, Randstad contributes to the world of work on a European level.

IOE

With more than 150 business and employer organization members, the International Organization of Employers (IOE) is the largest network of the private sector in the world. Through our membership in the IOE, our contributions and perspectives are reflected in matters of international standards, business and human rights, sustainability, occupational health and safety, and international industry relations.

overview of membership costs

in €

	2019	2018	2017
WEC	82,270	80,657	80,657
BusinessEurope	30,000	30,000	30,000
IOE	14,091	14,196	4,342

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

sustainability basics.

Our sustainability basics range from safeguarding ethical behavior, taking decent environmental care, and supply chain responsibility to being a good corporate citizen and ensuring transparency. 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.

corporate citizenship

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. 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. In line with our core business, a large number of these activities focus on increasing the employability of those people who need it most and on promoting equal opportunities.

volunteering

voluntary service overseas

As part of our commitment to sharing expertise for a better society, we have a longstanding global partnership with Voluntary Service Overseas (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 VSO's international projects that focus on employability. We also use our knowledge and infrastructure, pro bono secondments, and joint marketing efforts to help VSO become bigger and better at recruiting volunteers across the world.

Our partnership focuses on specific projects that are in line with our employees' core skills and competencies, as well as with Randstad's own strategic focus on employability. In 2019, our employees mainly supported various projects in Tanzania, Uganda, and Kenya, focusing on youth empowerment, employability and entrepreneurship. These projects help young people develop market-relevant skills, both hard skills like tailoring, carpentry or electromechanics and soft skills like networking, presentation or career skills that will prepare them for the labor market. Randstad employees mainly provide training of soft skills.

Besides enhancing young people's chances to access wage employment, VSO's projects support youth-led micro enterprises and encourage youth to start their own businesses and become self-employed. VSO not only offers business plan training and coaching, but also startup capital. For example, a young woman training to be a tailor could be given a sewing machine to help her start her own business. She will be coached along the way by Randstad employees. In 2019, a total of 1,495 youth were trained on entrepreneurship and soft skills, and 679 youth followed an internship, gaining valuable work experience.

Some Randstad VSO volunteers also use their skills and knowledge to work on more strategic assignments that will increase the quality of VSO's livelihood projects in the long term.

pro bono distance support

In order to offer more diverse volunteering opportunities and to reach a broader population of Randstad employees, they can also support VSO from a distance. For example, some of our employees coach youth in Tanzania on their career skills, without needing to travel. In 2019, a total of 37 colleagues contributed 528 hours in this way.

challenge fund for youth employment

Randstad, Palladium and VSO have become fund managers of the Challenge Fund for Youth Employment (CFYE), set up by the Dutch Ministry of Foreign Affairs. The purpose of the Fund is to create future prospects for 200,000 young people by investing in decent work and income, paying special attention to equal opportunities for young women in the labor market. The focus regions of CFYE are West Africa/Sahel, Horn of Africa, North Africa, and the Middle East. We are also expecting future volunteering opportunities through CFYE.

randstad vso volunteers 2017–2019

	2019	2018	2017
Total VSO volunteer hours	21,400	21,232	15,277
- of which national	-	160	981
- of which international	20,872	20,676	14,296
- of which distance support	528	396	-
Total VSO volunteers	69	53	19
- of which national	-	3	2
- of which international	32	30	17
- of which distance support	37	20	-

15th anniversary

2019 marked the 15th anniversary of the Randstad–VSO partnership. In 15 years, more than 250 employees have volunteered in 30 different countries, spending 180,000 hours of their time to make an impact. We are proud of our strong and long-lasting partnership, and used the anniversary year to celebrate this special milestone through many activities.

Some external activities focused on discussing relevant topics, such as the future of work and youth employment in Africa. For example, we held a roundtable session at the Ministry of Foreign Affairs, and organized a seminar with around 100 participants.

Internally, we organized an event on the Clipper Stad Amsterdam for all returned Randstad volunteers from the last 15 years. More than 100 current and former colleagues joined the day to share their memories and experiences. Another five colleagues were given the opportunity to visit one of VSO's projects in Uganda, where they visited enterprises and training centers owned by local youth supported by VSO.

Finally, we organized several fundraising activities. The first was a sports activity in which more than 3,600 colleagues from 20 operating companies participated, which led to a donation of € 31,741. The money raised was donated to a VSO project in Uganda. The second activity was the Kilimanjaro Challenge, in which 22 Randstad employees took part, for which they had to collect at least € 5,000 each. In total, employees from Randstad Belgium, France, Japan, the Netherlands, and the United States were able to raise more than € 150,000 for the Lake Zone Youth Empowerment Project in Mwanza, Tanzania. These donations will all have a great impact on VSO's projects .

other volunteer projects

In addition to the VSO projects, Randstad participated in many other volunteer projects, including socially involved and philanthropic initiatives. The total amount spent on corporate philanthropy (excluding VSO) in 2019 was € 2,171,000 (2018: € 2,068,000).

other volunteer projects on behalf of randstad

	2019	2018	2017
Volunteer hours	25,080	17,590	9,200
Volunteers	3,900	2,150	1,560

For example, Randstad Australia supports the charity Mates in Construction, which aims to reduce the high level of suicide among Australian construction workers and to improve their mental health. Mates in Construction is based on the simple idea that ‘suicide is everyone’s business’ and that if the building and construction industry in Australia is to improve the mental health and well-being of workers and to reduce suicide rates, then it cannot be left to the mental health professionals, but rather everyone in the industry must play their part.

Initiated over six years ago by Randstad Canada’s CEO, the Ride for Myriam is an annual multi-day cycling event that honors a Randstad colleague who sadly lost her battle with cancer. The ride is an inspiring challenge: 600 km from Montreal, Canada, to a destination of choice. The destinations have ranged from Toronto, Canada to Boston, USA to New York, USA. The ride has grown from a handful of local Montreal riders to an international team of 62 riders, who raised more than $150,000 in 2019. All proceeds from the event (with the exception of US riders) went to benefit the Princess Margaret Hospital Foundation.

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 Coseacha' (Harvest Kindergarten). The program runs during harvesting seasons, and provides rural workers with a safe place to leave their children during the work day.

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

randstad with heart

Randstad With Heart, launched in 2018, is a global program that enables our more than 38,000 employees worldwide to do eight hours of voluntary activities annually during working hours for a charity of their choice. The purpose of Randstad With Heart is to give all our employees the opportunity to give back to society – by volunteering, donating and fundraising – and to raise awareness of causes that are close to their hearts. By combining the engagement and activities of all our employees, we are able to create great social impact. In 2019, 3,931 employees contributed 25,912 hours of volunteering. Our CEO, Jacques van den Broek, spent his eight volunteer hours on Ocean Youth Sailing. This project offers disadvantaged youth and refugees hands-on work experience by building a boat together.

safeguarding labor and human rights

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.

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

In 2019, 13,900 employees (both new and existing) received business principles training, either online or in a classroom setting. This is 36% of the total number of employees. Our business principles training also covers grievance reporting, competition law, anti-bribery, and human rights relevant to our business activities, such as

"What I find most inspiring about our partnership with VSO is the engagement and passion of our employees. Colleagues who volunteered 15 years ago are still talking passionately about their experience. I was also impressed by the efforts of 22 colleagues who joined the Kilimanjaro Challenge in 2019, raising more than € 150,000 for one of VSO's projects. The partnership has been strong for 15 years, and I hope there will be many more years to come."

Marina Illerhues, VSO Partnership Manager, Randstad N.V.

data protection, non-discrimination and equal opportunities, protection against harassment, and intimidation. To set a minimum standard, we developed a compliance induction and refresher e-learning program. In addition, we developed a set of six animated videos that support training and communication on our business principles and corporate policies. These videos are available in 16 languages.

Understanding of our business principles is measured through our Randstad in Touch engagement 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.

understanding of business principles

	2019	2018	2017
North America	8.9	8.8	86%
France	8.3	7.9	77%
Netherlands	7.4	8.2	92%
Germany	8.0	7.8	95%
Belgium & Luxembourg	8.2	8.3	94%
Italy	8.1	8.2	83%
Iberia	8.3	8.5	84%
Other European countries	8.4	8.2	81%
Rest of the world	7.9	7.6	72%
Global Businesses[1]	8.2	8.3	n.a.
Corporate	8.4	8.5	93%
Group	8.3	8.2	84%

1 Global Businesses includes the data of Randstad Sourceright only. The following entities are not yet covered: Monster, Randstad RiseSmart, and twago.

Source 2019 and 2018: Randstad in Touch engagement survey
Source 2017: Great People Survey

corporate policies

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

In 2019, we reviewed our business principles and some of the key corporate policies related to compliance with business principles: fair competition, gifts & hospitality, and anti-bribery. Other relevant polices are insider dealing, data protection, contract approval, e-communications, and our new human rights policy, which also covers non-discrimination and protection against intimidation and harassment. These policies are a mandatory part of both our induction and refresher training, tailored to the local operating company and the position of the relevant employee. They are also included as controls in our key control framework.

Promoting best practices and raising awareness of relevant laws and policies is an ongoing process worldwide. We have a tailor-made compliance induction and refresher training program: Randstad Rules! This e-learning program can be easily adapted to other languages and local rules. In 2019, Randstad Rules! was used for compliance induction and/or refresher training by 22 operating companies worldwide, and more are in the process of adopting Randstad Rules!, which 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 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 integrated reporting 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 health & safety policy, a global corporate citizenship & philanthropy policy, and a diversity policy.

In 2019, we issued our artificial intelligence (AI) principles. The AI principles define our commitment to the responsible use of AI, and supplement our values and business principles. The AI principles are a common foundation for our company and all our stakeholders as we navigate the rapidly developing world of AI. The AI principles are a work in progress, and we will continue to refine them as AI-related technologies, laws, and regulations evolve over time.

Our 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 integrated reporting 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 internal in-control statement process, 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 agreements and conventions. We are committed to preventing or mitigating adverse human rights impacts that are caused by or linked to our operations and services, and addressing such impacts if they occur.

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 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 has explicitly expressed Randstad's support to the UN's Secretary-General.

With no international generally agreed definition of 'living wage' available, we focus on what is available in the formal legal framework in order to be compliant with international standards and national labor legislation and regulation, including national minimum wages

"Randstad opened their doors to me, trusted me, and believed in my professionalism. I've always felt supported, and they really make you feel part of the team. I'm very grateful to have this job, as I was unemployed for a long time. Thanks to Randstad, I now have a job where I'm given the chance to grow every day."

Mariano Sebastián López, a candidate in Buenos Aires, Argentina

where they exist and/or minimum wages as set up in collective agreements, or a general legal compliance approach. Randstad invests in social dialogue and concluding Collective Labor Agreements with trade unions where possible and relevant. This closely links to our core value of 'simultaneous promotion of all interests'. Either on our own account and/or through recognized industry bodies, we actively call for decent, clear, fair, and workable rules and regulations in the markets in which we operate. More information on this is available in the 'industry involvement' section of our annual report.

Randstad'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, and to keep aligned with developments and best practices in this area, Randstad N.V. joined Transparency International in 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. We have 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.

Randstad adheres to 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 performed a human rights exercise to reassess the human rights risks that are most relevant to our company. This exercise included discussions with teams from Argentina, Australia, China, India, Japan, Poland, the UK, the US, and a global team. The outcome of this exercise served as input for Randstad's human rights policy, which was issued in 2019. Randstad's CEO Jacques van den Broek and several other CEOs co-signed the WBCSD's CEO Guide to Human Rights. In addition, a video on human rights was produced.

In our human rights policy, we set out the leading human rights principles for Randstad, its employees and placed workers, as well as our expectations towards our external stakeholders. We are especially committed to protecting those groups of people that are more vulnerable in the labor market. Vulnerable groups may vary per country and/or region, and may include children, disabled people, migrant workers, the LGBTI+ community, indigenous people, racial and ethnic minorities, and the long-term unemployed.

health and safety

a healthy and safe work environment for talent

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 talent 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 Randstad's European Works Council.

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 talent, 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, which is organized locally at operating company level, is 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 injuries and 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 placed workers globally amounted to 25,503 (2018: 27,704), while the number of working days lost due to these injuries added up to 373,928 (2018: 433,616). Based on these data, our 'injury rate' decreased from 0.26% to 0.23% of overall days worked.

Much to our regret, in 2019, we were also confronted with 14 (2018: 10) fatal incidents among placed workers:

number of fatal incidents among placed workers

	2019	2018	2017
USA	1	0	0
France	2	1	2
Netherlands	2	0	3
Germany	1	0	1
Belgium & Luxembourg	1	0	1
Italy	1	0	0
Portugal	0	1	0
Spain	1	1	0
Argentina	0	1	0
India	5	6	1
Group	14	10	8

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 markets, 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 2019, the overall sickness absenteeism rate was 2.5% of overall days worked (2018: 2.1%). The total number of working days lost due to sickness was 240,153 (2018: 202,899).

Despite our high safety standards, we unfortunately faced several incidents in 2019, causing 146 injuries among our employees (2018: 227). The number of working days lost due to these injuries amounted to 1,483 (2018: 1,307). This results in an overall injury rate of 0.02% of overall days worked, which is slightly higher compared to the prior year.

integrity and grievance mechanism

The Randstad misconduct reporting procedure encourages the reporting of serious misconduct, preferably directly to local management and through established operational local 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 Integrity Line, a 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, placed workers, and third parties. The facility may also be used for tax-related issues. Although reports can be submitted anonymously, Randstad encourages complainants to reveal their identity when they submit a report, subject to confidentiality to the extent possible. This greatly facilitates the investigation of the issue. Reports can always be made in the local language. The procedure includes a non-retaliation policy. 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

misconduct reporting

	2019	2018	2017
New complaints	386	327	221
Of which anonymous	116	98	86
Concerns referred to other channels/not legitimate	233	200	150
Proven or partially proven	61	40	22
Not proven	86	85	49
Under investigation[1]	6	2	0
Total	386	327	221

1 The 2 complaints reported as 'Under investigation' in 2018 were investigated and appeared to be not proven.

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 the reports made, supported, where appropriate, by other functions, either locally or within Randstad N.V. Actions resulting from this procedure vary from apologizing to the complainant and correcting mistakes, to warning letters or termination of employment, be it of a placed worker 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 2019, we again focused on raising awareness within our operating companies. This resulted in an overall awareness score of 8.3. Our e-learning tool Randstad Rules! has proven to be effective here. We also saw again an increase in the total number of complaints and concerns raised in 2019 (+18%) compared to 2018. However, these again included a substantial number of complaints that qualify as service issues and that bypassed the normal appropriate local reporting channels, such as the branch manager or local complaint or help desks. This is fairly consistent at almost two-thirds of all complaints. Through local communication efforts, we aim to maintain and increase awareness of the correct routing.

Of the 386 reports made in 2019, 153 were accepted as admissible. After thorough investigation of these 153 reports, 86 were found not proven, and 61 were, at least partially, proven. A total of 6 were still under investigation at year end. The proven complaints (61) were related to harassment and intimidation (15), sexual harassment (12), fraud/misuse of Randstad property for personal purposes (9), improper management practices (7), discrimination (6), non-compliance with internal policies and procedures (3), conflict of interest (3), data protection/privacy (2), health & safety (2), breach of confidentiality (1), and improper use of AI (1).

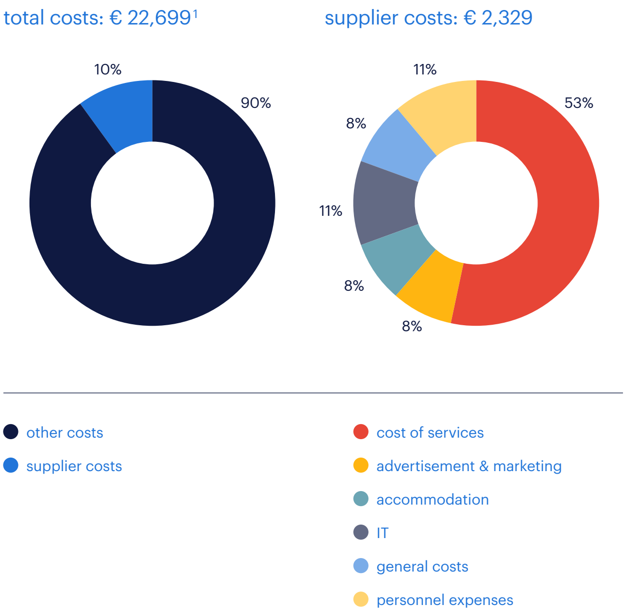
The vast majority of the reports (249) were made by current or former candidates/placed workers; most of these were referred to local management or the local complaint or help desks. A total of 26 reports were made by clients, suppliers, or other external parties, and in 32 cases (due to insufficient information being provided by anonymous reporters), it was not clear who made the report. The remaining 79 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 Global Business Risk & Audit. 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, as well as enhanced communication and improved controls on relevant policies and procedures; this was especially relevant in cases of non-compliance with internal policies and procedures and improper management practices. In intimidation, harassment and sexual harassment cases, the corrective action varied from a written warning and further coaching to other disciplinary action and termination of employment. A total of 16 valid reports resulted in termination of employment of the accused.

Understanding of our misconduct reporting procedure is measured through our Randstad in Touch engagement survey. The results of this part of the survey can be found in the table 'awareness of misconduct reporting procedure'.

composition of the supply chain in 2019

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.

awareness of misconduct reporting procedure

	2019	2018	2017
North America	8.9	8.7	79%
France	7.9	6.9	86%
Netherlands	7.7	8.4	66%
Germany	8.3	7.9	89%
Belgium & Luxembourg	8.1	7.7	78%
Italy	8.2	8.1	74%
Iberia	8.1	8.1	72%
Other European countries	8.4	8.0	74%
Rest of the world	8.0	7.7	68%
Global Businesses[1]	8.4	8.4	n.a.
Corporate	8.4	8.4	90%
Group	8.3	7.9	76%

1 Global Businesses includes the data of Randstad Sourceright only. The following entities are not yet covered: Monster, Ausy, Randstad RiseSmart, and twago.

Source 2019 and 2018: Randstad in Touch engagement survey
Source 2017: Great People Survey

taking environmental care

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 2019, around 45% (2018: 39%) 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 10% 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 talent, 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 achieve a 10% reduction of Randstad's CO_2 emissions per FTE by 2030 compared to 2018. Our sub-targets are as follows: 1% between 2019 and 2022, 3% between 2023 and 2025, 6% between 2026 and 2028, and 10% by 2030. These sub-targets will be linked to the Long Term Incentive of the Executive Board.

Our ability to impact electricity procurement is limited, especially for branches where we do not rent the entire building, but share it with other tenants. Our current share of electricity from sustainable sources therefore still only represents about 28%. 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.

Our commitment to environmental protection is reflected in our global environmental policy and our integrated reporting 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.

Our operating companies are taking further steps at the management level to effectively reduce emissions, indicating more advanced environmental stewardship.

co_2 footprint

As part of our framework, we continue to improve the completeness and accuracy of our Group environmental data, using a step-by-step approach. Over the years, we gained 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. In 2018, we were able to enhance the

our CO_2 footprint

	2019[1]		2018[1]		2017	
	usage	CO_2 emission	usage	CO_2 emission	usage	CO_2 emission
Scope 1 (direct emissions)						
Gas for heating (m3)	3,371,629	6,372	3,134,630	5,924	3,204,011	6,036
Business cars petrol (ltr)	8,341,264	22,855	7,093,000	19,860	5,381,000	15,067
Business cars diesel and gas (ltr)	12,297,024	39,719	13,490,000	43,168	11,003,000	35,210
CO_2 metric ton scope 1		68,947		68,952		56,765
Scope 2 (indirect emissions)						
Electricity (Gj)	188,495	24,141	209,569	26,840	190,531	20,588
Sustainable electricity (Gj)	53,938	0	58,144	0	76,429	0
District heating (Gj)	25,978	688	22,656	600	13,207	264
CO_2 metric ton scope 2		24,141		26,840		20,588
CO_2 metric ton scope 1+2		93,088		95,792		77,353
Scope 3 (remaining emissions)						
Airplane (x 1,000 km)	72,202	13,196	80,648	15,383	80,755	9,615
CO_2 metric ton scope 3		0		15,383		9,615
Total CO_2 metric ton		106,284		111,775		86,968

1 Data for 2019 and 2018 are based on all operating companies (>99% coverage).

reporting scope and include more than 99% of our operating companies in our CO_2 footprint.

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 used to report district heating under scope 1, but since the CO_2 is emitted elsewhere, we now report it under scope 2. 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. The estimated water usage in 2019 was 309,000 m^3 (2018: 314,000 m^3) and our waste 1,700 metric tons (2018: 1,700 metric tons) based on historical consumption data per employee.

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 with LED lighting in our buildings). Almost all of our computing capacity is delivered via cloud infrastructure and related operations are on a global level. Together with our infrastructure partners, Randstad is daily managing the number of servers running, the total energy required to power each server and the carbon intensity of energy sources used to power these servers. These drivers are the main contributors to reduce carbon emissions. 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, which led to a decrease in the number of business flights in 2019. In addition, we increasingly use video interviewing for job interviews,

travel and company cars

	average number of company cars			kilometers driven (x 1,000)			business flights (total distance traveled x 1,000 km)		
	2019[1]	2018[1]	2017	2019	2018	2017	2019	2018	2017
North America	-	-	-	-	-	-	26,091	29,297	27,548
France	2,139	2,019	1,854	49,776	43,547	32,988	2,407	3,184	3,614
Netherlands	3,791	4,470	3,361	130,440	109,227	97,088	742	546	615
Germany	1,664	1,799	1,801	46,216	49,552	55,026	1,316	3,306	2,452
Belgium & Luxembourg	2,505	2,574	1,848	38,979	44,218	47,213	200	26	484
Italy	564	468	456	8,905	10,252	9,265	1,475	1,094	1,006
Iberia	761	909	759	18,344	20,112	18,824	5,652	5,555	5,514
Other European countries	822	839	796	19,676	13,963	11,283	3,324	5,154	3,931
Rest of the world	462	555	554	8,690	8,335	12,327	12,460	12,936	13,750
Global Businesses	263	243	192	7,231	7,141	2,354	11,789	12,594	12,383
Corporate	77	80	139	2,431	1,637	3,053	6,746	6,956	9,458
Group	13,048	13,956	11,760	330,688	307,984	289,421	72,202	80,648	80,755

1 The 2019 and 2018 data include more than 99% of our operating companies.

which also contributes to a decrease in travel. Several operating companies have switched to hybrid or fuel-efficient cars, or cars with capped CO_2 emissions. Since 2018, we have been able to keep track of the number of sustainable company cars as part of our total car fleet, currently accounting for approximately 1.3% of all cars. We aim to increase the share of sustainable cars in the future, also in order to reduce our overall footprint, on which fuel consumption has a relevant impact. 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 operating companies is supported by strict policies.

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

benchmarks

In 2019, for the fifth consecutive year, Randstad was included in the annual Dow Jones Sustainability Index (DJSI) review. The DJSI recognizes the leading companies in each industry sector for responsible economic, environmental and social performance. 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 criteria labor practice indicators and risk & crisis management.

We are also an active participant in other international benchmarks and platforms, such as the MSCI ESG, FTSE4 Good, Dutch Transparency Benchmark, Euronext Vigeo Eiris - Europe 120, Ethibel Sustainability Index Excellence Europe, VBDO's tax transparency benchmark, the Carbon Disclosure Project, Ecovadis, and Sedex.

tax transparency

In line with our core values and principles and in order to safeguard our good reputation, Randstad demonstrates ethical tax behavior. Consequently, Randstad pays the proper amounts of taxes in all countries where value is created. We highly value the interests of our stakeholders and seek to align our tax strategy with these interests. With transparency being one of Randstad's core business principles, we communicate openly about our tax strategy and policy to our stakeholders.

Our fiscal footprint mainly comprises payroll taxes, social security premiums, value added taxes, and profit taxes. On balance, our long-term effective tax rate is between 25% and 30%. This is approximately 5% higher than the statutory tax rate in Randstad’s base country, the Netherlands. Given our global spread and the complex global competitive environment we operate in, Randstad considers this to be a balanced and proper average tax rate.

our tax strategy

Any action related to planning our tax position is embedded in our sustainability and overall strategy and, as such, is never an isolated matter. As a consequence, business profits are generated where Randstad has legal and economic ownership of assets and where the relevant people manage such assets. We ensure that an appropriate portion of taxable income is reported in those Randstad entities where value is created within the normal course of business, commensurate with the functions performed, the assets deployed, and the risks assumed. All our intercompany transfer pricing is conducted on the same basis as between unrelated parties. Tax havens in the sense of secrecy jurisdictions are not used for tax avoidance purposes.

In the regular risk appetite discussions with both the Executive Board and the Audit Committee, global tax risk exposure and mitigating actions are also discussed, in conjunction with the reported compliance risks as included in the risk & opportunity management section. Our tax strategy, which is described in Randstad's global tax policy, has been discussed and approved by the Executive Board and reviewed by the Audit Committee of Randstad N.V.

dialogue with tax authorities

Transparency and trust are embedded in our business principles and corporate culture, and therefore play an important role in the way we engage with tax authorities around the world. We strive for strong relationships with governments. As part of that commitment, Randstad actively seeks to engage in dialogue with tax authorities. For example, Randstad participates in the 'enhanced relationship program' of the Dutch tax authorities. Prerequisites for such agreements are mutual trust and transparency. They also require an effective tax control framework. Randstad and a tax authority may enter into consultation with each other on tax-related issues and subsequently conclude tax agreements. Such agreements create advanced certainty and tax transparency towards the relevant tax authorities, in line with our tax policy, which requires us to act in line with the spirit of the law.

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 security. The breakdown is as follows:

corporate income taxes paid

in millions of €

	2019	2018	2017
North America	2	4	3
France	51	56	43
Netherlands/Corporate	67	101	55
Germany	13	19	15
Belgium & Luxembourg	27	39	28
Italy	26	21	13
Iberia	12	6	8
Other European countries	11	11	7
Rest of the world	(8)	39	13
Global Businesses	3	6	1
Total	204	302	186

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 N.V. and its Dutch subsidiaries form a fiscal unity for corporate income tax.

other taxes paid in 2019

in millions of €

	VAT[1]	wage tax and social security	total 2019	total 2018
North America	58	1,207	1,265	1,195
France	693	1,375	2,068	2,226
Netherlands	652	881	1,533	1,589
Germany	317	663	980	1,155
Belgium & Luxembourg	265	494	759	821
Italy	44	544	588	591
Iberia	278	415	693	758
Other European countries	354	575	929	952
Rest of the world	247	367	614	569
Corporate	(13)	16	3	8
Total	2,895	6,537	9,432	9,864

1 Value added tax/sales tax.

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/E2E model requires our units and teams to translate commercial goals (active clients, candidates working) 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 second quarter, and an operational planning cycle takes place in the fourth quarter. The planning and control cycle is embedded in our Risk & Control framework.

key performance indicators

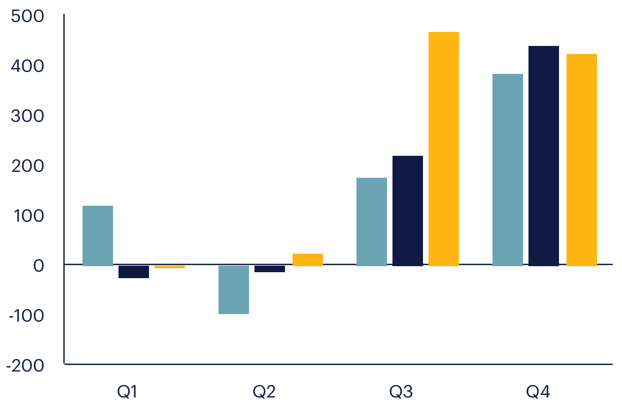
Our day-to-day performance overview includes key performance indicators (KPIs) showing our growth, productivity, profitability, working capital, and cash flow. We use a variety of tools within our planning and control cycle to assess our performance and align future strategic and investment decisions to best capitalize on commercial and organizational opportunities. KPIs are

weekly indicators	Weekly volumes of placements, both temporary and permanent, are an important indicator within our field steering model and measure the success of the units and teams.
market share	Gaining profitable market share is an important strategic target. Where possible, we aim to measure market share 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 placed workers 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 charges to tax authorities.
financial position	To maintain a solid financial position, we monitor our leverage ratio (net debt divided by 12-month EBITDA). Strategically, we maintain a sound balance sheet, while our bank covenants allow for 3.5. In certain cases, we are 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 temporary placements	In order to determine our success across the various markets in which we operate, we monitor the number of people we place with our clients on a temporary basis. See the graph 'temporary placements 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.

used to measure and monitor performance against budgets, forecasts, the previous year, and our strategic targets. These indicators are described in the table on the previous page.

free cash flow development[1]

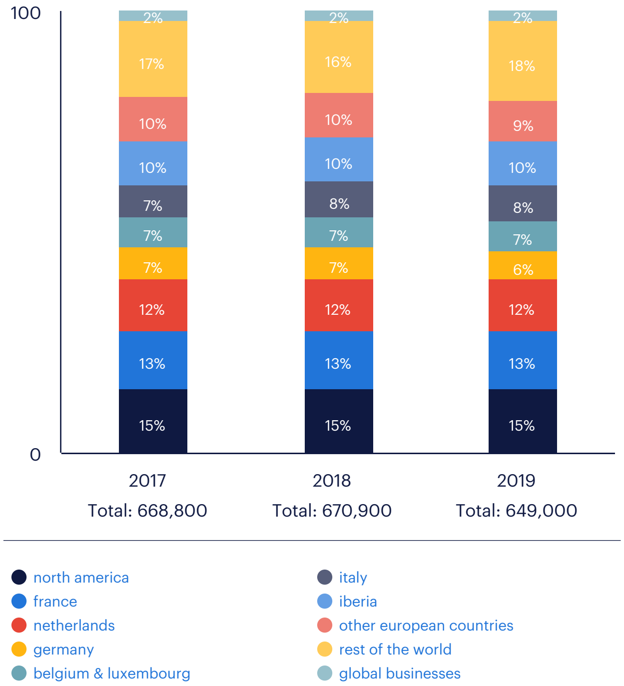
in millions of €



1 As of 2018, free cash flow also includes repayments of lease liabilities.

temporary placements split by geography

as a % of total number of candidates working per day



number of permanent placements[1]

	2019	2018
North America	26,300	25,300
France	78,400	79,100
Netherlands	5,000	5,900
Germany	4,500	5,400
Belgium & Luxembourg	5,200	5,500
Italy	17,400	14,100
Iberia	24,900	23,900
Other European countries	15,800	18,800
Rest of the world	37,600	40,500
Global Businesses[2]	45,600	44,000
Group	260,700	262,500

1 Numbers include RPO.
2 Numbers also include permanent placements in RPO.

financial performance

income statement

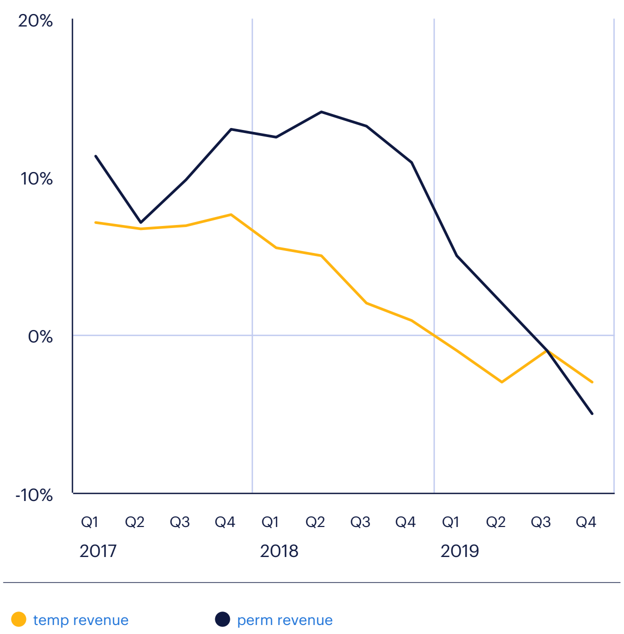
For a meaningful analysis of our results, we need to look at the underlying results, which excludes the impact of foreign exchange movements, mergers and acquisitions, and one-off items such as restructuring costs and integration costs.

income statement, underlying

	2019	restated 2018	organic Δ
Revenue	23,676	23,812	(2%)
Cost of services	18,950	19,109	
Gross profit	4,726	4,703	(1%)
Personnel expenses	2,658	2,643	
Other expenses	974	929	
Operating expenses	3,632	3,572	0%
EBITA, underlying	1,094	1,131	(5%)
Gross margin	20.0%	19.8%	
Operating expenses margin	15.3%	15.0%	
EBITA margin	4.6%	4.7%	

year-on-year organic growth

in %



revenue

At Group level, organic revenue decreased 1.7% in 2019 (2018: 3.7%). Currency effects and M&A had a positive impact of 1.0% and 0.2% respectively, while working days had a slight negative impact of 0.1%. Overall reported revenue for the year decreased by 0.6% to € 23,676 million. Our European operations declined 3% in 2019 (2018: up 3%), North America was stable (2018: up 2%), Asia grew 9% (2018: up 8%), and Latin America grew 23% (2018: up 30%). More detailed information is included in the section 'market performance'. More information about the four main revenue categories (Staffing, Inhouse, Professionals, and Global Businesses) can be found in this section under 'performance by revenue category'.

Permanent fees were stable (2018: up 13%) and made up 2.1% (excluding RPO) of revenue (2018: 2.1%). Revenue from temporary billing decreased by 2% organically (2018: up 3%).

Annually, we place more than two million people, and we made around 260,700 permanent placements in 2019 (including RPO).

organic revenue growth per working day

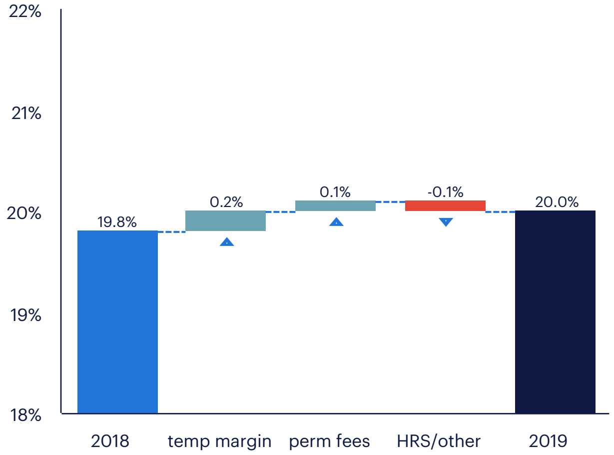
in %

	Q1	Q2	Q3	Q4	full year
Geographic areas					
North America	2	1	(1)	(2)	0
France	0	(2)	(1)	1	(1)
Netherlands	1	(3)	(5)	(10)	(4)
Germany	(10)	(15)	(14)	(15)	(14)
Belgium & Luxembourg	1	(4)	(4)	(3)	(3)
Italy	1	0	(2)	(1)	0
Iberia	0	2	(1)	1	1
Other European countries	0	(1)	(1)	(1)	(1)
Rest of the world	10	10	7	9	9
Revenue categories					
Staffing	(2)	(3)	(5)	(5)	(4)
Inhouse	3	(2)	(2)	(2)	(1)
Professionals	4	3	2	1	2
Global Businesses	4	(2)	(1)	(4)	(1)
Group	0	(2)	(2)	(3)	(2)

gross profit

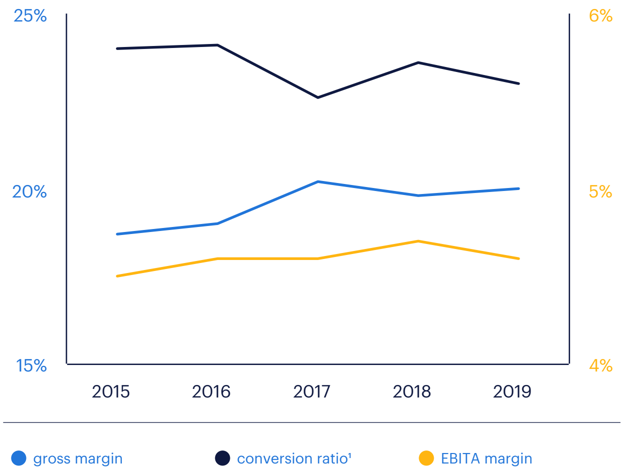
Gross profit reflects our effectiveness in pricing, cost of employee benefits, and idle-time management. In 2019, gross profit amounted to € 4,726 million, an organic decrease of 1% compared to the previous year (2018: up 2%). Gross margin increased 20bp to 20.0%, driven by our temp margin and permanent placements. Note 10 to the financial statements includes an overview of the actual reported gross profit per geography.

change in gross margin



Our temp margin saw a positive impact of 20bp compared to last year thanks to our digital pricing tools and pricing discipline. For permanent placements there was a 10bp positive impact, while HRS/other saw a negative impact of 10bp, mainly driven by a decline in Monster's contribution. At Group level, the contribution from permanent placements ('perm fees') made up 10.7% (2018: 10.5%) 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 2019, we converted 23% of gross profit into EBITA (2018: 24%).

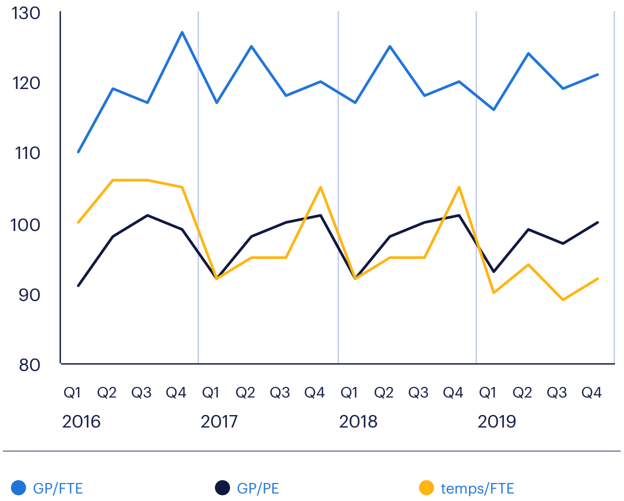
productivity

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 temporary workers placed per staff member (Temps/FTE).

productivity, indexed

2007 = 100



Productivity (GP/FTE) remained stable in 2019 (2018: down 2%). 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

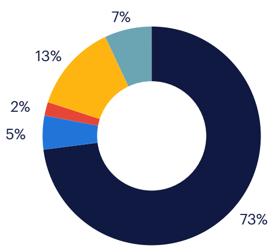
	2019	restated 2018
Personnel expenses	2,658	2,643
Advertising and marketing	185	188
Accommodation costs	65	64
Other operating expenses	465	422
Depreciation and amortization of PPE, right-of-use assets, and software	259	255
Operating expenses, underlying	3,632	3,572
Average number of corporate employees	38,280	38,820
Number of branches, year-end	2,761	2,827
Number of inhouse locations, year-end	2,100	1,999

In 2019, underlying operating expenses amounted to € 3,632 million, flat organically. Foreign exchange effects increased our cost base by € 57 million. Actual operating expenses in 2019 included € 117 million related to restructuring, integration and acquisition-related expenses (2018: € 70 million).

Personnel expenses decreased by 1% organically. We invested selectively in areas with attractive long-term growth potential, such as the United States (Staffing), Italy and our Rest of the World region. Personnel expenses per FTE were slightly down compared to 2018. An overview of corporate staff by region is given in the section 'performance'. Further details on actual personnel expenses can be found in note 14 to the financial statements.

operating expenses

operating expenses: € 3,632



Marketing costs were 0.8% of revenue (2018: 0.8%). Further information about our marketing strategy is included in the section 'our value for clients and talent'.

Accommodation costs were down organically 2% compared to 2018. Across the board, we continued to consolidate branches. As we continued to see demand for Inhouse, we opened 101 new Inhouse locations in 2019 (2018: 41), most notably in North America and France. At the end of 2019, we were operating a network of 2,761 branches (down 2% year-on-year, mainly related to North America and Global Business) and 2,100 Inhouse locations (up 5%). 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.

Other operating expenses – mainly IT and general costs – increased organically by 19%. This is primarily related to our digital investments.

Depreciation and amortization charges were slightly higher than in 2018. On average, we depreciate assets over three to five years. Following the implementation of IFRS 16 'Leases', deprecation of right-of-use assets is presented under 'Depreciation and amortization of PPE,

branches and inhouse locations, year-end

	2019		2018	
	branches	inhouse locations	branches	inhouse locations
North America	649	504	668	474
France	372	268	383	242
Netherlands	256	398	251	407
Germany	280	302	289	312
Belgium & Luxembourg	154	173	150	176
Italy	225	34	265	33
Iberia	235	147	233	138
Other European countries	245	237	251	179
Rest of the world	206	37	203	38
Global Businesses	139	0	134	0
	2,761	2,100	2,827	1,999

right-of-use assets, and software' and excluded from accommodation costs.

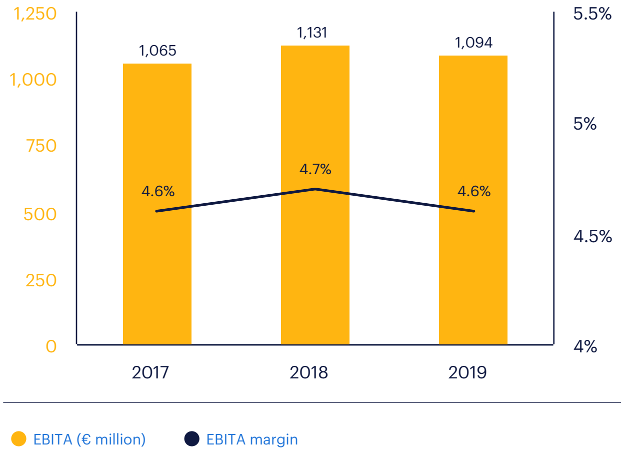
EBITA

Underlying EBITA decreased to € 1,094 million, compared to € 1,131 million in 2018. EBITA margin decreased 10bp to 4.6% for the Group. Currency effects had a positive impact on EBITA of € 13 million.

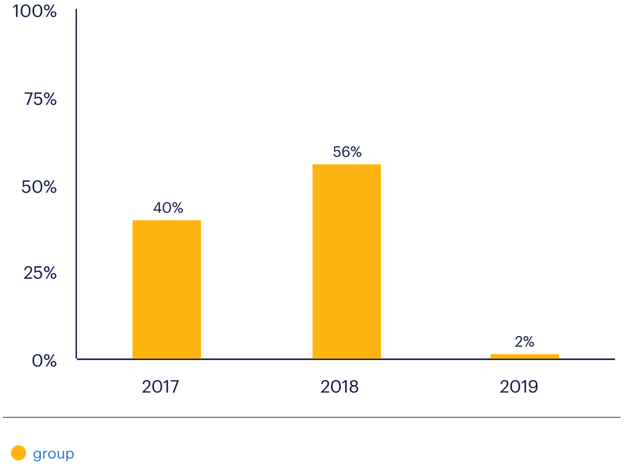
As explained in the section 'performance management', we measure the conversion of gross profit into EBITA. If we grow, our target is to convert 40%-50% of incremental gross profit into EBITA (incremental conversion ratio). If our gross profit declines, our target is to achieve cost savings of at least 50% of lost gross profit (recovery ratio). For the Group as a whole, the recovery ratio was 2% for full-year 2019 (2018: 56%).

EBITA development, underlying

in millions of €



incremental conversion ratio/recovery ratio



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

EBITA

in millions of €

	2019	restated 2018	Δ%
EBITA, underlying	1,094	1,131	(1%)
Integration costs and one-offs	(117)	(70)	
EBITA, actual	977	1,061	(5%)
Amortization and impairment of acquisition-related intangible assets and goodwill	(118)	(219)	
Operating profit	859	842	6%
Net finance costs	(45)	(28)	
Share in profit/(loss) of associates	5	3	
Income before taxes	819	817	
Taxes on income	(213)	(109)	
Net income	606	708	(14%)

amortization and impairment of acquisition-related 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, client relationships, and talent profiles. These intangibles are amortized over a period of one to ten years. The amortization charge in 2019 of € 118 million was lower than the charge of € 219 million in 2018, the latter being impacted by an impairment in Q4, 2018, resulting from the yearly goodwill impairment test. This led to an impairment of € 103 million, being € 78 million on goodwill and € 21 million on acquisition-related intangibles (software resulted in a € 4 million impairment). For more information, see note 5.2 and note 20 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 € 859 million, compared to € 842 million in 2018, the latter being negatively impacted by an impairment of € 103 million. Adjusted for this impairment, operating profit was € 945 million in 2018.

net finance costs

Net finance costs amounted to € 45 million, compared to € 28 million in 2018. Net finance costs include net interest expenses on our net debt position, interest expenses of lease liabilities, 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 € 24 million (2018: € 18 million). The increase can mainly be explained by a full amortization of the capitalized transaction costs related to the syndicated loan. Foreign currency effects and other effects had a negative impact of € 1 million (2018: € 13 million positive impact). The difference was mainly caused by foreign currency losses of € 4 million in 2019 versus foreign currency gains of € 7 million in 2018. For more information, see note 15 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 26.1% in 2019 (2018: 15.7%). The actual effective tax rate in 2019 was 26.0% (2018: 13.2%). In 2018, both effective tax rates were mainly influenced by an exceptional tax benefit in Q4 (€ 86 million), as well as tax effects on the impairments. More information on the actual effective tax rate is given in note 7.2 to the financial statements.

net income, earnings per share and dividend

Adjusted net income for holders of ordinary shares amounted to € 766 million (2018: € 833 million).

Underlying basic EPS decreased by 8% to € 4.18 (2018: € 4.55). The average number of (diluted) outstanding ordinary shares increased to 183.9 million (2018: 183.5 million).

In line with our capital allocation strategy, we propose the payment of an all-cash dividend of € 4.32 per ordinary share (2018: € 3.38). This consists of a regular dividend of € 2.09 based on a payout ratio of 50%, and a special dividend of € 2.23. Our dividend proposal is further elaborated on in the section 'our value for investors'.

net income, earnings per share and dividend

	2019	restated 2018
Net income	606	708
Net income for non-controlling interests	-	-
Net income for holders of preference shares	12	13
Net income for holders of ordinary shares	594	695
Amortization of acquisition-related intangible assets and impairment of goodwill	118	219
Integration costs and one-offs	117	70
Tax effect on amortization, integration costs, one-offs, and tax benefit	(63)	(151)
Net income for holders of ordinary shares, adjusted	766	833
Basic EPS (€)	3.24	3.80
Underlying basic EPS (€)	4.18	4.55
Underlying diluted EPS (€)	4.17	4.54
(Proposed) dividend (€)	4.32	3.38
Payout ratio (% of underlying basic EPS)	103	74

invested capital

As at December 31, 2019, our invested capital amounted to € 5.9 billion (2018: € 6.1 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 further increased to 15.2% (2018: 13.6%), reflecting our primarily organic growth focus.

invested capital

	2019	restated 2018
Goodwill and acquisition-related intangible assets	3,219	3,280
Operating working capital assets[1]	4,582	4,758
Operating working capital liabilities[2]	3,571	3,749
Operating working capital	1,011	1,009
Net tax assets[3]	575	574
All other assets/(liabilities)[4]	1,045	1,224
Invested capital	5,850	6,087
Financed by		
Total equity	4,473	4,447
Net debt, excluding lease liabilities	756	985
Lease liabilities (current and non-current)	621	655
Net debt (including lease liabilities)	1,377	1,640
Invested capital	5,850	6,087
Ratios		
DSO (Days Sales Outstanding, moving average)	53.5	53.9
Operating working capital as % of revenue	4.3%	4.2%
Leverage ratio (net debt/EBITDA)	1.0	1.2
Return on invested capital[5]	15.2%	13.6%

1 Trade and other receivables minus the current part of financial fixed assets (including net investments in subleases), 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 and equipment, right-of-use assets, and software, plus financial assets (including net investments in subleases) 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 4.3% (2018: 4.2%). Within working capital, the component we most need to be able to influence is trade receivables. Our DSO decreased to 53.5 days (2018: 53.9), reflecting tight DSO management. 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 (2018: 0.2%). 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 5 of the invested capital table for a description of the composing elements. The decrease in this group of invested capital year-on-year (€ 1,045 million, compared to € 1,224 million in 2018) is partly explained by an increase in post-employment benefit provisions and by the decrease of the CICE receivable, which arose in prior years from tax credits for our French subsidiaries under the French Competitive Employment Act. A decrease of € 104 million in 2019 (€ 389 million in 2019 compared to € 493 million in 2018) can be solely attributed to refunded credits, as the CICE was abolished at the end of 2018. 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 2020, a further refund is expected to the amount of € 116 million.

net debt

Our net debt position (including lease liabilities) decreased by € 263 million to € 1,377 million. Free cash flow of € 915 million (up € 288 million compared to 2018) outweighed our cash outflow, mainly with regard to dividends paid (€ 632 million). The leverage ratio (net debt divided by 12-month EBITDA) was 1.0 at year-end. The section 'performance management' contains an overview of the development of net debt and the leverage ratio.

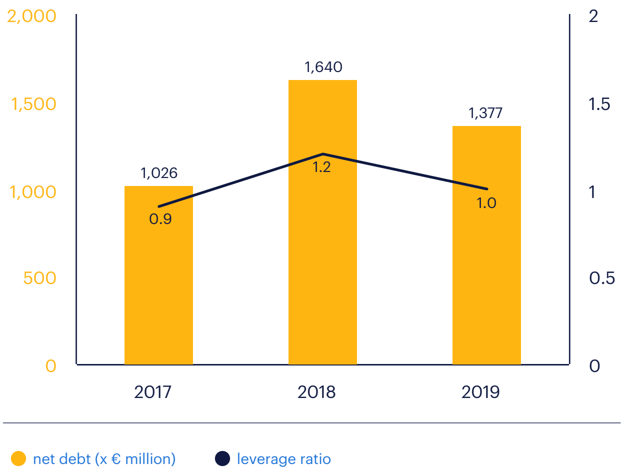
net debt

	2019	restated 2018
Cash and cash equivalents	225	273
Less: Non-current borrowings	-	494
Less: Current borrowings	474	764
Less: Short-term part of non-current borrowings	507	-
Net debt (excluding lease liabilities)	756	985
Lease liabilities (current and non-current)	621	655
Net debt (including lease liabilities)	1,377	1,640
Leverage ratio	1.0	1.2

As at December 31, 2019, the Group had a € 1,850 million (2018: € 1,850 million) committed multi-currency syndicated revolving credit facility at its disposal, which matures in July 2024 (2018: July 2023). In 2019, the maturity term of this multi-currency syndicated revolving credit facility was extended by one year to July 2024; as of July 2023, the amount at the disposal of the Group will change from € 1,850 million to € 1,778 million. 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. This 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.

net debt and leverage ratio development[1]

in millions of €



1 Post-IFRS16 'Leases' 2017 not restated.

The Group also has at its disposal a promissory note of € 150 million, ultimately maturing in December 2020, which 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. In addition, the Group holds two loans of USD 200 million each. Both loans ultimately mature in October 2020, and have floating interest conditions that are based on 1-month LIBOR (with a floor of zero), increased by a variable margin that depends on the net debt to EBITDA ratio. Covenants of the promissory note and the loans are fully aligned with the committed multi-currency syndicated revolving credit facility.

cash flow analysis

free cash flow

Free cash flow amounted to € 915 million (2018: € 627 million). The main driver for the increase in free cash flow year-on-year was the significant reversal in operating working capital outflow (€ 17 million inflow in 2019 compared to € 95 million outflow in 2018), reflecting our slowing topline growth and solid DSO management. In addition, the change in the French tax credit system has led to an instant cash inflow instead of a CICE receivable, as the CICE was abolished at the end of 2018. Finally, income taxes paid were significantly lower year-on-year, primarily reflecting a reversal of last year (€ 204 million in 2019 compared to € 302 million in 2018). Capital expenditures in 2019 amounted to € 122 million, compared to € 113 million in 2018. In 2019 and 2018, capital expenditures were mainly driven by continued 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 €

	2019	restated 2018
EBITA, actual	977	1,061
Depreciation, amortization and impairment of property, plant and equipment, right-of-use assets, and software	301	294
EBITDA	1,278	1,355
Working capital	17	(95)
Provisions and all other items	178	16
Income taxes paid	(204)	(302)
Net cash flow from operating activities	1,269	974
Net capital expenditures[1]	(122)	(113)
Loans and receivables	(6)	(7)
Repayment of lease liabilities	(226)	(227)
Free cash flow	915	627
Net acquisitions and disposals[2]	(13)	(13)
Issue of ordinary shares	-	1
Dividend from associates	4	3
Purchase of own shares	(18)	(15)
Dividend paid on ordinary and preference shares	(632)	(518)
Net finance costs paid	(14)	(18)
Translation and other effects	21	(17)
Net decrease of net debt (including lease liabilities)	263	50

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 2019. More detailed information on our service concepts can be found in the section 'our value for clients and talent'. In our financial reporting, we have merged these service concepts into four revenue categories: Staffing, Inhouse, Professionals, and Global Businesses.

split by revenue category

in millions of €	2019	2018	organic Δ%
Staffing	12,043	12,441	(4%)
Inhouse	5,305	5,300	(1%)
Professionals	5,164	4,929	2%
Global Businesses	1,164	1,142	(1%)
Total	23,676	23,812	(2%)

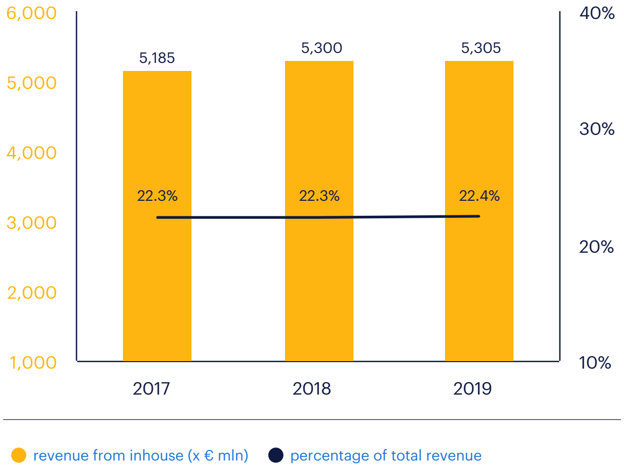
staffing

Within Staffing, we serve clients in the industrial segment and the administrative segment. 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 2019, our revenue declined organically by 4%, reflecting global macro and political uncertainty.

inhouse

Although Inhouse continued to outperform, organically, revenue was down 1% to € 5.3 billion.

revenue from inhouse



professionals

Revenue in Professionals was organically 2% higher year-on-year. Perm fees were 1% ahead of last year. Key Professionals labels such as US Technologies, Ausy, and Yacht delivered a strong performance in 2019.

global businesses

Global Businesses consists of Monster, Randstad Sourceright (RSR), Randstad RiseSmart, and twago. Revenue was down by 1% year-on-year, mainly driven by Monster. Overall EBITA margin was 0.4%, compared to 0.9% last year.

market performance

Randstad operates in 38 markets, 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 markets in 2019.

Due to reporting changes in IFRS 16, the 2018 EBITA numbers in this chapter have been restated for comparison purposes.

main market positions, 2019[1]

markets	market growth	market share	market position
United States	3%	3%	2
France	(1%)	15%	3
Netherlands	(4%)	15%	1
Germany	(16%)	7%	1
Belgium & Luxembourg	(3%)	26%	1
Spain	2%	20%	1
Italy	(3%)	13%	2

1 Based on 2019 SIA and Randstad estimates.

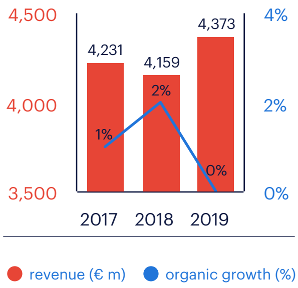
development in the main geographic markets

in millions of €, unless otherwise indicated

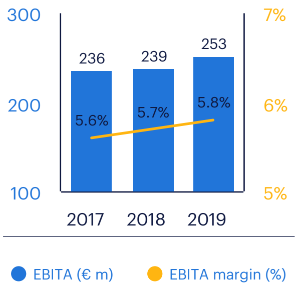
	revenue		organic growth	average candidates		average corporate staff	
	2019	2018		2019	2018	2019	2018
North America	4,373	4,159	0%	94,600	100,300	5,690	5,760
France	3,707	3,731	(1%)	87,200	87,200	4,610	4,510
Netherlands	3,330	3,460	(4%)	77,800	83,800	4,190	4,370
Germany	2,059	2,383	(14%)	40,200	46,800	2,770	3,100
Belgium & Luxembourg	1,601	1,654	(3%)	47,000	48,100	2,080	2,150
Italy	1,637	1,645	0%	49,900	50,600	2,240	2,230
Iberia	1,482	1,476	1%	65,000	68,600	2,170	2,210
Other European countries	2,199	2,218	(1%)	59,800	64,600	3,710	3,820
Rest of the world	2,124	1,944	9%	117,200	110,300	5,780	5,190
Global Businesses	1,164	1,142	(1%)	10,300	10,600	4,790	5,230
Corporate	n.a.	n.a.	n.a.	n.a.	n.a.	250	250
Group	23,676	23,812	(2%)	649,000	670,900	38,280	38,820

north america

revenue



EBITA



In 2019, sales in North America were stable. Our focus on profitability and the successful implementation of digital solutions improved our EBITA margin by 10bp to 5.8% in 2019.

united states

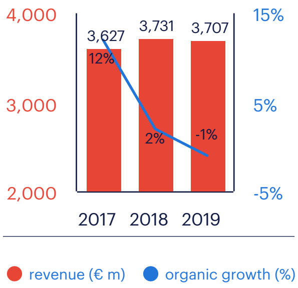
US revenue was stable. US Staffing and Inhouse recognized a full-year decline of 2% in revenue, while permanent placements within our Staffing and Inhouse business declined 4%. These businesses were impacted towards year-end by macroeconomic and geopolitical uncertainties. Revenue growth in US Professionals was up 2%, mainly driven by our IT business. Randstad US digital investments in data-driven sales and talent acquisition remain a strong focus.

canada

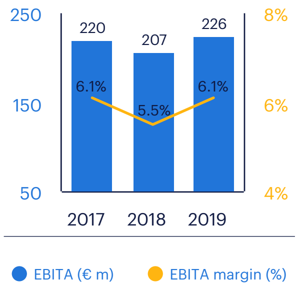
Randstad Canada grew 1% in sales, while permanent placements rose by 3%, leading to a significant increase in profitability.

france

revenue



EBITA

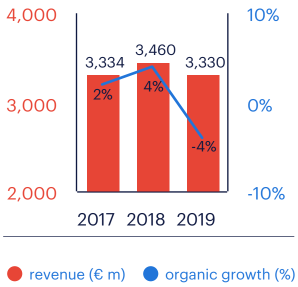


Our revenue declined 1% in France, slightly ahead of the market, particularly in H2 2019. Our EBITA margin increased by 60bp to 6.1%, reflecting strict pricing discipline and sound growth in our Professionals business. Our combined Staffing and Inhouse revenues declined 4%, and we achieved 10% growth in Professionals. The growth in Professionals was driven by a strong performance from Ausy and our healthcare business.

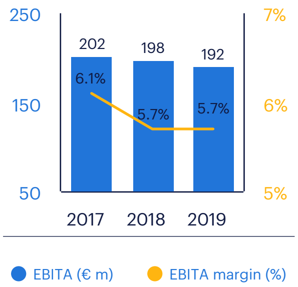
Overall revenue from permanent placements grew by 6% in 2019 across all business lines. Our focus on applying our digital strategy to better serve our SME clients also paid off, with our retail accounts significantly outgrowing our large accounts in 2019.

the netherlands

revenue



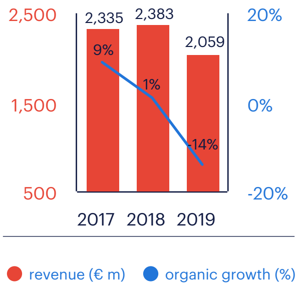
EBITA



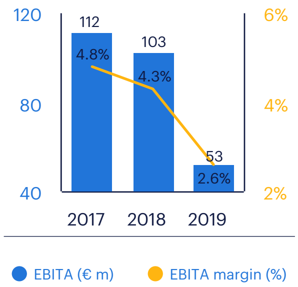
In the Netherlands, where Randstad is the market leader, revenue declined 4% organically. Our combined Staffing and Inhouse revenues (represented by the Randstad and Tempo-Team brands) decreased by 5%. Our Professionals business (primarily Yacht) grew organically by 4%. Permanent placement fees were flat and our EBITA margin was stable at 5.7%.

germany

revenue



EBITA

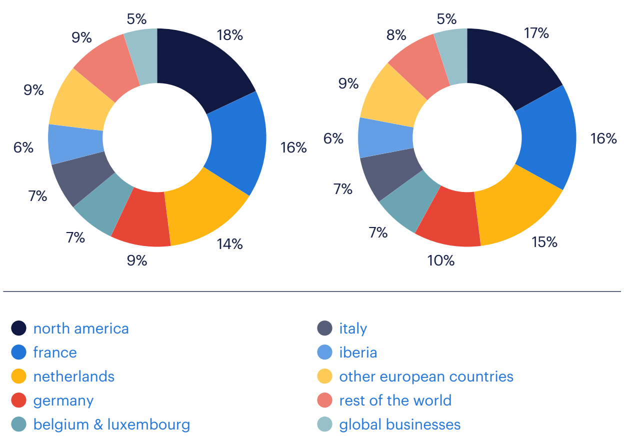


In Germany, our overall revenue decreased 14% compared to the previous year, primarily impacted by ongoing weakness in the automotive sector. In addition, our German operations experienced macroeconomic and geopolitical uncertainties. Nonetheless, our German operations trended ahead of the market. Underlying EBITA margin reached 2.6%, down 170bp compared to 2018, as strict cost control was unable to offset the significant decline in revenue.

In Staffing and Inhouse (where we operate as Randstad and Tempo-Team), revenue decreased by 16%. Revenue of the combined Professionals businesses decreased by 6%.

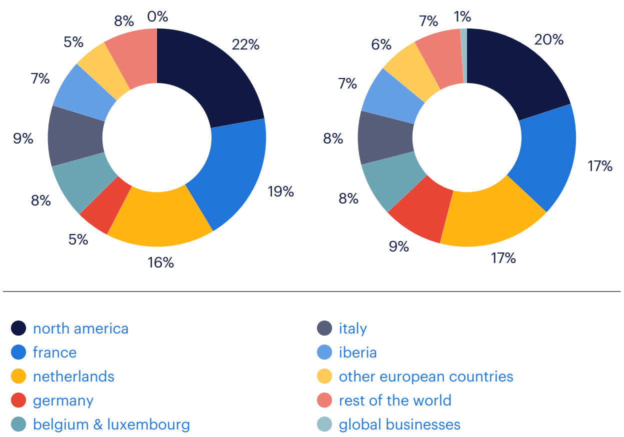
revenue split by geography

2019: revenue € 23,676 million 2018: revenue € 23,812 million



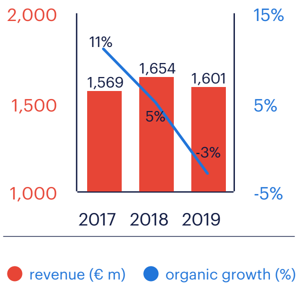
EBITA split by geography

2019: EBITA € 1,094 million 2018 (restated): EBITA € 1,131 million

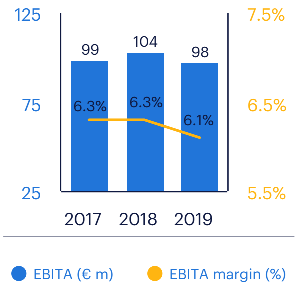


belgium & luxembourg

revenue



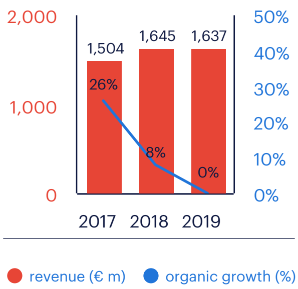
EBITA



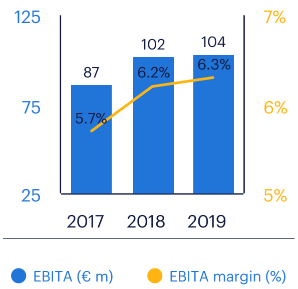
In Belgium, Randstad reinforced its market leadership in Staffing, Professionals, and outplacement services in 2019. Our revenue declined by 3%, broadly in line with the market. Our EBITA margin declined slightly to 6.1%, down 20bp year-on-year, impacted by changes in social security charges. We outperformed the market in Luxembourg.

italy

revenue



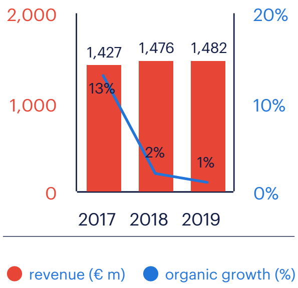
EBITA



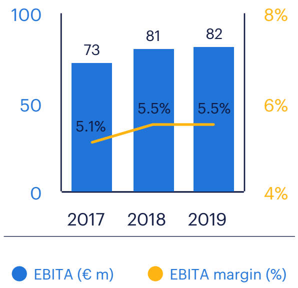
Italy performed well and ahead of the market, with revenues remaining stable (market: down approx. 3%). Permanent placements were up 20%, and our Professionals business was up 40%. EBITA margin improved from 6.2% to 6.3%.

iberia

revenue



EBITA



Revenue growth in our Iberian business was up 1%, with EBITA margin stable at 5.5%. We are the market leader in both Spain and Portugal.

spain

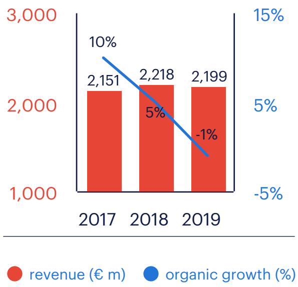
Spain enjoyed a solid year in 2019, with revenue up 3% in softening economic market conditions. Our Staffing business grew by 3%, and Inhouse by 2%. Our decision to continue to invest in the Professionals business has paid off, as we are now one of the top 3 Professionals players in Spain, with revenues increasing 10% in 2019.

portugal

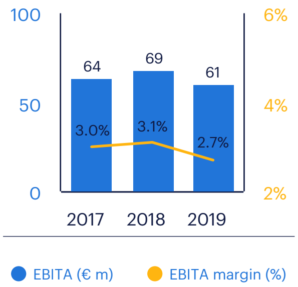
Overall revenue decreased by 6% compared to 2018, which was partly due to volatility in the telecom outsourcing market. Strong growth was achieved in the Professionals business, following the rollout of our RPO and Consulting businesses.

other european countries

revenue



EBITA



Revenue decline for 'other European countries' was 1% in 2019, while EBITA margin decreased 40bp to 2.7%, reflecting challenging macroeconomic conditions, specifically in the automotive-related sectors in the Nordics.

united kingdom

In the United Kingdom, revenue was flat in 2019, despite highly uncertain political conditions. Our permanent placement business was down 1%. Overall, our leadership changes paid off.

poland

Our revenue declined by 5% in Poland, impacted by general macro trends, but also due to the scarcity of candidates and adverse legislation.

nordics

In the Nordics, we saw 8% revenue decline in our combined businesses, driven by our above-average exposure to automotive and large industrial clients. In Sweden, overall revenue decreased by 7%. In Norway and Denmark, revenue declined by 9% and 16% respectively.

switzerland

Our revenues remained stable in Switzerland, again exceeding market trends. Our profitability further improved year-on-year.

austria

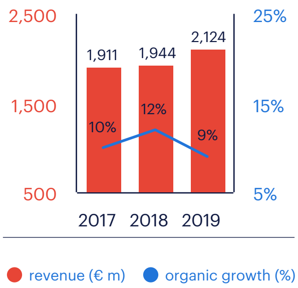
In Austria, we grew by 7%, well ahead of the market.

hungary, turkey, czech republic, greece, and romania

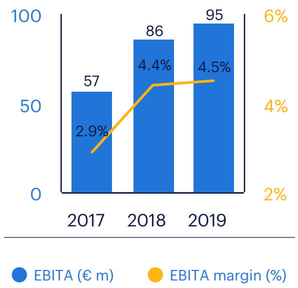
In Hungary, where we are a strong leader in perm, we had another very successful year, growing our Randstad business by 26%. In the Czech Republic, the business decreased by 2% organically. In Turkey, we had an excellent year, growing our business by 37%, while also further improving profitability. Randstad had another strong year in Greece, where we continued to show high-double-digit growth. We also saw strong performance in Romania, we grew 39%, while further improving profitability.

rest of the world

revenue



EBITA



Revenue in the 'rest of the world' region grew by 9% organically. EBITA margin improved from 4.4% to 4.5% in 2019.

japan

Overall, revenue grew by 7% year-on-year, carried by practically all business lines, especially in our Professionals segments. Our profitability was slightly down year-on-year, given selective investments in future growth.

australia and new zealand

In Australia and New Zealand, revenue was up 2%, while profitability improved on the back of growth acceleration in both our temporary and permanent placement businesses. We successfully integrated the acquisition of Aurec. New Zealand revenues were down 5% year-on-year as a consequence of lower levels of temporary placements.

india

Our business in India showed strong acceleration in all divisions throughout 2019, with revenues growing by 18%. Due to a strong focus on cost effectiveness and process efficiency, Randstad India maintained an attractive level of profitability.

china and other asian markets

Our Chinese business showed double-digit growth in 2019 (up 13%). Revenue growth was 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.

Hong Kong SAR faced a challenging year, reflecting highly uncertain political conditions. Malaysia was also impacted by challenging market conditions. The performance of our operations in Singapore accelerated further, with high-single-digit growth and increased profitability at a very attractive level.

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. Our Brazilian operations were growing at a strong double-digit rate (up 19%), showing significant improvement in profitability year-on-year. Argentina faced a sound year of becoming the market leader combined with strong cash collection, despite an environment of hyperinflation. Chile and Mexico generated sound organic sales growth.

global businesses

Randstad Sourceright, comprising our global MSP and RPO business, grew its revenue organically by 5%, with broadly stable profitability given ongoing investments in future growth. Randstad RiseSmart, our leading outplacement innovator, continued to demonstrate double-digit revenue growth. Monster, our online talent recruitment platform, experienced another year of double-digit revenue decline. The platform is continuing its transformation and improving profitability through tight cost control.

risk & opportunity management.

Risk and opportunity management is essential to help 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 a wide geographical coverage in both mature and emerging markets with varying degrees of regulatory development, market needs and competition. The spread across various geographies, which are experiencing a variety of economic conditions, is relevant for our risk exposure. It remains difficult to predict future economic developments successfully. We focus on responding to actual performance in all our local markets. In addition, for the acquisitions made in past periods, we are continuing integration initiatives to achieve a harmonized culture, seamless business processes, common reporting requirements, as well as robust IT systems that support our digital strategy.

Randstad's current digital transformation journey is changing our business models. This impacts our risk profile. We concentrate innovation on 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. Global 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	As we leverage technology to redefine how the HR services industry operates, we accept some strategic risk related to our digital transformation. Initiatives are rolled out at both local and global levels to ensure sufficient autonomy to take swift action when new opportunities arise.
operational	We take a risk/reward balanced approach to operational risk and have a limited operational risk tolerance to ensure quality services delivery.
finance & reporting	We maintain a prudent financing strategy, including when undertaking technological investments. We strive to avoid reporting errors.
compliance	Adherence to laws and regulations is fundamental to our roles as a corporate citizen in the business world and being a trusted HR partner. We strive to avoid compliance breaches, especially in the areas of personal data, health & safety, tax, human rights and competition laws.

sensitivity analysis

	change	impact	on	assumption FY 2019
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%	+/- € 24 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%	+/- € 21 million	EBITA	Stable revenue and margin in US
GBP	+/-10%	+/- € 0 million	EBITA	Stable revenue and margin in UK
JPY	+/-10%	+/- € 6 million	EBITA	Stable revenue and margin in Japan
Interest rate	+100 bp	- € 13 million	Financial charges	Average net debt 2019
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 key controls, 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 internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and elements from various other management 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 global 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 Global Business Risk & Audit function, 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 Global Business Risk & Audit function 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 59 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 training on core values, business principles, and relevant compliance policies is also in place. These training programs also form a crucial part of our strategy with regard to integrating acquired companies.

risk & control framework

A misconduct reporting procedure is in place, which enables people to report any suspicions they have of wrongdoing via our Integrity Line (a secure phone line and web access). All complaints are assessed and investigated where necessary by the local integrity officers and/or the central integrity officer, together with the Global Business Risk & Audit function. An Ethics Committee, which was established in 2019, monitors worldwide case handling and the development of our company's culture. When deemed necessary, disciplinary actions and mitigating controls are put in place. For more details, please see the paragraph on misconduct reporting under sustainability basics.

Employee surveys are conducted at least every quarter. This allows us to monitor employee engagement on a department level and provides indicators of the tone at the top in each operating company and at our head office. The survey results are reviewed by Global HR, the Executive Board, and various management layers, and they are discussed within the departments. Based on these periodic reviews, action plans are initiated at departmental level. These analyses prove to be a good indicator of our company culture and facilitate open dialogue within the company.

Randstad ensures that professionals in the legal, tax, treasury, accounting, and audit functions have and maintain an appropriate level of professional knowledge by providing access to training and other development possibilities. Knowledge of the organization and its businesses is derived from regular visits to the operating companies worldwide. For example, our tax function works closely with HR to attract and develop its tax professionals, using a focused recruitment strategy to obtain the most qualified talent. Our training equips our tax professionals to deal with potential tax dilemmas in line with the Group's tax policy.

performance management

Performance management is at the heart of our organization. Scenario planning 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 risk registers and control situation summary reports.

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 combining this planning and control cycle with our focus on activity-based field steering, our monitoring systems are continuously improving and giving more depth to discussions in the business review meetings. See the section 'performance management' for more details.

Our Global Corporate Sustainability Reporting guidelines prescribe detailed non-financial performance indicators. In 2019, all reported indicators were reviewed to assess their relevance and current performance. The indicators and internal guidelines have been updated. For further details, please refer to the non-financial KPIs in the integrated reporting framework.

service concepts and best practices

Our service concepts and best practices determine our way of working. Our service concepts, as described in the section 'Our services', provide best practices for our core commercial operations and are tailored to local practices and market conditions. Concept reviews are carried out regularly to identify, understand and remediate deviations, and 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 the local operational level. Blueprints covering key processes such as contract-to-cash, payroll and procurement-to-payment are regularly updated to achieve alignment with the latest risk developments and in view of sharing good practices.

We have an extensive framework of global policies that cover compliance in multiple areas. These include our Approval & Information Requirements Policy, our Finance Manual, our Fair Competition Policy, our Human Rights Policy, our Gifts & Hospitality and Anti-Bribery Policy, our Data Protection Policy, our Information Security Policy, our IT General Control Framework, and our Health & Safety Policy. In 2019, new Artificial Intelligence (AI) principles were introduced.

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 enables 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 the 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 talent. 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 Global Business Risk & Audit function and evaluated during the audit of the related process.

The key control framework is updated annually. In 2019, new controls covering IFRS 16 Lease Accounting were introduced.

Key tax risks are also governed by our key control framework, in which the tax control framework is embedded. Through internal audits, the effectiveness of the controls is tested. The tax control framework forms the basis of all our tax risk management actions globally and covers all the tax functions as performed within the Group. The purpose of the tax control framework is to ensure that the Randstad Group is in control of all its tax compliance obligations and does not incur any unexpected material tax charges. Our tax control framework and transparent way of working helps to recognize potential tax disputes and controversies at an early stage. Discussing and solving such issues contributes to minimizing our contingent tax position.

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 provide assurance 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 Global Business Risk & Audit plan is updated and agreed. The annual Global Business Risk & Audit plan is risk-based. In 2019, the Executive Board identified several focus areas, such as data protection, payroll processes, client contract delivery, non-financial reporting processes, and workplace health and safety.

Through our global tax control framework, the use of advanced technology, tax control, data management, and reporting of tax-related issues and risks, Randstad has full insight into its tax risks, and balances these against its tax risk appetite. Tax risk management is subject to frequent (external) audit review and reporting to Randstad's Executive Board and Audit Committee. Randstad's global tax compliance and control function makes extensive use of data from financial systems. Randstad applies selected available finance and tax technology to ensure proper tax compliance and tax control. The finance function of each and every operating company ensures that tax data elements within the financial systems are in accordance with local requirements.

The global Business Risk & Audit function leads the internal audits and collaborates closely with other global departments (most commonly Accounting, Legal, and Tax) and the local Risk & Audit functions. 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 global CFO. The progress of audit action plans is monitored by local management, the Business Risk & Audit network, and 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 client delivery, payrolling, information security, and workplace health and safety.

The Group-wide Business Risk & Audit network provides a platform for sharing good 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 global Business Risk & Audit function. Where needed, experts are involved in audits. For additional reassurance, BDO has been engaged to perform financial audits in multiple countries.

In 2019, we detected a few cases of fraud, involving, for example, the recording of non-existent permanent

putting the framework into practice

framework component	practical applications to our business			
tone at the top	Core values and business principles	Onboarding and refresher training	Employee surveys	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
service concepts and best practices	Global concepts and commercial best practices	Corporate policies and procedures	Blueprints (operational best practices)	Authorization levels
risk & control activities	Risk register	Key control framework	Risk & Control network activities	Global insurance program
reviews and audits	Semi-annual Risk & Control framework assessments	In-control benchmarks	Internal audits	In-control statement for each operating company

placements and the payment of fictitious temporary workers. 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 communicated internally and were used to create awareness and improve fraud prevention. Every year, we conduct a global fraud risk assessment, and the results are discussed in the Executive Board and the Audit Committee.

tax risk management

Tax risk management is integrated in our risk & opportunity management. For transparency reasons, we have highlighted some of the integrated tax risk-related items in this section.

tax risk appetite

Our tax risk appetite in relation to tax compliance is 'averse', which means that we explicitly aim to be fully compliant with tax laws and regulations in any respect. In relation to tax planning, we take a balanced approach. This implicitly comes from the fact that doing business as a multinational company, engaging in cross-border services and related intercompany charges, always carries the risk that local fiscal authorities take a deviating unilateral position on the company's view. We ensure all withholding taxes are in accordance with applicable tax laws and treaties, and that Randstad's transfer pricing follows the OECD standards and are at arm's length.

tax risk management

In the highly regulated HR business, which may differ from country to country, Randstad's local and global IT systems form the fundamental enablers for tax and legal compliance. All tax-relevant data or changes in data required to be in compliance with applicable tax laws and regulations are identified on an ongoing basis. Depending on the (local) IT infrastructure, tax data requirements are embedded in either front-, mid- or back-office systems. Up-to-date technology systems are fundamental and are therefore in place to manage tax data that are relevant for tax compliance, tax accounting, tax monitoring, and tax risk management.

execution of our tax strategy

Randstad has described its tax strategy in its Tax Policy. The effectiveness of this strategy depends on the quality of its implementation and execution, and is therefore closely monitored by means of various processes and reporting tools. Randstad has internal (reporting and steering) processes in place to anticipate in detail all tax positions based on forecasts in order to subsequently analyze and monitor actual financing, cash and tax positions in the P&L and balance sheets of all legal entities worldwide on a monthly and quarterly basis. The company also closely and continuously monitors the details of all worldwide tax loss carry forward positions and contingent liabilities on the basis of various internal reporting processes. The preparation (and/or review) and subsequent filing of all relevant corporate income tax returns worldwide has been outsourced to a third-party tax firm. This tax firm facilitates tooling to monitor both the compliance process and the tax data/positions that are relevant for the implementation and execution of Randstad's tax strategy.

in-control statement

Operating companies submit their in-control statement semi-annually. This statement certifies that the corporate policies have been complied with and explain any exceptions or deviations that have occurred. Our cascaded internal in-control statement includes the acknowledgement by all our operating company leaders that their operating companies comply with all laws and regulations. In this way, each country explicitly reconfirms compliance with rules and regulations, on a semi-annual basis. Compliance with all applicable tax laws and regulations is an essential part of our operations and in-control statement. A large part of those applicable laws and regulations are guided by international standards, such as the OECD Guidelines. We aim to comply with the spirit as well as the letter of the law. The in-control statement explicitly confirms that all local tax declarations and returns have been prepared in accordance with the global Randstad policies and guidelines to assure global tax compliance. The internal in-control statement forms a cascaded certification, which assists the Executive Board in determining our in-control situation as required by the Dutch Financial Supervision Act.

In their audit plan, Deloitte, our external auditor, covers all financially significant operations. As such, these audits are an important supplement to our own monitoring 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, except for geopolitical risks, which may adversely impact world trade and confidence in local government. These may affect client demand, the employment market, and labor regulations, all of which we are monitoring. Evolving strategic and compliance risks are continuously assessed and addressed.

The overview on the next page 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 overview also shows how we address these risks through the six sections of our strategic roadmap.

The following pages provide a more detailed description of the main risks in 2019, including the actions taken to mitigate these risks and any related opportunities. This list should not be considered exhaustive.

our risks related to our strategic targets

	strategic roadmap sections[1]				
	org	digital	client	talent	growth
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 Organizational excellence, digital transformation, (enterprise) clients, talent management, and accelerating growth.
2 Main risks in both 2019 and 2018.

strategic

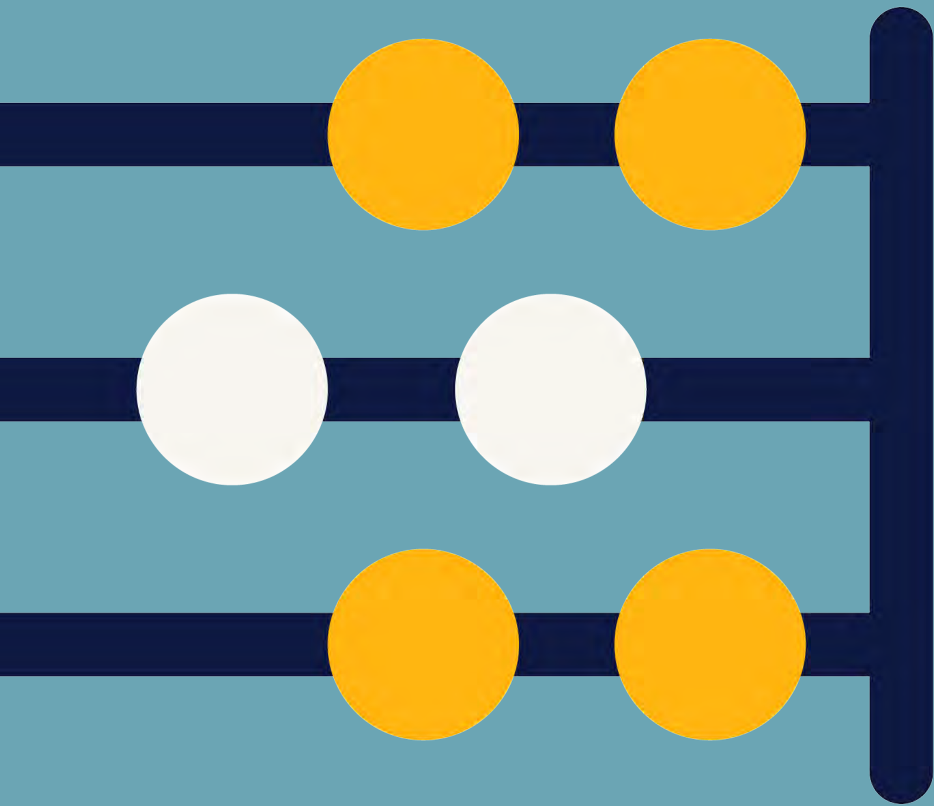
risks	current risk-mitigating actions	opportunities
changing economic and regulatory environment Macroeconomic volatility and geopolitical uncertainty continue to affect employment regulations, talent mobility, and consumers' views on temporary employment, as well as recruitment outsourcing. These could increase the business cost and possibly reduce demand.	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 and maintaining agility, as well as making Randstad's unique experience available to clients and talent. Global policies and key reporting ensure that boundaries are defined at a local level and that performance is monitored on a timely basis.	The ongoing digital transformation creates opportunities for innovative HR solutions as we seek to 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 Technological disruption is changing 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. Organizational changes and acceptance of new technologies are continuous points of attention.	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 digital programs such as Data Driven Sales and Workforce Scheduling are accelerated by our Digital Factory. Operational staff is involved in all our digital ventures to maximize acceptance as part of our change management strategy. In 2018, a leadership program was launched to support our digital transformation. Randstad increasingly provides talent with data-driven support throughout their working lives.	By embracing technology, we have set the new industry standard on service delivery, which can help us gain further market share.

operational

risks	current risk-mitigating actions	opportunities
contract delivery and liability For contract liability, especially in Anglo-Saxon countries, clients continue to request that we take a greater share of the liability for our temporary staff while on their premises and under their supervision. Accepting inappropriately high contractual liability whilst not having a robust delivery process 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 the global level. We continue to strengthen the contracting and delivery processes by introducing blueprints on contract to cash, as well as payroll in the current year. Compliance reviews are also conducted on a regular basis, especially for contracts with significant liability exposure.	Optimizing contract liability arrangements and delivery will improve our bottom line as well as our reputation as a leader in HR services.
information technology and cyber security Technology has permeated all our key processes, including outsourced ones. IT security risks, including cyber attacks, could result in downtime or leaking of personal data and company-sensitive information. This poses significant financial and reputational risks.	We have standardized and strengthened our IT governance. Information security related controls have been included in our IT control framework and self-assessment process to ensure their implementation. A new initiative was implemented in 2019 to accelerate the control enhancements on critical topics such as IT third parties, access, software development, incident management, business continuity, and disaster recovery. This initiative was assessed at the end of 2019 and will continue in 2020. These efforts to further enhance our security and privacy by design capabilities will evolve towards a continuous improvement program.	Enhanced security capabilities protect our information assets, including talent data, and ensure undisrupted service delivery to our clients. Consequently, this increases people's trust and confidence in us. Optimizing IT risk assessments and business risk assessments in relation to IT will help to further balance the value and cost of IT in supporting our business processes.
talent attraction and retention 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.	Talent management is a critical topic, and we perform monthly surveys and reviews on this. To optimize talent management, we conduct Great Conversations throughout the year. 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 global departments, as well as between countries. In addition, our employee share plans help to align employees' interests with the organization's long-term growth.	Successful talent management improves employee quality and increases employees' loyalty. This will ensure an adequate pipeline of talent, with the aim of delivering results for our clients, our candidates, and our shareholders.

finance & reporting

risks	current risk-mitigating actions	opportunities
credit risk Delay in client payments or insolvency of major clients will lead to greater usage of operating working capital and increased interest costs, which ultimately affects the Group’s results.	A contract to cash blueprint was implemented in 2019 to promote best practices on invoicing and credit control. On a regular basis, the collection status is monitored and reported, with allowances made for expected credit losses. Further details on credit risk and other financial instruments risks 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.



compliance

risks	current risk-mitigating actions	opportunities
data protection laws and regulations The EU General Data Protection Regulations came into effect in May 2018. Also for the rest of the world, legislation on personal data protection is becoming more stringent. Without sufficient measures to protect personal data, we are at risk. New and complicated laws expose us to a higher risk of non-compliance, resulting in possible claims, fines, business suspension, and reputational damage.	Our Global 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 has been rolled out. Since 2018, ongoing quarterly local data protection self-assessments and reviews have helped our local businesses further prepare for the legislation on data protection that has come into effect in multiple regions and countries. Our US operating companies have started an extensive program to ensure compliance with the Californian Consumer Privacy Act as of January 1, 2020. The impact of upcoming changes in legislation is being closely monitored. A continuous improvement program, by means of self-assessment and training, is being set up to handle ongoing technological developments and threats going forward.	Improved data protection compliance capability strengthens the confidence of talent and clients with regard to our service standard.
tax and labor law compliance Complex and changing tax (e.g., VAT, CIT and wage tax), labor and social security regulations could lead to a lack of clarity and errors in wages and a greater need for social security and payroll tax compliance, which could result in possible disputes, claims, and fines, as well as increased operational costs. At the same time, legislative changes that aim to align salaries between contracting and permanent roles are evident throughout the world. Tax risks of potential non-compliance with local tax laws and regulations include the risk that tax authorities take a different view on cross-border intercompany transfer pricing or tax treaty eligibility, which may potentially lead to double taxation.	We perform annual reviews of the payroll processes (including related policies and procedures) of selected countries, and involve subject matter specialists as needed. We monitor the legal requirements on equal and minimum pay, and have implemented controls to check compliance with these regulations where relevant.	In our payroll audits, we also focus on identifying good practices to be shared among countries, thereby enhancing the overall robustness of the payroll process.
workplace health and safety compliance We have people working at clients' premises, where safety conditions may vary. As we do not have control over these working conditions, these people may be exposed to a hazardous work environment. This may result in increased medical claims, absenteeism, dissatisfaction, and worker strikes.	In 2018, Randstad introduced its global Health & Safety Policy to promote health and safety, aiming for a continuous decline in harm to people. By adopting this policy, operating companies commit to assessing their local environment. Some operating companies have dedicated specialists who look after the health and safety aspects relating to their workers. Reviews were conducted in 2019 to identify improvements as well as good practices in the work environment for both employees and placed workers. This continues to be part of the key topics for control and audit in 2020.	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 Competition authorities are increasingly active in the enforcement of competition and antitrust 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.	Training with regard to competition law compliance, our core values and our business principles forms an integral part of our onboarding an refresher programs. Management needs to ensure that written acknowledgement is obtained that such training has been understood and that compliance is observed. We encourage our employees to report any (suspected) breaches they find through the misconduct reporting procedure. When developing new business models or concepts, our Legal departments (and if necessary competition law experts) are consulted to ensure 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. Heightened geopolitical uncertainty among the world's major powers and local political uncertainty could have a detrimental impact on the global economy, limit movement and availability of talent, and lead to social unrest and people migration. Our local-for-local approach allows for timely adoption of new business models if necessary, supporting people's mobility professionally and geographically.

In addition, as a global corporate citizen, Randstad faces environmental risks such as climate change and extreme weather conditions, which may have an adverse impact on our employees' workplace conditions and lead to heightened expectations with regard to our sustainability efforts. We periodically report non-financial indicators to record and monitor energy consumption and emissions to increase the sustainability of our operational activities.

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 2019, 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 budgets and scenarios, 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 2019, 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 2019 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, 2019, and of the 2019 consolidated income statement of Randstad N.V.;
- the annual report provides a true and fair view of the situation as at December 31, 2019, and the state of affairs during the financial year 2019, together with a description of the principal risks faced by the Group.

Diemen, The Netherlands, February 10, 2020
The Executive Board,

Jacques van den Broek	Karen Fichuk
Henry Schirmer	Rebecca Henderson
François Béharel	Chris Heutink

governance.

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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 2018 - 2022

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, the United Kingdom and Ireland. In addition, he is responsible for Global IT, Business Concept Development, HR, Marketing & Communications and Public Affairs.

henry schirmer (1964, german)

CFO

- Joined Randstad in 2018
- Appointed to the Executive Board in 2018
- Current term of appointment 2018 - 2022

background
Henry Schirmer obtained a Master's degree in industrial engineering and management. He joined Unilever in 1990 and gained extensive experience in several international finance roles, most recently as Executive Vice President Finance of Unilever Europe. He joined Randstad in 2018.

He is a member of the Board of Directors of General American Investors and the non-profit organization Results for Development.

responsibilities
Henry Schirmer is responsible for Global Finance and Accounting, Business Control, M&A, Tax, Treasury, Business Risk & Audit, Investor Relations and Legal.

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, Belgium & Luxembourg, Spain, Portugal, Italy, Greece, Turkey, Brazil, Argentina, Mexico, Chile and Uruguay. In addition he is responsible for Ausy.

karen fichuk (1965, american)

- Joined Randstad in 2019
- Appointed to the Executive Board in 2019
- Current term of appointment 2019 - 2023

background

Karen Fichuk holds a degree in Finance and Real Estate from the Colorado State University. She has 25 years of experience as a commercial and functional leader at The Nielsen Company. Most recently, she was President Developed Markets and Strategic Initiatives responsible for North America, Western Europe and Australia/New Zealand. Karen Fichuk has a strong track record of leading organizations where performance, client centricity and people development are the key pillars. Her expertise around data, analytics and technology will help drive Randstad's digital transformation.

responsibilities

Karen Fichuk is responsible for the US and Canada.

rebecca henderson (1963, american)

- Joined Randstad in 2012
- Appointed to the Executive Board in 2019
- Current term of appointment 2019 - 2023

background

Rebecca Henderson brings over 25 years of strategic client experience in both technology and HR services. She has spent her time at Randstad developing market leading solutions in Recruitment Process Outsourcing and Managed Services Programs globally delivering added value to our enterprise clients.

responsibilities

Rebecca Henderson is responsible for Randstad Enterprise Group. In addition she is responsible for Global Businesses: Monster Worldwide, Randstad RiseSmart, Randstad Sourceright and twago.

chris heutink (1962, dutch)

- Joined Randstad in 1991
- Appointed to the Executive Board in 2014
- Current term of appointment 2018 - 2022

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, Denmark, Sweden, Norway, Austria, Switzerland, Poland, Czech Republic, Hungary, Romania, Japan, China, India, Australia, New Zealand, Hong Kong SAR, Singapore & Malaysia.

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. Until December 2018, he was Chairman of the Supervisory Board of the Princess Maxima Centre for Child Oncology. He is a member of the Supervisory Board of SHV Holdings N.V., Royal Friesland Campina N.V and Pon Holdings N.V.

responsibilities

Wout Dekker is Chair of the Governance & Nomination Committee and a member of the Remuneration Committee and the Audit Committee.

jaap winter (1963, dutch)

Vice-Chair of the Supervisory Board

- Member of the Supervisory Board since 2011
- Current term of office 2019-2021

background

Jaap Winter is a partner at Phyleon governance & leadership, Professor of Corporate Law, Corporate Governance and Behaviour at Vrije Universiteit Amsterdam and Distinguished Visiting Professor of Corporate Governance at INSEAD. Until December 2017, he was President of the Executive Board of Vrije Universiteit Amsterdam. Until December 2013, he was partner at De Brauw Blackstone Westbroek. He is chair of the Supervisory Board of Stichting Het Van Gogh Museum.

responsibilities

Jaap Winter is member of the Audit Committee and the Governance & Nomination Committee.

annet aris (1958, dutch)

- Member of the Supervisory Board since 2018
- Current term of office 2018–2022

background

Annet Aris is Senior Affiliate Professor of Strategy at INSEAD, where she teaches courses on digital transformation and disruption. From 1994-2003, she was a partner at McKinsey & Company in Germany, and from 2003-2018, she was Adjunct Professor of strategy at INSEAD. She is a member of the Supervisory Board of ASML N.V.,Rabobank Group NV, and Jungheinrich AG.

responsibilities

Annet Aris is Chair of the Remuneration Committee.

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.

responsibilities
Henri Giscard d'Estaing is a member of the Governance & Nomination Committee.

frank dorjee (1960, dutch)

- Member of the Supervisory Board since 2014
- Current term of office 2018-2022

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 2019-2023

background
Since January 2019, Barbara Borra has been CEO of Franke Kitchen Systems. Before joining Franke, she was CEO for EMEA of Fontana Group. Prior to that, 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 and General Electric. She is a member of the Board of Directors of Brembo.

responsibilities
Barbara Borra is a member of the Remuneration Committee.

rudy provoost (1959, belgian)

- Member of the Supervisory Board since 2015
- Current term of office 2019–2023

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 a member of the Board of Directors of Elia as well as the Vlerick Business School.

responsibilities
Rudy Provoost is a member of the Governance & Nomination Committee.

report of the supervisory board.

introduction

In this report, the Supervisory Board explains how it fulfilled its duties and responsibilities in 2019.

composition, diversity and independence

The Supervisory Board currently comprises seven members: Wout Dekker (Chair), Jaap Winter (Vice-Chair), Annet Aris, Barbara Borra, Frank Dorjee, Henri Giscard d'Estaing, and Rudy Provoost (see the section supervisory board for their biographies). The members have a diverse mix of knowledge, skills, expertise and capabilities, in line with the required profile as included in Annex 2 of the Supervisory Board's by-laws. The Supervisory Board values and promotes diversity, not only within the Supervisory Board and the Executive Board, but also within the company. The Supervisory Board recognizes that differences in skills, experience, background, nationality, age, race, gender, and other personal characteristics are important, enabling the Boards and the company as a whole to look at issues, solve problems, and respond to challenges in new ways, and to take more robust decisions. All these different skills and backgrounds collectively represented on the Boards reflect the diverse nature of the environment in which Randstad and its stakeholders operate, and improve their effectiveness. In addition, diversity drives innovation and enables Randstad to attract and retain the best and most talented people. Randstad's policy regarding diversity is described in the gender equality, inclusion and diversity section of this annual report.

In March 2019, Jaap Winter was reappointed to the Supervisory Board for a third period of two years, while Barbara Borra and Rudy Provoost were reappointed for a second period of four years. At the next Annual General Meeting of Shareholders, to be held on March 24, 2020, the final term of Henri Giscard d'Estaing will expire. He has played an excellent role during his long tenure with Randstad, notably initially as a member of the Strategy Committee (until 2017), and subsequently as a member of the Governance & Nomination Committee. The Supervisory Board is profoundly grateful to Henri Giscard d'Estaing for his contribution. The second term of Wout Dekker will also expire. Wout Dekker has played a crucial role within Randstad in the

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
Annet Aris	1958	Dutch	yes		Digital	female
Barbara Borra	1960	Italian	yes	(CEO)	Home-appliances/ automotive	female
Frank Dorjee	1960	Dutch	yes	CFO	Cables	male
Henri Giscard d'Estaing	1956	French	yes	(CEO)	Tourism	male
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 (1 Chair)
Annet Aris	2018	2022	2030	4
Barbara Borra	2015	2023	2027	2
Frank Dorjee	2014	2022	2026	5
Henri Giscard d'Estaing	2008	-	2020	1
Rudy Provoost	2015	2023	2027	3
Jaap Winter	2011	2021	2023	2 (1 Chair)

past years and has been instrumental to the functioning of the Supervisory Board, particularly since 2015, when he was appointed Chair of the Supervisory Board. The Supervisory Board therefore proposes that he be reappointed for a third term, which will this time be a two-year term.

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, 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 2019, 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 2019, 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 2019, the Supervisory Board discussed at length its composition, its own performance, and that of its committees. This assessment was facilitated for the fourth consecutive year by Linda Hovius, an external advisor. In preparation, she interviewed each member of the Supervisory Board, the CEO and the CFO, as well as the Company Secretary. In the 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. Specific items assessed and subsequently discussed by the Supervisory Board included (1) people and structure at the top, (2) strategy and long-term value creation, (3) company performance management, (4) the role and functioning of the committees, and (5) Executive Board performance evaluation and succession planning.

Most of the topics discussed in the 2018 assessment were addressed in the course of 2019, with positive outcomes. The 2019 changes to the Executive Board were perceived positively. The shift in focus from local to global was supported by adding two global roles (one for global clients and businesses and one for digital) and by putting country managing directors in the lead of several global initiatives. The quality of the dialogue on strategy has further improved, with much mutual openness and transparency. There is also a more long-term and visionary focus on making Randstad future proof. The creation of topic teams (on digital/Monster, GDPR, talent management, marketing) consisting of members of the Supervisory Board, Executive Board and functional leaders works well, but requires coordinated feedback to the full Supervisory Board.

Some of the additional key findings and points for follow-up are:

- 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 and succession planning.
- The mandates for and roles of the Governance & Nomination Committee versus the Remuneration Committee are a bit diffuse and require clearer division and more alignment.

supervisory and advisory activities in 2019

meetings of the supervisory board and attendance

The Supervisory Board met thirteen times during 2019 (2018: fourteen times). Six meetings were held jointly with the full Executive Board. The other seven meetings were held without the Executive Board, but some of these were in part attended by the CEO.

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 representatives. Individual Supervisory Board members set up meetings related to their membership of specific Committees or specific mandates.

In 2019, Henri Giscard d'Estaing was absent at four meetings, Jaap Winter and Frank Dorjee were absent at two meetings, and Barbara Borra at one meeting. Their attendance rate was therefore 69%, 85%, and 92% respectively. 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 2018 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 2019:

- the assessment of strategic, operational, financial, and compliance risks, including Randstad's approach to risk and opportunity management, based on the quarterly report of the Global Business Risk & Audit department and the external auditor's quarterly report and management letter;
- the company's value creation, capital allocation strategy and dividend policy;
- compliance with relevant rules and legislation;
- the preparation, evaluation, and follow-up of the Annual General Meeting of Shareholders;
- topics related to sustainability that are 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 repositioning of the Randstad Innovation Fund;
- initiatives related to public affairs and thought leadership;
- senior leadership performance, organizational changes, and senior management appointments; and
- the budget for 2020.

topic teams

In 2019, 'topic teams' were formed for digital/Monster, GDPR, talent/leadership, and marketing/branding. Each team consists of two members of the Supervisory Board, the responsible member of the Executive Board, and functional leaders. These specific combinations allow the members of the Supervisory Board to get more in-depth understanding of Randstad's progress on these topics and to give targeted advice.

strategy

At several meetings in 2019, including the annual strategic two-day offsite meeting in October, the Supervisory Board and the Executive Board discussed relevant strategic topics, including:

- the company's 2023 ambition and the strategic direction vis-a-vis talent and clients;
- the company's digital strategy and related key work streams;
- profit pools and key focus areas to accelerate growth (e.g., North America, Japan, Statement of Work, and outplacement);
- several global initiatives which are considered crucial for Randstad, and a combination of improving and growing core processes, while making Randstad more future proof and introducing new ways of working;
- the repositioning of large clients under the 'Enterprise Group' in order to boost global account management;
- the performance and strategy of Monster.

leadership structure and changes

During the year, much time and several meetings were spent on discussing and aligning Randstad's leadership structure. Although the company's operational and hands-on leadership model fits with the strategic direction and executive focus on operational execution, it needs to be amended to reflect the current size and the increased importance of global tasks and responsibilities. The CEO and CFO have no or only limited direct responsibility for individual markets. This responsibility lies with the other members of the Executive Board.

To empower the responsibility for Global Businesses and large international clients, Rebecca Henderson, CEO of Randstad Sourceright, has been appointed to the Executive Board in charge of Randstad Sourceright, Monster, Randstad RiseSmart, and Randstad Enterprise Group. Karen Fichuk has succeeded Linda Galipeau as member of the Executive Board and CEO of Randstad's North American business.

As the digital transformation is an important pillar of Randstad's overall strategy going forward, René Steenvoorden, Randstad's CDO, is propesed to be appointed to the Executive Board, effective as of the upcoming Annual General Meeting of Shareholders in March 2020. René joined Randstad in 2016, bringing over 25 years of digital and IT experience, of which 15 years as Chief Information Officer in many different sectors.

At the upcoming Annual General Meeting of Shareholders, François Béharel, who was appointed to the Executive Board in January 2013, will not be nominated for reappointment for a third consecutive term. We are currently discussing with him, the reallocation of his responsibilities as Executive Board member. We thank him for his contribution as a member of the Executive Board.

business principles and misconduct reporting

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.

culture and brand positioning

The members of the Supervisory Board get a good sense of the culture within Randstad by country visits and meetings with senior management. They also regularly challenge the Executive Board on culture-related topics. The tone at the top is derived from our core values and embedded within the company's leadership style. The most valued leadership behaviors include setting the right example, transparency, open and clear communication, integrity and good governance.

The culture within the company, which is driven by Randstad's strong purpose, mission and core values, help to attract and retain top talent. Employee engagement and cultural fit are measured as part of the Randstad in Touch survey, whose results are shared with the Supervisory Board.

During the year, the Supervisory Board was updated about Randstad's global identity, brand positioning (Human Forward) and ultimate goal. The Supervisory Board strongly supports these, as they are fully in line with Randstad's purpose and core values. In 2019, time was spent on discussing initiatives that aim to bring Randstad's Human Forward promises of transparency, guidance and proactivity to life.

developments in our markets

The Supervisory Board is frequently updated on developments in our operating companies and markets by the members of the Executive Board responsible. In 2019, senior management of the United Kingdom, Ausy, Randstad Netherlands and Randstad Sourceright EMEA joined a Supervisory Board meeting to give an update on their businesses.

Every year, the Supervisory Board, jointly with the Executive Board, pays a two-day visit to the operations in a different market. Their joint visit to clients, branches, and Randstad's head office in Belgium in June 2019 provided additional insight into the quality of local operations and management. Particular attention was paid to the various digital initiatives implemented in Belgium in recent years.

meetings without the executive board

The meetings of the Supervisory Board without the Executive Board (but in part attended by the CEO) were held to discuss Executive Board remuneration, the composition and assessment of the Supervisory Board (including the proposed reappointment of Wout Dekker and the vacancy of Henri Giscard d'Estaing), the composition and functioning of the Executive Board (both as a team and its individual members), as well as governance, leadership structure and the changes to the Executive Board as referred to above.

supervisory board committee activities in 2019

The Supervisory Board has three Committees: the Audit Committee, the Remuneration Committee, and the Governance & Nomination 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. All members have relevant expertise in the field of financial management.

remuneration committee
Annet Aris (Chair), Wout Dekker, and Barbara Borra.

governance & nomination committee
Wout Dekker (Chair), Henri Giscard d'Estaing, Rudy Provoost, and Jaap Winter.

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 a regular 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 control, risk management and audit.

Five meetings were held in 2019 (2018: five). Four of the Committee meetings took place prior to the publication of the quarterly results. Prior to the Committee meetings, the Chair of the Committee always has preparatory meetings with the CFO and the managing directors for Global Control, Global Financial Reporting, and Global Business Risk & Audit. Besides the CEO, the CFO, and the external auditor, these managing directors also attend each Committee meeting. If considered necessary, the Chair also meets with the external auditor in advance.

At each meeting, the Audit Committee discusses the company's 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 Global Business Risk & Audit, which contains management self-assessments of risks and controls, internal audit results, and progress and outcomes of fraud investigations.

In addition, the following topics were discussed during the year:
- new developments with respect to IFRS, in particular the standard that became mandatory as of the financial year 2019 concerning the accounting of lease obligations and related right-of-use assets;
- an update on global treasury and financing activities from the managing director Global Treasury;
- an update on global tax issues from the managing director Global Tax, including an assessment of Randstad's tax mission, strategy, policy, organization and transparency;
- a report from the managing director Global Legal on operating companies' compliance with key policies, as well as compliance and e-learning tools for employees;
- the annual legal letter, listing material litigation;
- the procedure for reporting misconduct, including the report of the central integrity officer summarizing the cases reported under this procedure;
- changes of key people in the finance function in operating companies and at global 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.

In 2019, much time was spent on the implementation of regulations on data protection, as well as on information security. As an HR services provider, Randstad relies on personal data. This makes data protection highly relevant. Data protection programs have been rolled out in all operating companies. Their implementation is closely monitored and reported to the Audit Committee. In a number of markets, the implementation needed to be accelerated during the year, for which the Executive Board made additional funding available.

Randstad aims to continuously improve internal control, both in the various country organizations and at global level. Every six months, local management draws up a risk register and conducts a control self-assessment. The Global Business Risk & Audit department subsequently reviews and audits the quality of control in the various operating companies, and compares the internal audit outcomes with the management's self-assessment. The results of this exercise are discussed with the Audit Committee every six months.

Our key control framework contains the most relevant controls based on Randstad's risk profile and is built around the core business processes. It covers risks in the areas of finance and reporting, compliance, operations, and some strategic risks. Further digitalization of business models and business processes will be supported by a focus on IT control in the coming years. Having implemented various programs, Randstad is continuously improving data protection, information security, and general IT controls.

The Global Business Risk & Audit department closely monitors the effectiveness and quality of internal controls. These control updates allow management to keep its focus on internal control and prioritize improvement plans. The transparent structure and open dialogue on the risks, the key control framework, and internal control outcomes lead to a culture of accountability and responsibility at all levels of the organization. More information can be found in the section risk & opportunity management.

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

With regard to the external audit, the Audit Committee reviewed Deloitte's proposed audit plan relating to the audit scope (87% of Group revenue), materiality, 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 Deloitte's Group audit scope. No material issues were noted by BDO.

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 discussed Deloitte's (interim) management letter in much detail during its meeting in December 2019, with the following main observations:

- overall maturity levels of key financial processes remained high;
- there is a clear focus on boosting the IT environment and resolving IT deficiencies ;
- management's tone at the top continues to be good;
- there are no significant changes in relation to the key control framework;
- there were a limited number of small fraud incidents.

The Audit Committee assessed the performance of the external auditor, based on a satisfaction survey conducted among the CFOs of the largest 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. Deloitte's performance is generally considered to be satisfactory, and their overall rating was stable compared to the prior year.

report of the remuneration committee

The Remuneration Committee primarily reviews and makes recommendations regarding the remuneration (and the remuneration policy) of the Executive Board and the Supervisory Board. Each Committee member has specific expertise in the area of remuneration and HR-related issues. On an ad-hoc basis, the Committee makes use of external advice.

The Committee met four times in the course of 2019 (2018: three times). The CEO participated in part of these meetings. The Committee discussed and made proposals regarding the remuneration of the Executive Board, notably the setting and realization of the related performance targets. Much time was spent, particularly by the Chair of the Committee, on a review of the remuneration policy and structure for the Executive Board as well as the remuneration policy for the Supervisory Board. More information can be found in the remuneration report.

report of the governance & nomination committee

The Governance & Nomination Committee primarily reviews and makes recommendations regarding the Company's corporate governance, leadership structure, composition and functioning of the Executive Board and its individual members, succession planning, and (re)appointments to the Executive Board as well as the Supervisory Board.

Because the relevant topics were all discussed by the full Supervisory Board during their relatively frequent meetings without the Executive Board, there was no need to have separate Committee meetings.

supervisory board remuneration

The 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 €

	2019	2018
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 Committee		
Chair	9,000	9,000
Members	7,000	7,000
Governance & Nomination Committee		
Chair	9,000	8,000
Members	7,000	6,000

The annual allowances were last determined by the General Meeting of Shareholders in its annual meeting held in 2012, while the annual Committee fees were last determined by the General Meeting of Shareholders in its annual meeting 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.

remuneration policy for the supervisory board

In line with recent legislation, a draft remuneration policy for the Supervisory Board will be submitted for approval by shareholders at the upcoming Annual General Meeting on March 24, 2020. Further information can be found in the remuneration report.

report of the annual general meeting of shareholders

At the Annual General Meeting of Shareholders, held on March 26, 2019, the CEO and the CFO gave an account of the general state of affairs at Randstad and its financial performance in 2018. The meeting adopted the 2018 financial statements and the proposal to pay a regular as well as a special dividend. 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. Rebecca Henderson and Karen Fichuk were appointed to the Executive Board, while Jaap Winter, Barbara Borra and Rudy Provoost were reappointed to the Supervisory Board. 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. The amendment of the articles of association was approved. Deloitte Accountants B.V. in the Netherlands was appointed as external auditor for the financial year 2020.

Similar to previous years, the Chair of the Audit Committee proactively elaborated on the work of the Audit Committee in 2018, 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;
- valuation of the company's position concerning deferred taxes;
- 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 2018. He specifically focused on (1) scope, (2) process, (3) materiality, (4) coverage, and (5) key audit items, being the valuation of deferred taxes and goodwill as well as the different revenue flows.

financial statements for 2019

The financial statements for 2019 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 2020. 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 2019 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 General Meeting of Shareholders, in its annual meeting to be held on March 24, 2020, adopt the financial statements and the appropriation of net income proposed by the Executive Board.

The Supervisory Board endorses the Executive Board's proposal to the General Meeting of Shareholders to pay a regular cash dividend per ordinary share of € 2.09 for 2019 (€ 2.27 for 2018), a special dividend of € 2.23 per ordinary share (€ 1.11 for 2018), and a cash dividend on preference shares B and C of € 12.0 million (€ 12.6 million for 2018).

The Supervisory Board requests that the General Meeting of Shareholders grant discharge to the members of the Executive Board for their management and to the members of the Supervisory Board for their supervision in 2019.

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 2019.

Diemen, the Netherlands, February 10, 2020

The Supervisory Board,

Wout Dekker, Chair
Jaap Winter, Vice-Chair
Annet Aris
Barbara Borra
Frank Dorjee
Henri Giscard d'Estaing
Rudy Provoost

remuneration report.

The Remuneration Committee of the Supervisory Board prepares the remuneration report on Executive Board and Supervisory Board remuneration. After approval by the Supervisory Board, the report is submitted for an advisory vote of the General Meeting of Shareholders. In next year's remuneration report, Randstad will elaborate on how it has taken the voting results of the upcoming General Meeting into account.

2019 key performance highlights:

- consolidation of global market leader position;
- resilient performance despite challenging market conditions in a number of key geographies;
- focus on keeping cost levels in line with revenue developments while investing in making Randstad future proof;
- protection of profitability;
- record-high free cash flow;
- strong progress advancing Randstad's digital transformation and Tech & Touch strategy;
- sound return to shareholders;
- external recognition, winning key partnership awards from clients, FD Henri Sijthoff Prize, and inclusion in Dow Jones Sustainability Index.

2019 key items regarding remuneration:

- remuneration in line with policy;
- no amendments to remuneration policy;
- moderate increase of base salaries;
- at-target payout of annual bonus;
- at-target vesting of Long Term Incentive (TSR ranking position 8/19, above-target achievement of non-financial KPIs).

remuneration policy

The last update of the remuneration policy was adopted by the General Meeting of Shareholders in its annual meeting held on March 30, 2017. In 2019, the Remuneration Committee, in particular its Chair, extensively reviewed the current remuneration policy. The Committee has concluded that there is no need to materially change the current policy, which was implemented relatively recently. In line with recent regulation, however, more explanation of the foundation of the policy was needed. This extended remuneration policy will be submitted to the upcoming General Meeting of Shareholders for approval on March 24, 2020. This policy does not materially deviate from the previous one adopted in 2017. Several minor adjustments have been made to provide more insight into the considerations and steps taken that have led to our remuneration structure and levels. The latest version of our remuneration policy can be found on our corporate website.

executive board remuneration in 2019

introduction

The remuneration paid to the members of the Executive Board in 2019 was in line with Randstad's remuneration policy. In 2019, there were no deviations or exceptions from the governance process with respect to the execution of the remuneration policy or from the remuneration policy.

The remuneration of the Executive Board consists of the following components:

1. base salary;
2. short-term incentive;
3. long-term incentive;
4. pension and other benefits.

The variable portion of the total remuneration package is performance-related. It consists of short- and long-term components. In the case of 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 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.

base salary

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.

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. 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, Securitas, Sodexo Group, Thomas Cook (excluded as of 2019), TUI, and Tyco International.

In line with the company's remuneration policy, it was decided to increase the base salaries of the Executive Board members by 3.0% as of January 1, 2019, 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 increases within the company, and specifically for senior management, were taken into account when taking this decision.

short-term incentive

The total annual 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. To strengthen teamwork and focus on overall company goals, the entire annual bonus is based on the joint performance of the Executive Board.

The largest part of the achievable annual bonus (75%) is related to a certain number of financial targets. The choice and weight of these targets 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 (relative revenue performance versus the market, gross profit, EBITA, EPS, incremental conversion or recovery ratios, net debt, free cash flow, leverage ratio, and Days Sales Outstanding).

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) is 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.

The conditional awards for the share matching plan in 2019 are as follows:

	mandatory	voluntary	total shares
Jacques van den Broek	1,005	402	1,407
Henry Schirmer	723	722	1,445
François Béharel	857	-	857
Chris Heutink	662	662	1,324
	3,247	1,786	5,033

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 letter. This power was not used in 2019, nor was any remuneration recovered from present or former Executive Board members.

For 2019, the financial targets and their relative weighting have been set as follows:

- revenue growth per working day,subject to careful consideration of market outperformance: the bonus opportunity ranges from 10% of base salary for minimum performance to 15% for on-target performance and 20% for maximum performance.
- EBITA margin: the bonus opportunity ranges from 15% of base salary for minimum performance to 25% for on-target performance and 35% for maximum performance.

- free cash flow: the bonus opportunity ranges from 10% of base salary for minimum performance to 15% for on-target performance and 20% 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 in addition to the financial objectives. This bonus opportunity will be 17.5% of base salary for on-target performance and a maximum of 25% of base salary. For 2019, these targets and their relative weighting have been set as follows:
- implementation of workforce scheduling and data-driven sales (on-target 4.38%, maximum 6.25%)
- launch of cost optimization initiative (on-target 4.38%, maximum 6.25%)
- GDPR compliance (on-target 4.38%, maximum 6.25%)
- one target which cannot be disclosed, as this is commercially sensitive (maximum 6.25%).

Based on the achievement of the targets for 2019, the bonus entitlement with regard to performance in 2019 as a percentage of annual base salary can be specified as follows:

annual bonus payout, 2019

% of annual base salary	minimum %	maximum %	payout %
Financial targets			
Revenue growth	10%	20%	15%
EBITA margin	15%	35%	25%
Free cash flow	10%	20%	11%
Non-financial targets	0%	25%	22.25%

long-term incentive

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 the relative Total Shareholder Return (TSR) and strategic, mostly 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. Relative 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'. The international performance peer group consists of Adecco SA, Capital Plc, Compass Group PLC, FedEx Corporation, G4S plc, Hays plc, ISS A/S, Kelly Services Inc, Manpower Inc, Michael Page Int. Plc, Office Depot Inc, On Assignment Inc, Recruit Holdings Co., Ltd, Robert Half Int. Inc, Securitas AB, Sodexo SA, and WW Grainger Inc.

TSR data (see table below) are compiled and reported by external data provider Towers Watson.

Given the relevance of certain strategic, mostly 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. The weighting for the long-term incentive is split between 65% TSR and 35% non-financial KPIs.

At the end of the performance period, 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 strategic target accounts for a maximum of 50% vesting. The total minimum vesting equals 0%, and the maximum vesting equals 250%. 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

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
% until 2017	-	-	-	-	-	-	-	-	-	0	0	0	0	0	50	100	150	200	250
% as of 2017	0	0	0	0	0	0	0	0	0	50	75	100	100	125	150	150	175	200	200

be calculated based on the fair value of the Randstad share as at the grant date in February. The 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 allocation, except to the extent necessary to settle any related tax liabilities.

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

If a variable remuneration component conditionally awarded 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 grant letter. This power was not used in 2019, nor was any remuneration recovered from present or former Executive Board members.

On February 12, 2019 (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, 2019, and on the fair value of the performance shares as at grant date of € 34.33 per share (TSR-dependent grant) and € 33.86 per share (strategy-related grant). On April 24, following the appointment of the new Executive Board members, performance shares were granted to them at fair values of € 43.61 and € 38.15 respectively.

The conditional on-target awards for 2019 are as follows:

performance share plan awards, 2019

	number of shares
Jacques van den Broek	29,271
Henry Schirmer	21,858
François Béharel	19,858
Karen Fichuk	19,858
Rebecca Henderson	19,858
Chris Heutink	19,858
	130,561

The non-financial targets for the 2019 grant are the following targets from Randstad's strategic business plans and reporting framework:

- ultimate goal: progress measured on the basis of a solid methodology, including quantifiable KPIs;
- Customer Delight: significant improvement of scores in the top 8 markets;
- employee engagement: at least 80% participation and outperformance of the benchmark annually; and
- two targets which we cannot disclose as they are share price or competition sensitive.

At the beginning of 2019, the performance shares that had been conditionally granted in February 2016 and which vested on December 31, 2018 were allocated based on the relative TSR performance (80% of the grant) over the period January 1, 2016 to December 31, 2018. Randstad's TSR ranking for this period is position 9, resulting in no vesting and no allocation. The performance on the non-financial targets (20% of the grant) over this period resulted in a vesting and allocation of 165%, which can be specified as follows:

- Net Promoter Score: a top 3 position or position improvement in the top 12 markets, which was realized in 7 out of 12 markets, resulting in 30% of the maximum 50% vesting;
- impact of initiatives guiding talent from unemployment to employment, resulting in the full 50% vesting;
- employee engagement: at least 80% participation and outperformance of the benchmark annually, which resulted in 35% of the maximum 50% vesting (participation was higher than 80% each year, while the benchmark was outperformed in one year);

- involvement with key forums, resulting in the full 50% vesting;
- 50% electricity from sustainable sources by 2018, which was not achieved, thus resulting in no vesting.

The weighted vesting percentage on the total grant is approx. 33% of the conditional grant.

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 members, 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.

internal pay ratio 2019

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 2019 remuneration (including variable pay and long-term incentives) of a reference group (our 14 largest markets and the corporate functions encompassing 90% of Group revenue and 76% of total headcount) vis-à-vis the 2019 remuneration of the Executive Board members. The pay ratio is 49:1 (2018: 42:1) for the CEO and on average 34:1 (2018: 33:1) for the Executive Board members.

overview of remuneration in 2019

remuneration of executive board members (as included in the income statement)

x € 1,000	year	fixed remuneration: base salary	fixed remuneration: fringe benefits	variable remuneration: short-term bonus	variable remuneration: share-based payments	social charges and taxes	pension expenses	total remuneration
J.W. van den Broek	2019	1,000	4	733	1,352	11	270	3,370
	2018	1,000	27	370	1,134	11	270	2,812
H.R. Schirmer	2019	747	10	547	866	11	202	2,383
	2018	544	19	201	464	8	147	1,383
R.J. van de Kraats	2019	-	-	-	-	-	-	-
	2018	187	6	131	817	3	51	1,195
F. Béharel	2019	678	27	497	881	410	183	2,676
	2018	659	28	244	719	779	178	2,607
K. Fichuk	2019	516	14	378	285	28	139	1,360
	2018	-	-	-	-	-	-	-
L. Galipeau	2019	218	7	-	-	10	51	286
	2018	709	18	262	(91)	47	192	1,137
R. Henderson	2019	516	14	378	459	25	139	1,531
	2018	-	-	-	-	-	-	-
C. Heutink	2019	678	20	497	893	11	183	2,282
	2018	659	19	244	727	11	178	1,838
Total	**2019**	**4,353**	**96**	**3,030**	**4,736**	**506**	**1,167**	**13,888**
	2018	3,758	117	1,452	3,770	859	1,016	10,972

remuneration of former executive board members (as included in the income statement)

x € 1,000	year	fixed remuneration: base salary	fixed remuneration: fees	fixed remuneration: fringe benefits	variable remuneration: short-term bonus	variable remuneration: share-based payments	social charges and taxes	pension expenses	total remuneration
R.J. van de Kraats	2019	-	1,000	-	-	52	-	-	1,052
	2018	562	-	19	394	608	8	152	1,743
L.J.M.V. Lindelauf	2019	-	-	-	-	-	-	-	-
	2018	-	4	-	-	-	-	-	4

Henry Schirmer was appointed as a Board member on March 27, 2018. On April 24, 2018, he received 13,686 shares as part of his remuneration package. These shares will vest in four equal portions in four successive years. The expenses are charged to the income statement and included in the total share-based payments.

Linda Galipeau resigned from the Board on March 26, 2019. Her performance shares related to the 2017 and 2018 plans lapsed.

Robert Jan van de Kraats resigned as a Board member on March 27, 2018. After resigning from the Board, he continued to perform services for the company. The related costs in 2019 amounted to € 1,052,000 (2018: € 1,743,000).

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 2018 amounted to € 4,000.

In 2019, the European Shareholder Rights Directive was implemented in Dutch Civil Law. The tables below include the required information on Executive Board remuneration.

remuneration of executive board members

		fixed remuneration		variable remuneration				
x € 1,000	year	base salary	fringe benefits	short-term bonus	long-term award	social charges and taxes	pension expenses	total remuneration
J.W. van den Broek	2019	1,000	4	733	1,476	11	270	3,494
	2018	1,000	27	370	249	11	270	1,927
H.R. Schirmer	2019	747	10	547	173	11	202	1,690
	2018	544	19	201	-	8	147	919
R.J. van de Kraats	2019	-	-	-	-	-	-	-
	2018	187	6	131	-	3	51	378
F. Béharel	2019	678	27	497	940	410	183	2,735
	2018	659	28	244	155	779	178	2,043
K. Fichuk	2019	516	14	378	-	28	139	1,075
	2018	-	-	-	-	-	-	-
L. Galipeau	2019	218	7	-	-	10	51	286
	2018	709	18	262	155	47	192	1,383
R. Henderson	2019	516	14	378	312	25	139	1,384
	2018	-	-	-	-	-	-	-
C. Heutink	2019	678	20	497	940	11	183	2,329
	2018	659	19	244	155	11	178	1,266
Total	**2019**	**4,353**	**96**	**3,030**	**3,841**	**506**	**1,167**	**12,993**
	2018	3,758	117	1,452	714	859	1,016	7,916

remuneration of former executive board members

		fixed remuneration			variable remuneration				
x € 1,000	year	base salary	fees	fringe benefits	short-term bonus	long-term award	social charges and taxes	pension expenses	total remuneration
R.J. van de Kraats	2019	-	1,000	-	-	1,070	-	-	2,070
	2018	562	-	19	394	177	8	152	1,312
L.J.M.V. Lindelauf	2019	-	-	-	-	-	-	-	-
	2018	-	4	-	-	-	-	-	4

The long-term award relates to the various performance share plans that vested during the year. The reward is calculated based on the numbers of shares that have vested and the stock price at the date of vesting. The awards of Rebecca Henderson that vested during 2019 relate to the 2017 performance share plan, at which time she was part of senior management.

proportion of fixed and variable remuneration[1]

excluding social charges

	% of fixed remuneration		% of variable remuneration	
x € 1,000	2019	2018	2019	2018
J.W. van den Broek	37%	68%	63%	32%
H.R. Schirmer	57%	78%	43%	22%
R.J. van de Kraats	0%	65%	100%	35%
F. Béharel	38%	68%	62%	32%
K. Fichuk	64%	-	36%	-
L. Galipeau	100%	69%	0%	31%
R. Henderson	49%	-	51%	-
C. Heutink	38%	68%	62%	32%
Total	45%	69%	55%	31%

1 Excluding social charges and taxes.

executive board remuneration comparative table

x € 1,000	2019	2018	2017	2016	2015	2014
Jacques van den Broek, CEO	3,494	1,927	3,630	3,892	4,074	1,938
Henry Schirmer, CFO as of April 2018	1,690	919	-	-	-	-
François Béharel, member	2,735	2,043	2,648	2,926	3,716	1,990
Karen Fichuk, member as of April 2019	1,075	-	-	-	-	-
Rebecca Henderson, member as of April 2019	1,384	-	-	-	-	-
Linda Galipeau, member until March 2019	286	-	-	-	-	-
Chris Heutink, member	2,329	1,266	2,376	2,655	1,867	1,138
Subtotal	12,993	6,155	8,654	9,473	9,657	5,066
Remuneration of former Executive Board members						
Ben Noteboom, CEO until March 2014	-	-	-	-	-	211
Robert Jan van de Kraats, CFO and Vice-chairman until March 2018	-	378	2,708	3,026	3,844	1,832
Linda Galipeau, member until March 2019	-	1,383	2,608	2,886	3,618	1,610
Leo Lindelauf, member until March 2015	-	-	-	-	343	1,645
Subtotal	-	1,761	5,316	5,912	7,805	5,298
Total	12,993	7,916	13,970	15,385	17,462	10,364
Company performance						
Organic revenue growth per working day	-1.7%	3.7%	8.3%	4.7%	6.2%	3.9%
Underlying EBITA margin[1]	4.6%	4.7%	4.6%	4.6%	4.5%	4.1%
Revenue (in millions of €)	23,676	23,812	23,273	20,684	19,219	17,250
Net result (in millions of €)[1]	606	708	631	588	519	340
TSR vesting (%)	100%	0%	100%	150%	100%	50%
Non-financial KPIs vesting (%)	162%	165%	145%	130%	200%	n/a
Average remuneration of employees on an FTE basis in € 1,000						
Randstad N.V.	154	162	153	183	189	160
Randstad Group	69	67	69	69	68	63

1 2019 and 2018 figures are based on IFRS16 Leases.

In the above table, the remuneration of former Board members is only included during the period they were part of the Executive Board. The amounts per Board member for comparative years are based on the same principles as for 2019.

main conditions and shares due and awarded to executive board members (part 1)

	main conditions of share award plans					
	specification of plan	vesting period	award date	vesting date	allocation date	end of holding period
Board members						
J.W. van den Broek, Chief Executive Officer	PSP EB Plan	2016 - 2018[1]	February 2016	December 2018	February 2019	February 2021
		2017 - 2019	February 2017	December 2019	February 2020	February 2022
		2018 - 2020	February 2018	December 2020	February 2021	February 2023
		2019 - 2021	February 2019	December 2021	February 2022	February 2024
	Share matching plan	2018 - 2020	February 2018	December 2020	February 2021	February 2023
		2019 - 2021	February 2019	December 2021	February 2022	February 2024
H.R. Schirmer, Chief Financial Officer	PSP EB Plan	2018 - 2020	February 2018	December 2020	February 2021	February 2023
		2019 - 2021	February 2019	December 2021	February 2022	February 2024
	Share matching plan	2019 - 2021	February 2019	December 2021	February 2022	February 2024
	Sign-on shares	2018 - 2019	April 2018	April 2019	April 2018	April 2023
		2018 - 2020	April 2018	April 2020	April 2018	April 2023
		2018 - 2021	April 2018	April 2021	April 2018	April 2023
		2018 - 2022	April 2018	April 2022	April 2018	April 2023
F. Béharel	PSP EB Plan	2016 - 2018[1]	February 2016	December 2018	February 2019	February 2021
		2017 - 2019	February 2017	December 2019	February 2020	February 2022
		2018 - 2020	February 2018	December 2020	February 2021	February 2023
		2019 - 2021	February 2019	December 2021	February 2022	February 2024
	Share matching plan	2018 - 2020	February 2018	December 2020	February 2021	February 2023
		2019 - 2021	February 2019	December 2021	February 2022	February 2024
K. Fichuk	PSP EB plan	2019 - 2021	February 2019	December 2021	February 2022	February 2024
R. Henderson	PSP SM plan	2017 - 2019	February 2017	December 2019	February 2020	February 2022
		2018 - 2020	February 2018	December 2020	February 2021	February 2023
	PSP EB plan	2019 - 2021	February 2019	December 2021	February 2022	February 2024
C. Heutink	PSP EB Plan	2016 - 2018[1]	February 2016	December 2018	February 2019	February 2021
		2017 - 2019	February 2017	December 2019	February 2020	February 2022
		2018 - 2020	February 2018	December 2020	February 2021	February 2023
		2019 - 2021	February 2019	December 2021	February 2022	February 2024
	Share matching plan	2018 - 2020	February 2018	December 2020	February 2021	February 2023
		2019 - 2021	February 2019	December 2021	February 2022	February 2024
Former Board members						
R.J. van de Kraats, Chief Financial Officer, until March 2018	PSP EB Plan	2016 - 2018[1]	February 2016	December 2018	February 2019	February 2021
		2017 - 2019	February 2017	December 2019	February 2020	February 2022
		2018 - 2020	February 2018	December 2020	February 2021	February 2023
	Share matching plan	2018 - 2020	February 2018	December 2020	February 2021	February 2023
L. Galipeau, Board member, until March 2019	PSP EB plan	2016 - 2018[1]	February 2016	December 2018	February 2019	February 2021

1 Shares vested as per December 31, 2018 show the opening balance of the number of shares allocated in February 2019.

main conditions and shares due and awarded to executive board members (part 2)

	information regarding the reporting year 2019						
	shares awarded or to be allocated at January 1	shares awarded	performance adjustment	shares vested, to be allocated in 2020[1]	shares allocated	shares awarded or to be allocated at year-end	shares subject to a holding period[2]
Board members							
J.W. van den Broek, Chief Executive Officer	6,202				(6,202)	-	3,313
	22,066		5,052	(27,118)		27,118	
	21,174					21,174	
		29,271				29,271	
	2,263					2,263	
		1,407				1,407	
H.R. Schirmer, Chief Financial Officer	15,352					15,352	
		21,858				21,858	
		1,445				1,445	
	3,422			(3,422)		-[3]	3,422
	3,421					3,421	
	3,422					3,422	
	3,421					3,421	
F. Béharel	3,869				(3,869)	-	1,857
	14,043		3,215	(17,258)		17,258	
	13,947					13,947	
		19,858				19,858	
	897					897	
		857				857	
K. Fichuk		19,858				19,858	
R. Henderson	4,657		1,066	(5,723)		5,723	
	4,392					4,392	
		19,858				19,858	
C. Heutink	3,869				(3,869)	-	2,067
	14,043		3,215	(17,258)		17,258	
	13,947					13,947	
		19,858				19,858	
	1,440					1,440	
		1,324				1,324	
Total Board members	155,847	135,594	12,548	(70,779)	(13,940)	286,627	10,659
Former Board members							
R.J. van de Kraats, Chief Financial Officer, until March 2018	4,406				(4,406)	-	
	15,986		3,660	(19,646)		19,646	
	10,584					10,584	
	769					769	
L. Galipeau, Board member, until March 2019	3,869				(3,869)	-	
Total former Board members	35,614	-	3,660	(19,646)	(8,275)	30,999	

1 Performance shares to be allocated in February 2020.
2 All performance shares that have not vested at year-end 2019 are subject to a holding period of 2 years, except for the number of shares that are allowed to be used to settle the wage tax on allocation.
3 Henry Schirmer already received the sign-on shares in 2018.

shareholdings per executive board member
position as at 31 december 2019

		restricted shares						
	free shares	february 2020	february 2021	february 2023	april 2023	october 2023	february 2024	total shares
J.W. van de Broek	70,405	16,352	3,313	2,263	-	3,525	1,407	97,265
H.R. Schirmer	-	-	-	-	13,686	185	1,445	15,316
F. Béharel	75,248	16,682	1,857	897	-	-	857	95,541
K. Fichuk	-	-	-	-	-	-	-	-
R. Henderson	1,274	-	-	-	-	-	-	1,274
C. Heutink	14,044	11,006	2,067	1,440	-	-	1,324	29,881
Total	160,971	44,040	7,237	4,600	13,686	3,710	5,033	239,277

supervisory board remuneration

The remuneration of the Supervisory Board members consists of a fixed amount, including a gross expense allowance.

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 2019 and 2018. As at December 31, 2019 and 2018, Henri Giscard d'Estaing held 450 ordinary shares in Randstad N.V.

The remuneration of the Supervisory Board, including its Committees, will remain unchanged in 2020.

supervisory board remuneration 2019 and 2018

	2019	2018
Current board members		
W. Dekker, Chair	135,500	132,000
J. Winter, Vice-Chair	105,000	105,000
A. Aris	85,500	64,500
B. Borra	91,000	92,500
F. Dorjee	88,500	88,500
H.M.E.V. Giscard d'Estaing	88,000	90,500
G. Kampouri Monnas	-	22,500
R. Provoost	88,000	92,000
Total	681,500	687,500

comparative table supervisory board remuneration

x € 1,000	2019	2018	2017	2016	2015	2014
W. Dekker, Chair	135,500	132,000	128,500	128,500	124,500	100,250
J. Winter, Vice-Chair	105,000	105,000	107,500	107,500	101,000	89,750
A. Aris, as of April 2018	85,500	64,500	-	-	-	-
B. Borra, member as of April 2015	91,000	92,500	89,500	94,000	71,797	
F. Dorjee, member as of April 2014	88,500	88,500	88,500	88,500	90,000	65,250
H. Giscard d'Estaing	88,000	90,500	88,500	88,500	88,500	86,550
G. Kampouri Monnas, until March 2018	-	22,500	91,500	91,500	92,000	86,500
R. Provoost, member as of April 2015	88,000	92,000	90,000	88,500	62,250	-
Subtotal	681,500	687,500	684,000	687,000	630,047	428,300
Remuneration of former Supervisory Board members						
F. Frohlich, until March 2015	-	-	-	-	34,750	134,500
B. Hodson, until March 2015	-	-	-	-	20,500	83,800
L. van Wijk, until March 2014	-	-	-	-	-	27,250
Subtotal	-	-	-	-	55,250	245,550
Total	681,500	687,500	684,000	687,000	685,297	673,850

executive board remuneration in 2020

In line with the company's remuneration policy, it was decided to increase the base salaries of the Executive Board members by 1.7% as of January 1, 2020, 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 the annual bonus 2020, the financial targets and their relative weighting have been set as follows:

- revenue growth per working day, subject to careful consideration of market outperformance: the bonus opportunity ranges from 10% of base salary for minimum performance to 15% for on-target performance and 20% for maximum performance.
- EBITA margin, subject to careful consideration of ICR/RR outcomes: the bonus opportunity ranges from 15% of base salary for minimum performance to 25% for on-target performance and 35% for maximum performance.
- free cash flow: the bonus opportunity ranges from 10% of base salary for minimum performance to 15% for on-target performance and 20% 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 2020, these targets cannot yet be further specified.

The conditional grant of performance shares 2020 is dependent on TSR (65%) and the following non-financial targets (35%) from Randstad's strategic business plans and reporting framework:

- employee engagement: at least 80% participation and clear outperformance of the benchmark;
- establish non-financial reporting assurance by third party;
- as well as three targets, which we cannot disclose as they are share price or competition sensitive.

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 company's international context is of vital importance, and international developments are therefore closely monitored.

Randstad has always sought to enhance its governance in line with the Dutch Corporate Governance Code ('the Code') and international best practices. Any substantial change 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 the company's general development, including its financial policies and corporate structure. The Supervisory Board has the role of employer 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 company's 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 a specific area of responsibilities and expertise. The Company Secretary acts as secretary to the Executive Board.

The Supervisory Board is authorized to recommend to the 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 General Meeting of Shareholders.

Board members are 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 company's strategy, development of results, operating model, and the reporting 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 authorized to recommend to the 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 30% 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 their duties. They may not hold more than five Supervisory Board memberships in Dutch companies or other large organizations, whereby the role of Chair counts as two memberships. Supervisory Board remuneration is determined by the 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 at 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 Remuneration Committee and the Governance & 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 Remuneration Committee reviews and 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 Governance & Nomination Committee reviews and makes recommendations regarding the Company's corporate governance and leadership structure. 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.

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's general diversity and inclusion policy sets the global goals. Randstad aims to develop and sustain a culture of inclusion and fairness that enables talent and employees alike to feel valued for their ideas, background and perspective. Randstad values diversity and does not discriminate on the grounds of age, skin color, disability, gender, marital status, nationality, race, religion, sexual orientation, or any other irrelevant or illegal characteristics. This diversity and inclusion policy also applies to the Executive Board and the 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 recognized that diversity enables the Boards to look at issues and solve problems in various ways and respond to challenges in different ways, thus taking more robust and effective 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. Diversity also drives innovation and accelerates growth, enabling Randstad to attract and maintain the best and most talented people.

Collectively, the Executive Board and the Supervisory Board are considered to be diverse and balanced with regard to 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 both the Supervisory Board and the Executive Board, and agrees on measurable objectives that will lead to an even higher degree of diversity on the Boards.

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 members of the Executive Board for their management;
- discharge from liability of the members of the Supervisory Board for their 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 issue or purchase shares in Randstad'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 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 comments for a period of three months. 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 General Meeting of Shareholders, 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 General Meeting of Shareholders.

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 approval of the General Meeting of Shareholders.

As at December 31, 2019, the holders of approximately 95.8% of ordinary shares were able to make unrestricted use of their voting rights. The other 4.2% of ordinary shares were 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% 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.

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 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 current 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 N.V. of at least 25% (which is currently the case).

As the 2007 agreement included a notice period for possible changes, the current 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 N.V. are at that point at least 25%. In the event that Randstad Beheer decides to amend its purpose at the end of that process, Randstad Beheer and Randstad N.V. will reasonably consult on the new situation and the potential reduction of Randstad Beheer's shareholding in Randstad, and Randstad N.V. will assist in such reduction if and when it occurs.

In line with the intent of the previous agreement, the current agreement ensures that, if Randstad Beheer's voting rights fall below 25% or if it has the intention to reduce its voting rights to below 25%, Randstad N.V. and Randstad Beheer will discuss potential consequences for Randstad N.V.'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 the Supervisory Board are appointed by, and may at any time be suspended or dismissed by, the General Meeting of Shareholders. A Supervisory Board member is eligible for reappointment once for a period of four years, and subsequently for a period of two years, which may be extended by at most two years, provided that the reasons for this extension are provided in the report of the Supervisory Board. 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 preemptive rights for holders of ordinary shares until September 26, 2020 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 26, 2020 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.

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consolidated statement of comprehensive income.

The notes on pages 140 to 199 are an integral part of these consolidated financial statements.

In millions of € unless otherwise indicated	note	page	2019	restated 2018
Revenue	9	164	23,676	23,812
Cost of services	13.1	170	18,971	19,111
Gross profit	10.1	166	4,705	4,701
Selling expenses	13.2	170	2,532	2,527
Amortization and impairment of acquisition-related intangible assets and goodwill	13.4	172	118	219
Other general and administrative expenses	13.2	170	1,196	1,113
General and administrative expenses			1,314	1,332
Total operating expenses	13.2	170	3,846	3,859
Operating profit	**10.1**	**166**	**859**	**842**
Finance income	15	173	12	24
Finance expenses	15	173	(57)	(52)
Net finance costs	15	173	(45)	(28)
Share in profit of associates	22	181	5	3
Income before taxes			819	817
Taxes on income	7.2	156	(213)	(109)
Net income	**16**	**173**	**606**	**708**
Items that subsequently may be reclassified to the income statement	17	173	45	23
Items that will never be reclassified to the income statement	17	173	(12)	(1)
Total other comprehensive income, net of taxes	17	173	33	22
Total comprehensive income			**639**	**730**
Net income attributable to:				
Holders of ordinary shares of Randstad N.V.			594	695
Holders of preference shares of Randstad N.V.			12	13
Equity holders			606	708
Non-controlling interests			-	-
Net income			**606**	**708**
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (expressed in € per ordinary share)				
Basic earnings per ordinary share (€)	12	169	3.24	3.80
Diluted earnings per ordinary share (€)	12	169	3.23	3.79
Total comprehensive income attributable to:				
Holders of ordinary shares of Randstad N.V.			627	717
Holders of preference shares of Randstad N.V.			12	13
Equity holders			639	730
Non-controlling interests			-	-
Total comprehensive income			**639**	**730**

consolidated statement of financial position as at december 31.

The notes on pages 140 to 199 are an integral part of these consolidated financial statements.

In millions of €	note	page	December 31, 2019	December 31, 2018 restated	January 1, 2018 restated
assets					
Property, plant and equipment	18	174	157	159	154
Right-of-use assets	8.2	158	531	563	581
Software	19	175	128	101	80
Goodwill	5.2	149	3,057	3,018	3,077
Acquisition-related intangible assets	20	177	162	262	398
Intangible assets			3,347	3,381	3,555
Deferred income tax assets	7.1	154	579	588	447
Financial assets	21	178	454	558	517
Associates	22	181	24	23	22
Non-current assets			**5,092**	**5,272**	**5,276**
Trade and other receivables	3.2	142	4,711	4,875	4,680
Income tax receivables	7.1	154	130	106	79
Cash and cash equivalents	3.2	142	225	273	326
Current assets			**5,066**	**5,254**	**5,085**
Total assets	**10.2**	**167**	**10,158**	**10,526**	**10,361**
equity and liabilities					
Issued capital			26	26	26
Share premium			2,287	2,286	2,284
Reserves			1,553	1,426	1,273
Net income for the year			606	708	631
Shareholders' equity	23.1	181	4,472	4,446	4,214
Non-controlling interests	23.3	183	1	1	1
Total equity			**4,473**	**4,447**	**4,215**
Borrowings	3.2	142	-	494	640
Lease liabilities	8.2	158	417	441	465
Deferred income tax liabilities	7.1	154	38	47	44
Provisions	6	152	65	64	70
Employee benefit obligations	24	184	161	119	115
Other liabilities	25	187	10	9	11
Non-current liabilities			691	1,174	1,345
Borrowings	3.2	142	981	764	712
Lease liabilities	8.2	158	204	214	199
Trade and other payables	26	188	3,580	3,755	3,674
Income tax liabilities	7.1	154	96	73	116
Provisions	6	152	91	77	65
Employee benefit obligations	24	184	28	20	13
Other liabilities	25	187	14	2	22
Current liabilities			4,994	4,905	4,801
Total liabilities			**5,685**	**6,079**	**6,146**
Total equity and liabilities			**10,158**	**10,526**	**10,361**

consolidated statement of cash flows.

The notes on pages 140 to 199 are an integral part of these consolidated financial statements.

In millions of €	note	page	2019	restated 2018
Operating profit			859	842
Amortization and impairment of acquisition-related intangible assets and goodwill	13.4	172	118	219
Operating profit before amortization and impairment of acquisition-related intangible assets and goodwill (EBITA)	10.1	166	977	1,061
Depreciation/amortization and impairment of property, plant and equipment, right-of-use assets, and software	13.3	171	301	294
Operating profit before depreciation, amortization and impairment (EBITDA)	10.1	166	1,278	1,355
Provisions	6	152	11	2
Employee benefit obligations	24	184	24	1
Share-based compensations	29.5	197	40	35
Gain on disposal of subsidiaries	11.2	169	-	(2)
Other items	27.5	192	103	(20)
Cash flow from operations before operating working capital and income taxes			1,456	1,371
Trade and other receivables	27.2	191	217	(178)
Trade and other payables	27.3	191	(200)	83
Operating working capital			17	(95)
Corporate income taxes	27.6	192	(204)	(302)
Net cash flow from operating activities			**1,269**	**974**
Net additions to property, plant and equipment, and software	19	175	(122)	(113)
Acquisition of subsidiaries	11.1	168	(17)	(15)
Acquisition of equity investments and associates	21.2, 22	180, 181	(6)	(8)
Loans and receivables	21.1	178	(6)	(7)
Disposal of subsidiaries/activities	11.2	169	-	10
Disposal of equity investments	21.2	180	10	-
Dividends from associates	22	181	4	3
Net cash flow from investing activities			**(137)**	**(130)**
Issue of new ordinary shares	23.1	181	-	1
Purchase of own ordinary shares	23.1	181	(18)	(15)
Repayments of syndicated loan	3.2	142	(1)	(514)
Issuance of other non-current borrowings	3.2	142	-	351
(Net decrease)/net increase of current borrowings	3.2, 27.1	142, 189	(286)	55
Repayments of lease liabilities	8.2	158	(226)	(227)
Net financing			(531)	(349)
Net finance costs paid	15	173	(14)	(18)
Dividend on ordinary and preference shares	23.2	183	(632)	(518)
Net reimbursement to financiers			(646)	(536)
Net cash flow from financing activities			**(1,177)**	**(885)**
Net decrease in cash and cash equivalents	27.1	189	(45)	(41)
Cash and cash equivalents as at January 1			273	326
Net movement in cash and cash equivalents			(45)	(41)
Translation and currency losses			(3)	(12)
Cash and cash equivalents as at December 31			225	273
Free cash flow	27.7	192	915	627

consolidated statement of changes in equity.

The notes on pages 140 to 199 are an integral part of these consolidated financial statements.

in millions of €, restated	issued capital	share premium	reserves[1] treasury shares	translation and other	share-based payments	employee benefits	retained earnings	net income	share-holders' equity	non-controlling interests	total equity
Balance as at January 1, 2019 restated	26	2,286	(11)	68	55	(36)	1,350	708	4,446	1	4,447
Net income	-	-	-	-	-	-	-	606	606	-	606
Total other comprehensive income	-	-	-	51	-	(18)	-	-	33	-	33
Total comprehensive income	-	-	-	51	-	(18)	-	606	639	-	639
Transactions with owners:											
Dividend 2018 on ordinary and preference shares	-	-	-	-	-	-	76	(708)	(632)	-	(632)
Purchase of own ordinary shares	-	-	(18)	-	-	-	-	-	(18)	-	(18)
Share-based compensations:											
• fair value of vesting rights	-	-	-	-	40	-	-	-	40	-	40
• stock options exercised (on newly issued shares)	-	1	-	-	-	-	(1)	-	-	-	-
• performance shares issued	-	-	10	-	(32)	-	22	-	-	-	-
• taxes on share-based compensations	-	-	-	-	-	-	(3)	-	(3)	-	(3)
Total transactions with owners	-	1	(8)	-	8	-	94	(708)	(613)	-	(613)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2019	**26**	**2,287**	**(19)**	**119**	**63**	**(54)**	**1,444**	**606**	**4,472**	**1**	**4,473**
Balance as at January 1, 2018, reported	26	2,284	(22)	40	57	(30)	1,264	631	4,250	1	4,251
Effects IFRS 16 'Leases'	-	-	-	-	-	-	(36)	-	(36)	-	(36)
Balance as at January 1, 2018, restated	26	2,284	(22)	40	57	(30)	1,228	631	4,214	1	4,215
Net income	-	-	-	-	-	-	-	708	708	-	708
Total other comprehensive income	-	-	-	28	-	(6)	-	-	22	-	22
Total comprehensive income	-	-	-	28	-	(6)	-	708	730	-	730
Transactions with owners:											
Dividend 2017 on ordinary and preference shares	-	-	-	-	-	-	113	(631)	(518)	-	(518)
Purchase of own ordinary shares	-	-	(15)	-	-	-	-	-	(15)	-	(15)
Share-based compensations:											
• fair value of vesting rights	-	-		-	35	-	-	-	35	-	35
• stock options exercised (on newly issued shares)	-	2		-	(1)	-	-	-	1	-	1
• performance shares issued	-	-	26	-	(36)	-	10	-	-	-	-
• taxes on share-based compensations				-	-	-	-	-	-	-	-
Total transactions with owners	-	2	11	-	(2)	-	123	(631)	(497)	-	(497)
Acquisition of non-controlling interests	-	-	-	-	-	-	(1)	-	(1)	-	(1)
Balance as at December 31, 2018, restated	**26**	**2,286**	**(11)**	**68**	**55**	**(36)**	**1,350**	**708**	**4,446**	**1**	**4,447**

1 The total of the various items included under 'reserves' within shareholders' equity as at December 31, 2019 is € 1,553 million (December 31, 2018: € 1,426 million). Additional information with respect to equity is given in note 23.

main notes to the consolidated financial statements.

1 general information

Randstad N.V. 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 N.V. include the company and its subsidiaries (together called the 'Group').

See note 28 for IFRS consolidation policies and an overview of selected subsidiaries.

1.1 activities

Randstad specializes in solutions in the field of work and human resources services. Our services comprise temporary and permanent placements. We also offer 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 10, 2020. 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 24, 2020.

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 2019, a number of new standards, and/or amendments to and interpretations of existing IFRS standards became effective (such as amendments to IAS 19 and IAS 28). 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, except for IFRS 16 'Leases', which became effective for the Group as of January 1, 2019.

In 2019 and before, various other new standards and/or amendments to and interpretations of existing IFRS standards were published for application in accounting periods beginning on or after January 1, 2020. As far as these standards, amendments, and interpretations are applicable to the Group, these are expected to have no effect on the valuation and classification of assets and liabilities. The Group has decided not to opt for early adoption.

This is the first set of annual financial statements in which the standard IFRS 16 'Leases' (replacing 'IAS 17 Leases') has been applied by Randstad. Randstad has applied the full retrospective approach to each prior year, applying IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. See note 8 'leases' for full disclosures in respect of the impact of the implementation of IFRS 16 'Leases'.

The accounting policy for uncertain tax treatments as applied by the Group over the last years is consistent with the requirements of 'IFRIC 23, uncertainty over income tax treatments', which became effective on January 1, 2019.

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.

change in presentation of the statement of cash flows

Due to the prolonged low interest rates on uncommitted short-term bank overdrafts and other drawings, these borrowings are used more and more as financing arrangements that replace drawings on revolving committed credit facilities. Depending on various circumstances, including interest rates offered by banks, we draw on bank overdrafts and/or other drawings. We do not foresee this to change in the near future. These current borrowings do therefore no longer meet the requirement in IFRS to be able to net these with cash and cash equivalents. We have therefore changed the presentation in the cash flow statement to better reflect our financing activities. The impact of restating the 2018 financing cash flows amounts to € 55 million. For full disclosure in respect of this impact, see note 27 statement of cash flows.

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 2019 and 2018.

3 capital and financial risk management

3.1 capital management

Randstad N.V.'s policy is to maintain a sound financial position through a leverage ratio (net debt/EBITDA) of below 2. We believe this is important in order to maintain the confidence of clients, talent, creditors, and investors, 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 other one-offs (which mainly comprise restructuring expenses), provided that our financial position allows for it.

We have set 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 have also set optional additional cash returns in the event of a leverage ratio below 1.0 (pre IFRS 16 'Leases') through (i) a special dividend 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, in principle, 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

	2019	2018
Trade receivables	3,922	4,070
Less: allowance for expected credit losses	50	50
Trade receivables, net of allowance for expected credit losses	3,872	4,020
Other receivables	565	605
Prepayments	145	133
CICE receivable	116	107
Loans	5	4
Net investments in subleases	8	6
	4,711	4,875

The carrying amount of these receivables reflects the fair value.

The Group does not hold any collateral as security.

Trade and other receivables are initially stated at fair value. Subsequent measurement is at amortized cost using the effective interest method less allowance for expected credit losses.

Trade and other receivables are hold-to-collect contractual cash flows.

accounting policy

The allowance for expected credit losses (ECL) of trade receivables is based on individual assessments of expected non-recoverable receivables as well as on expected credit losses estimated using a provision matrix by reference to past default experiences on the portfolio of trade receivables of subsidiaries in relation to revenue streams, and various other (external) sources of actual and forecast economic information. No changes in estimation techniques were made during the current period.

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 in default and a credit loss is expected to occur. The amount of the allowance is equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows.

movements in the allowance for expected credit losses of trade receivables

	2019	2018
Balance as at January 1	50	50
Acquisition of subsidiaries	-	-
Charged to selling expenses	15	11
Receivables written off as uncollectable	(16)	(10)
Translation differences	1	(1)
Balance as at December 31	50	50

In the allowance for expected credit losses of trade receivables, an allowance is included for individually impaired trade receivables of € 27 million (including value added taxes) (2018: € 30 million). The remainder is related to other expected credit losses, which are measured at an amount equal to lifetime ECL, based on the approach described above.

The allowance for expected credit losses of trade receivables is excluding recoverable value-added taxes.

Net amounts charged to this allowance are generally written off when there is no expectation of recovering additional cash.

The following table shows the rate of expected credit losses for various appropriate past due categories.

expected credit losses

	trade receivables - days past due					
	not past due	0-4 weeks	5-16 weeks	17 weeks and over	doubtful debts	total
December 31, 2019						
ECL rate	0.1%	0.5%	1.7% - 8.0%	16.6% - 45%	100%	
Estimated total gross carrying amount at default	2,829	385	157	45	24	3,440
Lifetime ECL	2	2	5	17	24	50
December 31, 2018						
ECL rate	0.1%	0.5%	1.7% - 8.3%	17.2% - 45%	100%	
Estimated total gross carrying amount at default	2,900	421	171	43	26	3,561
Lifetime ECL	2	2	5	15	26	50

aging of trade receivables, based on invoice date

	2019		2018	
	amount	%	amount	%
0-4 weeks	2,123	54.1	2,217	54.4
5-16 weeks	1,666	42.5	1,732	42.6
17-26 weeks	77	2.0	61	1.5
Not impaired	3,866	98.6	4,010	98.5
Impaired	56	1.4	60	1.5
	3,922	100.0	4,070	100.0

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

For other financial assets, which for the main part comprise receivables on governmental or semi-governmental bodies, see note 21.

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.

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, 2019, the Group had a € 1,850 million (2018: € 1,850 million) committed multi-currency syndicated revolving credit facility at its disposal, which matures in July 2024 (2018: July 2023). In 2019, the maturity term of this multi-currency syndicated revolving credit facility was extended by one year to July 2024; as of July 2023, the amount at the disposal of the Group will change from € 1,850 million to € 1,778 million. 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. This 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 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 Group holds a privately placed German promissory note ('Schuldschein') to the amount of € 150 million. This promissory note will mature 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.

In addition, the Group holds two loans of USD 200 million each. Both loans have a term of two years, maturing on October 23, 2020, and have floating interest conditions that are based on 1-month LIBOR (with a floor of zero), increased by a variable margin that depends on the 'net debt to EBITDA' ratio. Covenants are fully aligned with the committed multi-currency syndicated revolving credit facility.

Based upon these financial statements, the actual leverage ratio (pre IFRS 16 'Leases') as at December 31, 2019 is 0.7 (December 31, 2018: 0.8), which is well below the limit.

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.

total borrowings

	2019	2018
Non-current borrowings	-	494
Non-current borrowings	-	494
Current borrowings	474	764
Short-term part of non-current borrowings	507	-
Borrowings, under current liabilities	981	764
Total borrowings	981	1,258

Since the interest rates on the current borrowings and non-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.

movements in non-current borrowings

	2019	2018
Balance as at January 1	494	640
Repayments of syndicated loan	(1)	(514)
Loans	-	351
Amortization of transaction costs	6	1
Translation differences	8	16
Non-current borrowings before reclassification	507	494
Reclassification to short-term part of non-current borrowings	(507)	-
Balance as at December 31	-	494

As at December 31, 2019, the balance of non-current borrowings (€ 507 million) is presented as short-term part of non-current borrowings in the statement of the financial position and consists of the promissory note (€ 150 million) and the 400 million USD loans (€ 357 million. As at December 31, 2019, transaction costs included in non-current borrowings, presented as short-term part of non-current borrowings, amounted to € 0 million (2018: € 5 million). Since drawings on the multi-currency syndicated revolving credit facility were zero as at December 31, 2019, the related transaction costs were recorded as expenses in the income statement under net finance costs.

Amounts of non-current borrowings which are denominated in US dollars are designated as hedges of the net investment in subsidiaries in the US. These net-investment hedges are all considered effective.

current borrowings

	2019	2018
Balance as at January 1	764	712
Net (decrease)/ net increase	(286)	55
Translation and currency differences	(4)	(3)
Balance as at December 31	474	764
Bank overdrafts	24	114
Money market drawings	450	650
Balance as at December 31	474	764

Bank overdrafts are denominated in various currencies. As at December 31, 2019, the major amounts denominated in foreign currencies are for an amount of € 6 million in US dollars (December 31, 2018: € 70 million), € 0 million in UK pounds sterling (December 31, 2018: € 22 million), and € 8 million in Indian rupees (December 31, 2018: € 5 million).

Money market drawings are denominated in euros and, as at December 31, 2019, bear an average interest percentage of 0.05%, with an average term to maturity of 13 days (2018: 0.13% and 20 days).

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, 2019					
Non-current borrowings	-	-	-	-	-
Lease liabilities (non-current and current)[1]	621	57	150	397	66
Borrowings under current liabilities[2]	981	477	514	-	-
Trade and other payables[3]	3,492	2,987	505	-	-
Other liabilities[4]	24	8	6	11	-
	5,118	3,529	1,175	408	66
December 31, 2018					
Non-current borrowings[5]	494	3	9	508	-
Lease liabilities (non-current and current)[1]	655	56	163	412	79
Borrowings under current liabilities	764	764	-	-	-
Trade and other payables[3]	3,681	3,148	533	-	-
Other liabilities[4]	11	2	-	10	-
	5,605	3,973	705	930	79

1 Lease liabilities: carrying amount is discounted, whereas lease repayments in the maturity buckets are undiscounted.
2 Bank overdrafts include no interest, as these are repayable upon demand; other drawings include interest. Short-term part of non-current borrowings presented at maturity date; amounts include interest. All amounts in the maturity buckets are undiscounted.
3 Excluding deferred income. All amounts are undiscounted.
4 Other liabilities are based on the estimated maturities, due to the nature of put options or on the contractual dates in case of deferred payments. Carrying amount is discounted, whereas amounts in the maturity buckets are undiscounted.
5 Other non-current borrowings at maturity date. All amounts in the maturity buckets are undiscounted. Carrying amount includes an amount for capitalized transaction costs of € 5 million for 2018.

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

	2019	2018
Time deposits	6	23
Cash on hand and at bank	219	250
	225	273

Time deposits fall due, on average, within a month. The average interest rate for time deposits is 3.3% (2018: 2.5%).

An amount of € 215 million out of € 225 million (2018: € 253 million out of € 273 million) is available upon demand.

net debt

The net debt includes the balance of cash, cash equivalents, and borrowings (both current and non-current), as well as lease liabilities (current and non-current).

net debt

	2019	2018
Non-current borrowings	-	(494)
Current borrowings	(474)	(764)
Short-term part of non-current borrowings	(507)	-
Total borrowings	(981)	(1,258)
Cash and cash equivalents	225	273
Net debt, excluding lease liabilities	(756)	(985)
Lease liabilities	(621)	(655)
Net debt	(1,377)	(1,640)

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

	2019		2018	
	average	at year-end	average	at year-end
Australian dollar	0.62	0.62	0.63	0.62
Canadian dollar	0.67	0.68	0.65	0.64
Japanese yen	0.00819	0.00821	0.00767	0.00795
UK pound sterling	1.14	1.12	1.13	1.11
US dollar	0.89	0.89	0.85	0.87

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 accounted for, in principle, at the exchange rate at the transaction date. 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.

At year-ends 2019 and 2018, the Group had no outstanding interest rate or currency derivatives.

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.

In the Group, one subsidiary (Argentina) is accounted for in accordance with IFRS 'IAS 29, Financial reporting in hyperinflationary economies'. The application of this standard has no material effect on the consolidated financial statements. The general price index published for Argentina is used in restating the results of Argentina. The CPI index as at 31 December 2019 was 283 (December 31, 2018: 184). The effect of the adjustment on the results of the Group designated as the result on net monetary position totaled € 0,2 million euro during the current year.

sensitivity

If the euro had weakened or strengthened 10% on average during 2019 against the currencies mentioned in the table 'main exchange rates to the euro', with all other variables held constant, EBITA for the year 2019 would have been higher or lower respectively in the range of € 0 million – € 21 million per currency. The effect on shareholders' equity would have been the same (before tax effects) (2018: range of € 0 million – € 19 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 2019, with all other variables held constant, net interest expenses for the year would have been € 13 million higher (2018: € 13 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, which are described in the notes as indicated:

- Impairment of non-financial assets in general and impairment of goodwill specifically (estimates and assumptions in respect of recoverable amounts) (note 5);
- Provisions (estimates for the likelihood as well as timing of (possible) cash outflows) (note 6)
- Corporate taxes (judgments in determination of worldwide deferred tax assets) (note 7);
- Leases (assumptions for renewal options in identified lease contracts) (note 8);
- Revenue recognition (judgments in determination of the timing of satisfaction of performance obligation and of acting as principal versus agent) (note 9).

5 impairments

5.1 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 18, 19 and 20 respectively.

5.2 goodwill and impairment of goodwill

5.2.1 goodwill

	2019	2018
Cost	3,894	3,861
Accumulated impairment	876	784
Balance as at January 1	3,018	3,077
Acquisition of subsidiaries	13	(1)
Disposal of subsidiaries	-	(4)
Impairment	-	(78)
Translation differences	26	24
Balance as at December 31	3,057	3,018
Cost	3,944	3,894
Accumulated impairment	887	876
Balance as at December 31	3,057	3,018

In 2019, the Group acquired 100% of the shares of the Aurec Group (Australia). In addition, it acquired 100% of the shares of Optedis Sas (France), of which the Group already held 5% of the shares. These two acquisitions resulted in goodwill to the amount of € 13 million. See note 11.1 for further information.

In 2018, the Group finalized the purchase price allocation of the acquisition of eSolve AG in 2017; the downward adjustment to goodwill is included in 'acquisition of subsidiaries'. See note 11.1 for further information.

In 2019, the Group did not dispose of any subsidiaries or activities.

In 2018, the Group disposed of its Monster activities in the Asia Pacific region. The related carrying amount of goodwill, amounting to € 4 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 11.1.

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 (2018: nine years). Cash flow projections after this period are extrapolated by means of a growth percentage of 0.25% (2018: 0.25%) throughout the Group. The nine-year period of the projections reflects an estimated full business cycle of the industry.

5.2.2 annual impairment test

Key assumptions in the cash flow projections are:

- Annual revenue growth of the Group: on average between 0.8% and 1.9% for the first three years and between 1.9% and 2.0% for the following six years (Netherlands: -5,8% to 1.0% and 0.1% respectively; USA: 2.5% to 5.8% and 2.5% respectively; France: 0.7% to 2.1% and 0.7% respectively);
- EBITA of the Group in the range of 4.3% to 4.5% of revenue (Netherlands: 4.8% to 5.2%; USA: 4.8% to 5.2%; France: 4.4% to 5.0%);
- Growth rates 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 7.7% to 21.3% (2018: 7.7% to 23.3%). The weighted average is 10.8% (2018: average 11.2%).

Netherlands: 9.0% (2018: 9.4%); USA: 10.8% (2018: 11.6%); France: 14.2% (2018: 14.1%).

results of annual impairment test

The annual impairment test carried out by the Group for 2019 resulted in no impairments. In 2018 an impairment charge was recognized for Monster for a total amount of € 103 million recorded in goodwill (€ 78 million), acquisition-related intangibles (€ 21 million) and software (€ 4 million) due to negative revenue developments.

sensitivity relating to annual impairment test

For 2019, the operating segments France, Monster, UK, Poland, Eastern Europe, and Sourceright EMEA are most sensitive to variations in assumptions (2018: Monster, UK, Poland, Eastern Europe, and Sourceright EMEA). 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 result in an impairment charge of € 10 million for the operating segment Monster (impairment charge on the intangible assets of Monster);
- A 1.0%-point lower EBITA in percentage of revenue would result in an impairment charge of € 44 million for the operating segment UK, € 29 million for Monster and € 5 million for Sourceright EMEA; a 1.5%-point lower EBITA in percentage of revenue would imply a € 349 million impairment charge; € 159 million for the operating segment France, € 104 million for UK, € 45 million for Monster, € 11 million for Poland, € 5 million Eastern Europe, and €25 million for Sourceright EMEA (2018: € 124 million; UK € 94 million, Poland € 6 million, Eastern Europe € 2 million, and Sourceright EMEA € 22 million);
- Discount rate: a 1.0%-point higher discount rate would result in an impairment charge of € 24 million for the operating segment Monster.

For the carrying amount of goodwill by reporting segment, see note 10.2.

For France specifically, the recoverable amount exceeds the carrying amount (including € 515 million of goodwill) by € 444 million. The impact of Brexit, if any, on our businesses in the UK is expected to be limited.

The operating segments the Netherlands, Belgium & Luxembourg, Germany, USA, Canada, Italy, Spain, Portugal, Switzerland, Scandinavia, Japan, China, Sourceright North America, Australia, Hong Kong SAR, Singapore, Malaysia, Sourceright APAC, and Latin America have substantial headroom available.

6 provisions

	restructuring	workers' compensation	other	total
Balance as at January 1, 2019, restated	44	43	54	141
Movements in 2019				
Charged to income statement	62	33	26	121
Released to income statement	(1)	-	(10)	(11)
Withdrawals	(59)	(31)	(9)	(99)
Total amount in statement of cash flows	2	2	7	11
Additions from right-of-use assets	-	-	1	1
Interest due to passage of time	-	1	-	1
Translation differences	-	2	-	2
Balance as at December 31, 2019	46	48	62	156
Non-current	3	28	34	65
Current	43	20	28	91
Balance as at December 31, 2019	**46**	**48**	**62**	**156**
Balance as at January 1, 2018, reported	32	37	75	144
Effects of IFRS 16 'Leases'	(8)	-	(1)	(9)
Balance as at January 1, 2018, restated	24	37	74	135
Balance as at January 1, 2018, restated				
Non-current	4	23	43	70
Current	20	14	31	65
	24	37	74	135
Movements in 2018				
Charged to income statement	53	32	17	102
Released to income statement	(5)	-	(21)	(26)
Withdrawals	(29)	(29)	(16)	(74)
Total amount in statement of cash flows	19	3	(20)	2
Additions from right-of-use assets	-	-	-	-
Interest due to passage of time	1	1	-	2
Translation differences	-	2	-	2
Balance as at December 31, 2018, restated	44	43	54	141
Non-current	5	25	34	64
Current	39	18	20	77
Balance as at December 31, 2018, restated	**44**	**43**	**54**	**141**

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 that 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.

Provisions for restructuring are recognized when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. These restructuring provisions mainly comprise severance payments for personnel.

Provisions for workers' compensation are based on claims for compensation and medical expenses (of both employees and candidates working) 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 parts 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% (2018: 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 placed and vendors, as well as in investigations by local tax and regulatory authorities that have led to 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%- point, with all other variables held constant, the provision would deviate in the range of € 1 million to € 2 million (2018: range of € 1 million to € 2 million).

7 corporate taxes

The Group is subject to corporate income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide deferred tax assets on, among other items, tax losses carried forward. There are many uncertain factors that affect the recognition of deferred tax assets with respect to 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 actual and future (taxable) results. External data are used for reference if considered necessary. When the actual (taxable) 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. The Group determines whether to consider each uncertain tax position separately or together with one or more other uncertain tax positions, and applies the approach considered most suitable to predict the resolution of the uncertainty. The Group applies significant judgment in identifying uncertainties over income tax treatments. As the Group operates in a complex multinational environment, it takes any potential uncertain tax position into consideration, mostly relating to transfer pricing policies. The tax returns of the companies in the Group are filed in different tax jurisdictions and include deductions related to transfer pricing (mainly holding, royalty and interest charges passed on by the Company). Tax authorities may challenge those deductions for tax purposes. Based on the Group's tax compliance, transfer pricing studies, and assessments based on the judgments of tax professionals within the Group, supplemented by external tax advice from case to case, the Group determines the probable outcome of the uncertainties. Provisions are recognized for those matters for which the tax determination is uncertain, but for which it is considered probable that the tax authorities will not accept the uncertain treatment. The provisions are based on either the most likely amounts or the expected value of the payable amount.

7.1 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 as a consequence of which the temporary differences, including tax losses carried forward, can be realized.

Deferred tax assets and liabilities are valued at tax rates enacted or substantively 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 recorded with respect to temporary differences arising from 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 distribution and it is probable that such distribution will not occur in the foreseeable future.

movements in total position of corporate taxes

	2019	restated 2018
Assets/(liabilities)		
Deferred income tax assets	588	447
Current income tax receivables	106	79
Deferred income tax liabilities	(47)	(44)
Current income tax liabilities	(73)	(116)
Balance as at January 1	574	366
Movements during the year		
Charged to income statement	(213)	(109)
Net payments	204	302
Acquisition of subsidiaries' deferred taxes	(2)	-
Acquisition of subsidiaries' current taxes	(1)	-
Disposal of subsidiaries' current taxes	-	(4)
Recognized in other comprehensive income	9	11
Recognized in equity on share-based compensations	(3)	-
Translation differences	7	8
Total movements	1	208
Assets/(liabilities)		
Deferred income tax assets	579	588
Current income tax receivables	130	106
Deferred income tax liabilities	(38)	(47)
Current income tax liabilities	(96)	(73)
Balance as at December 31	575	574

deferred income tax assets

Deferred income tax assets in relation to tax losses carried forward comprise an amount of € 50 million (2018: € 182 million), originating from subsidiaries that generated tax losses in the current or preceding year. These deferred tax assets mainly relate to our subsidiaries in France (€ 37 million), that had taxable profits in 2019 (2018: taxable losses), mainly resulting from changes in tax and social security legislation as of January 1, 2019 . The carried forward losses of France have no expiry date.

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 € 256 million (2018: € 262 million), as well as deferred tax assets relating to other temporary differences of € 14 million (2018: € 15 million). Such carried forward tax losses mainly relate to our subsidiaries in Luxembourg and the UK, as well as to Monster subsidiaries not located in the US. These carried forward losses have expiry dates in the range of five years to indefinitely.

The part of deferred tax assets that is expected to be realized within one year is estimated at € 65 million (2018: € 85 million).

composition of deferred income tax assets

	2019	restated 2018
Tax losses carry-forward	331	427
Unused tax credits	148	134
Temporary differences:		
Property, plant, equipment, intangible assets, and right-of-use assets/lease liabilities	98	113
Other receivables/other payables	96	73
Provisions	69	55
	263	241
Deferred income tax assets (before netting)	742	802
Amount netted with deferred income tax liabilities	(163)	(214)
Deferred income tax assets (after netting)	579	588

sensitivity

Deferred tax assets are only recognized to the extent that it is considered probable that future taxable profits are available, as a consequence of which these deferred tax assets can be realized. The scenarios used are in agreement with the estimates and assumptions used in the goodwill impairment testing (see note 5). 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 US, which will be realized after all tax losses carried forward have been recovered. The expiry term of these US unused tax credits is 20 years. Of these unused tax credits, an amount of € 10 million is not valued as at December 31, 2019.

deferred income tax liabilities

The part of deferred income tax liabilities that is expected to be settled within one year is estimated at € 16 million (2018: € 15 million).

composition of deferred income tax liabilities

	2019	restated 2018
Acquisition-related intangible assets	32	37
Temporary differences relating to subsidiaries	78	123
Other temporary differences	91	101
Deferred income tax liabilities (before netting)	201	261
Amount netted with deferred income tax assets	(163)	(214)
Deferred income tax liabilities (after netting)	38	47

The deferred tax liability for 'Temporary differences relating to subsidiaries' to the amount of € 78 million (2018: € 123 million) relates to recapture obligations in our Luxembourg entities arising from the valuation for fiscal purposes of subsidiaries held by these entities.

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 above.

movements in deferred income taxes

	Tax losses carry-forward	Unused tax credits	Temporary differences	total 2019	restated total 2018
Deferred income tax assets	427	134	241	802	639
Deferred income tax liabilities	-	-	(261)	(261)	(236)
Balance as at January 1	427	134	(20)	541	403
Movements during the year					
Acquisition of subsidiaries	-	-	(2)	(2)	-
Income statement	17	12	11	40	122
Other movements	(116)	-	72	(44)	6
Translation differences	3	2	1	6	10
Total movements	(96)	14	82	-	138
Deferred income tax assets	331	148	263	742	802
Deferred income tax liabilities	-	-	(201)	(201)	(261)
Balance as at December 31	331	148	62	541	541

7.2 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 consequently also recognized in other comprehensive income.

Current taxes on income are the sum of taxes recorded on the results before taxes in the countries where those results were generated, based on local tax regulations and against tax rates of the applicable year. Income that is tax-exempt and expenses that are not tax-deductible are taken into account in calculating current taxes on income.

details of corporate taxes on income

	2019	restated 2018
Current tax expense	253	231
Deferred tax (income) / expense	(40)	(122)
Tax expense	213	109

In 2019, the effective tax rate on income before taxes was 26.0% (2018: 13.3%). The reconciliation between the applicable income tax rate of the company's country of domicile and the effective tax rate is as follows:

reconciliation from applicable to effective tax rate

	2019	restated 2018
Income tax rate of the company's country of domicile	25.0%	25.0%
Effect of income tax rates in other (non-domestic) jurisdictions	0.6%	-0.1%
Weighted average applicable tax rate	25.6%	24.9%
Tax-exempt income/non-tax-deductible items	0.0%	(5.2%)
Changes in statutory applicable tax rates and effect of prior years	1.5%	2.3%
Change in valuation of deferred tax assets and other	(1.1%)	(8.7%)
Effective tax rate	26.0%	13.3%

'Tax-exempt income/non-tax deductible items' was zero in 2019; the difference with 2018 (5.2%-points) is mainly caused by the discontinuation of the French CICE tax credit in 2019, which accounted for 4.9%-points in 2018 (tax-exempt income). The impact of the French business tax (CVAE) was 4.0%-points in 2019, increasing the effective tax rate (2018: 4.1%-points). The other tax-exempt income and non-tax deductible expenses had a net decreasing effect of 4.0%-points (2018: 4.5%-points).

'Changes in statutory applicable tax rates and effects of prior years' had an effect of 1.5%-points (2018: 2.3%-points) on the effective tax rate. The main drivers, on balance, were lower statutory applicable tax rates in countries with (net) deferred tax asset positions.

'Change in valuation of deferred tax assets and other' had an effect of (1.1%)-point in 2019, compared to (8.7%)-point in 2018 and is the result of the assessment of the future recoverability of carried forward losses in various countries. The impact in 2019 and 2018 is mainly caused by the assessment of the valuation of carried forward losses in Luxembourg as a consequence of expected future taxable profits.

8 leases

8.1 change in accounting policy

Randstad has applied IFRS 16 'Leases' as of January 1, 2019, using the full retrospective approach to previous periods, applying IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. This means that comparative reported numbers related to 2018 have been restated to reflect the changes resulting from the application of IFRS 16 'Leases'.

The standard requires that we recognize for almost all lease contracts a 'right-of-use asset', representing our right to use the underlying asset and a lease liability, representing our obligation to make lease payments. The impact on the income statement is that former operating lease payments are replaced by depreciation on right-of-use assets, and interest on lease liabilities; as a result, key metrics such as operating profit and EBIT(D)A changed. In comparison with former accounting under IAS 17 'Leases' for operating leases, total expenses (depreciation and interest) are higher in the earlier years of a typical lease and lower in the later years. 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, as well as for the interest part included in the lease term, are classified in the net cash flow from financing activities.

In the restatement of comparative reported numbers related to 2018, the tax effects from the restatement have been measured and recognized in the relevant period. The change in accounting policy has resulted in the recognition of deferred income tax balances.

See note 8.3 'effects of the implementation of IFRS 16 'Leases'' for further details and effects and the restatement of comparative figures for 2018.

The primary statements (consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of cash flows, and consolidated statement of changes in equity) have been restated for comparative 2018 figures. For other disclosure notes, we only use 'restated' when this is considered necessary in the context of the table. New tables (e.g., 'right-of-use assets', 'lease liabilities' and 'net investments in subleases') start with the restated balances, since they have not been reported before.

8.2 right-of-use assets and lease liabilities

	right-of-use buildings	right-of-use cars	right-of-use IT and other equipment	right-of-use assets	lease liabilities
Balance as at January 1, 2019	463	92	8	563	655
Movements in 2019					
Acquisition of subsidiaries	2	-	-	2	2
Additions	95	53	2	150	149
Remeasurements	16	-	-	16	14
Disposals	-	-	-	-	-
Depreciation/impairment	(147)	(52)	(3)	(202)	-
Interest due to passage of time	-	-	-	-	20
Repayments	-	-	-	-	(226)
Translation differences	3	-	(1)	2	7
Balance as at December 31, 2019	432	93	6	531	621
Cost	1,018	187	10	1,215	
Accumulated depreciation and impairment	586	94	4	684	
Non-current part					417
Current part					204
Balance as at December 31, 2019	**432**	**93**	**6**	**531**	**621**
Balance as at January 1, 2018, restated					
Cost	963	185	1	1,149	
Accumulated depreciation and impairment	476	92	-	568	
Non-current part					465
Current part					199
Balance as at January 1, 2018, restated	**487**	**93**	**1**	**581**	**664**
Movements in 2018					
Additions	90	52	8	150	150
Remeasurements	41	-	-	41	41
Depreciation/impairment	(150)	(54)	(1)	(205)	-
Interest due to passage of time	-	-	-	-	23
Repayments	-	-	-	-	(227)
Derecognitions	(7)	-	-	(7)	-
Translation differences	2	1	-	3	4
Balance as at December 31, 2018, restated	463	92	8	563	655
Cost	1,013	194	9	1,216	
Accumulated depreciation and impairment	550	102	1	653	
Non-current part					441
Current part					214
Balance as at December 31, 2018, restated	**463**	**92**	**8**	**563**	**655**

additions to right-of-use assets by segment

	buildings		cars		IT and other equipment		total	
	2019	2018	2019	2018	2019	2018	2019	2018
North America	22	14	0	0	0	0	22	14
France	14	17	8	12	0	0	22	29
Netherlands	4	14	17	16	0	0	21	30
Germany	5	2	9	4	0	0	14	6
Belgium & Luxembourg	12	6	11	10	0	0	23	16
Italy	6	3	1	3	1	1	8	7
Iberia	1	0	1	1	1	7	3	8
Other European countries	3	6	3	4	0	0	6	10
Rest of the world	21	22	2	2	0	0	23	24
Global Businesses	7	6	1	0	0	0	8	6
Total	95	90	53	52	2	8	150	150

Derecognitions in 2018 to the amount of € 7 million were composed of € 19 million at cost value and € 12 million accumulated depreciation.

Lease liabilities are payable as follows and are set out in the table below, showing the undiscounted lease payments to be paid after the balance sheet date.

maturity of lease liabilities

	2019	2018
year 1	207	219
year 2-5	397	412
More than 5 years	66	79
Undiscounted lease amounts to be paid	670	710
Interest	(49)	(55)
Total lease liabilities	621	655

accounting policy for leases

The Group has various lease arrangements for buildings (such as local head offices and branches), cars, and IT and other equipment. Lease terms are negotiated on an individual basis locally and subject to domestic rules and regulations. This results in a wide range of different terms and conditions. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for a consideration, in which case it is identified as a lease. The Group then recognizes a right-of-use asset and a lease liability at the lease commencement date. Lease-related assets and liabilities are measured on a present value basis. Lease-related assets and liabilities are subject to remeasurement when terms are modified or when lease assumptions have changed. Such an event results in the lease liability being remeasured to reflect the measurement of the present value of the remaining lease payments, discounted using the discount rate at the moment of the change. The related right-of-use assets are adjusted to reflect the change in the remeasured liabilities. We have chosen not to apply any of the practical expedients as mentioned in IFRS 16 'Leases' (such as portfolio approach, exemption for low-value leases, and exemption for short-term leases).

right-of-use assets

Right-of-use assets are measured at cost and at the inception of the lease may include the following components:

- the initial measurement of the lease liability;
- lease payments made before the commencement date of the lease less any lease incentives received;
- initial direct costs;
- costs to restore.

The right-of-use assets are depreciated on a straight-line basis over the duration of the contract. Depreciation of right-of-use assets is charged to operating expenses and/or cost of services. At the end of a lease contract when the asset is fully depreciated, the at cost value is reversed against accumulated depreciation. In the event that the lease contract becomes onerous, the carrying amount of the related right-of-use asset is impaired to the recoverable amounts.

lease liabilities

Lease liabilities include the net present value of the following components:

- fixed payments excluding lease incentive received;
- future contractually agreed fixed increases;
- payments related to renewals or early termination, in case options to renew or for early termination are reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The discount rate that is used to calculate the present value reflects the interest rate applicable to the lease at inception of the contract. Lease contracts entered into in a currency different than the local functional currency are subject to periodically foreign currency revaluations, which are recognized in the income statement in net finance costs.

The lease liabilities are subsequently increased by the interest costs on the lease liabilities and decreased by lease payments made.

subleases

The Group subleases some of its right-of-use assets. In these instances, the Group is an intermediate lessor. Most of the Group's sublease arrangements are classified as finance leases under IFRS 16. The classification of finance sublease is satisfied when substantially all the risk and rewards incidental to the underlying right-of-use assets arising from the head lease have been transferred. Sublease contracts with the classification of financial leases are recognized as a net investment in sublease, which is presented as a financial asset. The carrying amount of the underlying right-of-use asset is derecognized. The net investments in subleases are measured at the present value of the (future) lease receipts, discounted using our incremental borrowing rate at commencement date of the sublease (see note 21.1 for further information). Sublease contracts with the classification of operating leases result in sublease income being recognized periodically during the sub-rental period. Operating subleases have no impact on the right-of-use asset measurement.

8.3 effects of the implementation of IFRS 16 'Leases'

In accordance with the full retrospective method of adoption, the Group applied IFRS 16 at the date of initial application as if it had already been effective at the commencement date of existing lease contracts. The comparative information in these annual consolidated financial statements has been restated accordingly.

This has resulted in the following effects as at January 1, 2018 and as at December 31, 2018:

- Right-of-use assets of € 581 million and of € 563 million respectively were recognized and presented separately in the statement of financial position.
- Lease liabilities of € 664 million and € 655 million respectively were recognized and included under borrowings.
- Prepayments of € 5 million and € 6 million respectively, and trade and other payables of € 20 million and € 21 million respectively, related to previous operating leases were derecognized; provisions for € 9 million and € 14 million related to onerous contracts were also adjusted.
- Net investments in subleases of € 14 million and € 24 million respectively, were recognized and included under financial assets; these relate to contracts that the Group entered into as an intermediate lessor and which classify as a financial lease under IFRS 16.
- Deferred tax assets were recognized for € 9 million and € 7 million respectively because of the deferred tax impact of the above changes in assets and liabilities.
- Retained earnings were adjusted downwards for the net effect of these adjustments by € 36 million and € 32 million respectively.

For the comparative year 2018, this resulted in the following effects:

- Depreciation and impairment expenses increased by € 205 million, relating to the depreciation and impairment of right-of-use assets recognized.
- Rent expenses and various operating expenses decreased by € 234 million, of which € 227 million related to previous operating leases, now presented as repayment of lease liabilities.
- As a result, operating expenses decreased by € 29 million, with operating profit increasing by the same amount.

- Finance costs increased by € 23 million, relating to the interest expense on lease liabilities recognized.
- Income tax expense increased by € 2 million, relating to the tax effect of these changes in expenses.
- Cash inflows from operating activities increased by € 227 million and cash outflows from financing activities increased by the same amount, representing the payments for the principal portion of recognized lease liabilities. See note 27 for further restatement of the statement of cash flows.

Following these changes, the definition of free cash flow has been changed and now also includes the effects of the payment of the principal portion of the lease liabilities. Comparative figures reflect this change.

In the tables hereafter, the effects of the implementation of IFRS 16 'Leases' are disclosed. For effects on the statement of changes in equity and other comprehensive income, see the primary financial statements.

effects on key metrics

in millions of €, unless otherwise indicated	reported 2018	restated 2018	effects of IFRS 16 amounts	%
Operating profit	813	842	29	4%
Amortization and Impairment of acquisition-related intangible assets and goodwill	219	219		
EBITA, actuals	1,032	1,061	29	3%
Depreciation/ amortization and impairment of property, plant and equipment, right-of-use assets, and software	89	294	205	
EBITDA, actuals	1,121	1,355	234	21%
Net debt	985	1,640	655	66%
Leverage ratio (net debt/12-month EBITDA)	0.8	1.2		
Net income for holders of ordinary shares, actuals	704	708	4	1%
Share data				
Basic earnings per ordinary share (in €)	3.78	3.80	0.02	1%
Diluted earnings per ordinary share (in €)	3.77	3.79	0.02	1%

effects on the income statement 2018

in millions of €	reported 2018	effects of IFRS 16	restated 2018
Revenue	23,812	-	23,812
Cost of services	19,111	-	19,111
Gross profit	4,701	-	4,701
Other operating expenses	3,669	(29)	3,640
Amortization and impairment of goodwill and acquisition-related intangibles	219	-	219
Operating expenses	3,888	(29)	3,859
Operating profit	**813**	**29**	**842**
Net finance (costs) and share of profit of associates	(2)	(23)	(25)
Income before taxes	811	6	817
Taxes on income	(107)	(2)	(109)
Net income	**704**	**4**	**708**

effects on EBITA 2018 by segment

in millions of €	reported 2018	effects of IFRS 16	restated 2018
North America	232	5	237
France	198	5	203
Netherlands	181	1	182
Germany	86	2	88
Belgium & Luxembourg	98	4	102
Italy	100	2	102
Iberia	79	2	81
Other European countries	62	3	65
Rest of the world	81	4	85
Global Businesses	-17	1	-16
Corporate	-68	0	-68
EBITA	1,032	29	1,061

effects on the statement of financial position as at january 1, 2018 and december 31, 2018

in millions of €	reported december 31, 2017	effects of IFRS 16	restated, january 1, 2018	reported december 31, 2018	effects of IFRS 16	restated december 31, 2018
Property, plant, equipment and software	234	-	234	260	-	260
Right-of-use assets	-	581	581	-	563	563
Goodwill and acquisition-related intangibles	3,475	-	3,475	3,280	-	3,280
Deferred income tax assets	438	9	447	581	7	588
Financial assets and associates	530	9	539	563	18	581
Total non-current assets	**4,677**	**599**	**5,276**	**4,684**	**588**	**5,272**
Operating working capital assets	4,578	(5)	4,573	4,764	(6)	4,758
Financial assets, current part (including net investments in subleases)	102	5	107	111	6	117
Trade and other receivables	4,680	-	4,680	4,875	-	4,875
Cash and cash equivalents	326	-	326	273		273
Current income tax receivables	79	-	79	106		106
Current assets	**5,085**	**-**	**5,085**	**5,254**	**-**	**5,254**
Operating working capital liabilities	(3,688)	20	(3,668)	(3,770)	21	(3,749)
Interest payable	(6)	-	(6)	(6)	-	(6)
Trade and other payables	(3,694)	20	(3,674)	(3,776)	21	(3,755)
Current borrowings	(712)	-	(712)	(764)	-	(764)
Current income taxpayables	(116)	-	(116)	(73)	-	(73)
Current part of provisions	(73)	8	(65)	(85)	8	(77)
Current part of employee benefit obligations	(13)	-	(13)	(20)	-	(20)
Current part of other liabilities	(22)	-	(22)	(2)	-	(2)
Current liabilities	**(4,630)**	**28**	**(4,602)**	**(4,720)**	**29**	**(4,691)**
Working capital assets/(liabilities), excluding lease liabilities	**455**	**28**	**483**	**534**	**29**	**563**
Lease liabilities (current part)	-	(199)	(199)	-	(214)	(214)
Working capital assets/(liabilities)	**455**	**(171)**	**284**	**534**	**(185)**	**349**
Non-current borrowings, excluding lease liabilities	(640)	-	(640)	(494)	-	(494)
Lease liabilities (non-current part)	-	(465)	(465)	-	(441)	(441)
Deferred income tax liabilities	(44)	-	(44)	(47)	-	(47)
Provisions and employee benefit obligations	(186)	1	(185)	(189)	6	(183)
Other liabilities	(11)	-	(11)	(9)	-	(9)
Total non-current (liabilities)	**(881)**	**(464)**	**(1,345)**	**(739)**	**(435)**	**(1,174)**
Total equity	**(4,251)**	**36**	**(4,215)**	**(4,479)**	**32**	**(4,447)**

effects on the statement of cash flows 2018[1]

in millions of €	reported 2018	effects of IFRS 16	after IFRS 16 2018
Operating profit	813	29	842
Amortization and impairment of acquisition-related intangible assets and goodwill	219	-	219
EBITA	1,032	29	1,061
Depreciation, amortization software and impairments	89	205	294
EBITDA	1,121	234	1,355
Provisions and employee benefit obligations	8	(5)	3
Share-based compensations	35	-	35
Gain on disposal of subsidiaries/activities	(2)	-	(2)
Other items	(18)	(2)	(20)
Cash flow from operations before operating working capital and income taxes	1,144	227	1,371
Trade and other receivables	(179)	1	(178)
Trade and other payables	84	(1)	83
Operating working capital	(95)	-	(95)
Income taxes	(302)	-	(302)
Net cash flow from operating activities	747	227	974
Net additions in property, plant and equipment, and software	(113)	-	(113)
Acquisition of subsidiaries, associates and equity investments	(23)	-	(23)
Loans and Receivables	(7)	-	(7)
Disposal of subsidiaries/activities	10	-	10
Dividend from associates	3	-	3
Net cash flow from investing activities	(130)	-	(130)
Issue of new ordinary shares	1	-	1
Net purchase of own ordinary shares	(15)	-	(15)
Net drawings on/(net repayments of) non-current borrowings	(163)	-	(163)
Repayments of lease liabilities		(227)	(227)
Net financing	(177)	(227)	(404)
Net finance costs paid	(18)	-	(18)
Dividend on ordinary shares and preference shares	(518)	-	(518)
Net reimbursement to financiers	(536)	-	(536)
Net cash flow from financing activities	(713)	(227)	(940)
Net (decrease)/increase in cash, cash equivalents, and current borrowings	(96)	-	(96)
		-	
Cash, cash equivalents, and current borrowings at beginning of period	(386)	-	(386)
Net movement	(96)	-	(96)
Translation and currency (losses)/gains	(9)	-	(9)
Cash, cash equivalents, and current borrowings at end of period	(491)	-	(491)
		-	
Free cash flow[2]	**627**	**-**	**627**

1 For further restatement of the statement of cash flows see note 27.
2 Restated free cash flow compromises net cash flow from operating and investing activities and repayments of lease liabilities. Investing activities are excluding acquisition, disposal of subsidiaries/activities, equity investments and associates, as well as dividend from associates.

9 revenue recognition

Revenue comprises the expected consideration for services rendered during the year to third parties and is recognized when control of the promised service is transferred to the third party (e.g., the client). A performance obligation is a promise in a contract to transfer a distinct service to the client. 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.

In situations where the Group is the principal in a transaction and thus controls a promised service before transferring that service to the client, the transaction is recorded gross in the statement of comprehensive income (such as in the case of temporary placements). When the Group acts as an agent and thus only arranges for another party to provide a service to the client, revenue is reported on a net basis (such as in cases where the Group acts as a managed services provider). When it is initially not fully clear whether or not Randstad controls the service, we use the following indicators to determine if we control the service:

- Randstad has the primary responsibility for the service meeting client expectations;
- Randstad is directly involved in the selection of candidates to perform the services to a client;
- Randstad is the employer and bears the associated risk (such as idle time, sickness, disability);
- Randstad has procurement risk;
- Randstad has pricing latitude meaning Randstad has the discretion to establish the price for a service.

Revenue from temporary placements is recognized over time and includes the amounts received or receivable for the services delivered by candidates placed, including their salary and salary-related employment costs (gross basis). These revenues are generally based on the number of hours worked by these candidates. The salary and salary-related employment costs of these candidates are reported under cost of services. 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 on the basis of costs (mainly hours) incurred to date as a percentage of total estimated costs for each contract.

Revenue from permanent placements includes the fee received or receivable for the services provided. This fee is generally a percentage of the remuneration package of the candidate placed (net basis). The revenue of these permanent placements is recognized at a point in time on completion of the service when the performance obligations are fulfilled, being, in principle, the start date of the candidate placed. For 'retained assignments', revenue is recognized upon 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 candidates placed who do not remain employed during the agreed guarantee period.

For the job posting and résumé services of Monster Worldwide Inc., revenue is recognized over time based on (statistical) usage during the term of the contract, based on the specific underlying elements of the contract and service.

For outplacement services, revenue is recognized over time as we provide the outplacement service, and revenue is generally based on the progress in execution of the contract measured in terms of hours of service.

For our activities as managed services provider, revenue is recognized over time and mainly based on the underlying volume of the contingent workforce.

For our recruitment process outsourcing services, revenue is recognized either at a point in time if we have agreed a fee per placement or over time if we have agreed a fee for managing the recruitment process during a certain period.

9.1 revenue disaggregation

Our service concepts are grouped into revenue categories, being 'Staffing', 'Inhouse', and 'Professionals' (which are conducted under the responsibility of a country manager on a country by country basis), and Global Businesses (which are conducted on a worldwide basis with separate global leadership). Within all Randstad's revenue categories and in all parts of the world, both temporary and permanent placements are in principle undertaken and executed by the same team of employees. For a more detailed description of Randstad's services, see the section 'our value for clients and talent'.

revenue by revenue category

	2019	2018
Staffing	12,064	12,454
Inhouse	5,305	5,300
Professionals	5,164	4,929
Global Businesses	1,172	1,153
Elimination of intersegment revenue	(29)	(24)
	23,676	23,812

The disaggregation of revenues (excluding intersegment revenue) by category is as follows.

disaggregation of revenues by category

	staffing		inhouse		professionals		total	
	2019	2018	2019	2018	2019	2018	2019	2018
North America	1,661	1,624	909	845	1,803	1,690	4,373	4,159
France	1,975	2,085	822	819	910	827	3,707	3,731
Netherlands	1,785	1,843	1,047	1,139	498	478	3,330	3,460
Germany	931	1,079	577	718	551	586	2,059	2,383
Belgium & Luxembourg	978	1,025	450	462	173	167	1,601	1,654
Italy	1,267	1,300	350	331	20	14	1,637	1,645
Iberia	1,133	1,130	300	301	49	45	1,482	1,476
Other European countries	821	961	702	568	676	689	2,199	2,218
Rest of the world	1,492	1,394	148	117	484	433	2,124	1,944
Third-party revenue	12,043	12,441	5,305	5,300	5,164	4,929	22,512	22,670

The total third-party revenue to the amount of € 22,512 million is exclusive of € 21 million of intersegment revenue (2018: € 22,670 million and € 13 million respectively).

Total revenue of permanent placements in these categories amounted to € 508 million (2018: € 498 million).

10 segment reporting

Segments include 'geographical areas' and Global Businesses, and are reported in a manner consistent with internal management reporting provided to the Executive Board.

The Global Businesses segment consists of Monster, Randstad Sourceright, Randstad RiseSmart, and twago. '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 and other charges to geographical areas and Global Businesses.

10.1 income statement

segmentation income statement

	revenue 2019			revenue 2018			gross profit		operating profit	
	total	intersegment	third party	total	intersegment	third party	2019	2018	2019	2018
North America	4,373	-	4,373	4,159	-	4,159	1,015	950	253	237
France	3,707	-	3,707	3,731	-	3,731	668	630	184	166
Netherlands	3,335	(5)	3,330	3,464	(4)	3,460	577	607	147	176
Germany	2,060	(1)	2,059	2,383	-	2,383	334	405	36	82
Belgium & Luxembourg	1,605	(4)	1,601	1,656	(2)	1,654	313	322	96	102
Italy	1,637	-	1,637	1,645	-	1,645	259	250	101	99
Iberia	1,483	(1)	1,482	1,476	-	1,476	210	204	82	81
Other European countries	2,207	(8)	2,199	2,224	(6)	2,218	359	371	44	53
Rest of the world	2,126	(2)	2,124	1,945	(1)	1,944	408	372	87	82
Global Businesses	1,172	(8)	1,164	1,153	(11)	1,142	570	597	(93)	(168)
Corporate	-	-	-	-	-	-	-	-	(78)	(68)
Elimination	(29)	29	-	(24)	24	-	(8)	(7)	-	-
Total	23,676	-	23,676	23,812	-	23,812	4,705	4,701	859	842

segmentation income statement

	amortization and impairment of acquisition-related intangibles and goodwill		EBITA		depreciation/amortization and impairment of property, plant, equipment, and software		depreciation and impairment of right-of-use assets		EBITDA	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
North America	-	-	253	237	16	14	23	23	292	274
France	35	37	219	203	13	13	32	32	264	248
Netherlands	5	6	152	182	10	11	29	30	191	223
Germany	2	6	38	88	5	4	19	20	62	112
Belgium & Luxembourg	-	-	96	102	4	5	18	17	118	124
Italy	2	3	103	102	7	5	9	9	119	116
Iberia	-	-	82	81	3	3	9	7	94	91
Other European countries	13	12	57	65	6	6	16	17	79	88
Rest of the world	6	3	93	85	9	8	23	21	125	114
Global Businesses	55	152	(38)	(16)	21	20	24	29	7	33
Corporate	-	-	(78)	(68)	5	-	-	-	(73)	(68)
Total	118	219	977	1,061	99	89	202	205	1,278	1,355

10.2 statement of financial position

segmentation statement of financial position

	property, plant, equipment and software		right-of-use assets		goodwill		acquisition-related intangible assets		loans and receivables		operating working capital assets		total assets	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
North America	49	37	58	55	589	575	6	-	-	-	705	725	1,407	1,392
France	43	40	131	135	516	513	69	102	516	611	774	788	2,049	2,189
Netherlands	40	43	58	56	855	855	9	14	-	-	462	535	1,424	1,503
Germany	15	13	40	40	290	290	4	6	-	1	335	388	684	738
Belgium & Luxembourg	7	8	63	60	156	156	-	-	-	-	291	338	517	562
Italy	20	22	26	27	59	59	2	4	-	-	356	365	463	477
Iberia	6	8	26	31	1	1	-	-	-	-	330	332	363	372
Other European countries	11	13	35	48	305	300	12	25	-	-	452	464	815	850
Rest of the world	21	20	64	64	160	146	12	10	-	-	347	328	604	568
Global Businesses	49	40	30	47	126	123	48	101	25	23	554	543	832	877
Corporate	24	16		-		-		-	-	-	67	48	91	64
Eliminations		-		-		-		-	-	-	(91)	(96)	(91)	(96)
Total	285	260	531	563	3,057	3,018	162	262	541	635	4,582	4,758	9,158	9,496

10.2.1 total assets

Assets by segment include total assets excluding deferred income tax assets, current income tax receivables, associates, equity investments, and cash and cash equivalents.

total assets

	2019	2018
Total assets	10,158	10,526
Less:		
Deferred income tax assets	579	588
Associates	24	23
Equity investments	42	40
Current income tax receivables	130	106
Cash and cash equivalents	225	273
Assets by segment	9,158	9,496

11 business combinations

11.1 information about acquisitions

In 2019, the Group acquired 100% of the shares of the Aurec Group and of Optedis Sas. The activities of the Aurec Group (based in Australia) and Optedis (based in France) fall under the Professionals segment. Before the acquisition in 2019, the Group already had a 5% participation in Optedis. Furthermore, the Group acquired a franchise business on December 31, 2019. Goodwill amounted to € 13 million and is based on provisional purchase price allocations. The fair value of net assets acquired amounted to € 17 million. The provisional purchase consideration was € 30 million; the provisional purchase consideration includes an 'earn out' arrangement, subject to certain targets. An amount of € 15 million of the total consideration was deferred at the moment of acquisition.

Business combinations

company	acquisition date
2019	
Optedis Sas (France)	July 1, 2019
Aurec Group (Australia)	August 16, 2019

In the statement of cash flows, an amount of € 15 million relates to the considerations paid in respect of the aforementioned 2019 acquisitions, and € 2 million relates to the considerations paid in respect of acquisitions made in preceding years.

The contribution of the acquired companies to the Group's revenue and EBITA was € 31 million and € 1 million respectively. If these companies had been acquired on January 1, 2019, the estimated additional contribution to revenue and EBITA would have been € 50 million and € 2 million respectively.

In 2018, the Group made no acquisitions.

In 2018, the Group finalized the purchase price allocation of the acquisition of eSolve AG in 2017. The adjustment in the finalization of the purchase price allocation mainly arose from changes in the final consideration compared to the preliminary consideration due to the availability of final figures for certain components of the consideration (such as working capital), which resulted in a downward adjustment of the (deferred) consideration of € 2 million, which is reflected in downward adjustments to goodwill and acquisition-related intangibles of € 1 million each.

In 2018, in the statement of cash flows, an amount of € 15 million relates to the considerations paid in respect of acquisitions made in preceding years, including € 1 million for the buyout of a non-controlling interest.

See note 5 for further information.

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.

11.2 information about disposals

reconciliation of cash flow disposals

	2018
Property, plant and equipment, and software	1
Goodwill and acquisition-related intangible assets	4
Total non-current assets	5
Working capital	12
Assets and liabilities in disposed subsidiaries/activities	17
Translation (gains) reclassified to income statement	(1)
Net assets disposed after reclassification of translation differences	16
Gain on disposal	2
Consideration	18
Net cash of disposed subsidiaries/activities, included in working capital	(8)
Disposal of subsidiaries/activities, statement of cash flows	10

In 2019, the Group did not dispose of any subsidiaries or activities.

In 2018, the Group disposed of its Monster activities in the Asia Pacific region. The consideration is subject to the finalization of certain conditions in working capital.

accounting policy

Upon disposal of a subsidiary, the gain or loss upon disposal is included in other general and administrative expenses. See note 5 for further information.

12 earnings per ordinary share

	2019	restated 2018
Net income	606	708
Net income attributable to holders of ordinary shares	594	695
Numbers of ordinary shares (in millions)		
Weighted average number of ordinary shares outstanding	183.2	183.1
Dilutive effect of share-based compensation arrangements	0.7	0.4
Weighted average number of diluted ordinary shares outstanding	183.9	183.5
Earnings per ordinary share (in €)		
Basic earnings per ordinary share	3.24	3.80
Diluted earnings per ordinary share	3.23	3.79

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 N.V., 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.

13 cost of services and total operating expenses

13.1 cost of services

Cost of services comprises expenses directly attributable to revenue. These costs mainly include expenses related to people placed by Randstad, such as wages, salaries, and social charges.

cost of services

	2019	restated 2018
Wages and salaries	15,158	15,214
Social security charges	2,877	3,006
Pension charges - defined contribution plans	137	132
Pension charges - defined benefit plans	9	8
Other post-employment benefit plans charges	12	1
Wages, salaries, social security and pension charges	18,193	18,361
Depreciation of property, plant and equipment	1	1
Depreciation of right-of-use assets	21	18
Other cost of services	756	731
	18,971	19,111

Other post-employment benefit plan charges include the impact of the new Dutch labor law and relate to the expenses in respect of transition fee payments made to temporary workers in the Netherlands.

13.2 operating expenses

Operating expenses are classified based on the functional model and are recognized in the year to which they relate.

13.2.1 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 € 15 million (2018: € 14 million) related to impairment losses on trade receivables, as well as debt collection costs.

13.2.2 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 losses of € 0 million (2018: losses of € 1 million);
- a loss on the sale of property, plant and equipment of € 0 million (2018: gain of € 1 million);
- a zero gain on the disposal of subsidiaries, as there were no disposals in 2019 (2018: a gain of € 2 million;
- acquisition-related expenses for acquired companies/ activities of € 0 million (2018: zero);
- an impairment of € 2 million on leasehold improvements related to the impairment of right-of-use assets.

Other general and administrative expenses include an one-time settlement payment of € 16 million related to the future execution of the Dutch pension plan. For more information, see note 24.2 'pensions'.

13.2.3 total operating expenses by nature

total operating expenses by nature

	2019	2018
Wages and salaries	2,064	2,039
Social security charges	366	360
Pension charges - defined contribution plans	40	40
Pension charges - defined benefit plans	7	7
Other post-employment benefit plans charges	1	1
Share-based compensations	40	35
Wages, salaries, social security and pension charges	2,518	2,482
Other personnel expenses	208	207
Personnel expenses	2,726	2,689
Depreciation and impairment of property, plant and equipment	56	50
Amortization and impairment of software	42	38
Depreciation and impairment of right-of-use assets	181	187
Advertising and marketing	186	189
Accommodation	76	69
Other	461	418
Operating expenses	3,728	3,640
Amortization and impairment of acquisition-related intangible assets and goodwill	118	219
Total operating expenses	3,846	3,859

13.3 depreciation, amortization and impairment of property, plant, equipment, software and right-of-use assets

	2019	2018
Depreciation of buildings	1	1
Depreciation of computer hardware	20	18
Depreciation of leasehold improvements and furniture and fixtures	34	32
Impairment of leasehold improvements	2	-
Depreciation and impairment of property, plant and equipment	57	51
Amortization of software	38	33
Impairment of software	4	5
Amortization and impairment of software	42	38
Depreciation and impairment of property, plant, equipment and software	99	89
Depreciation of right-of-use buildings	133	135
Depreciation of right-of-use cars	52	54
Depreciation of right-of-use IT and other equipment	3	1
Impairment of right-of-use buildings	14	15
Depreciation and impairment of right-of-use assets	202	205
Depreciation and impairment of property, plant, equipment, software and right-of-use assets	**301**	**294**

depreciation and impairment of property, plant, equipment, and software

Included in:	2019	2018
Cost of services	1	1
Selling expenses	25	24
General and administrative expenses	73	64
	99	89

depreciation and impairment of right-of-use assets

Included in:	2019	2018
Cost of services	21	18
Selling expenses	144	143
General and administrative expenses	37	44
	202	205

depreciation and impairment of property, plant, equipment, software and right-of-use assets

Included in:	2019	2018
Cost of services	22	19
Selling expenses	169	167
General and administrative expenses	110	108
	301	294

13.4 amortization and impairment of acquisition-related intangible assets and goodwill

amortization and impairment of acquisition-related intangible assets and goodwill

	2019	2018
Amortization of acquisition-related intangible assets	116	120
Impairment of goodwill and acquisition-related intangible assets	2	99
	118	219

For impairment of goodwill, see note 5.

13.5 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 € 32 million (2018: € 37 million), of which € 25 million (2018: € 30 million) is reported under cost of services. Grants mainly relate to the compensation (in whole or in part) of talent training costs and costs related to employing selected talent categories.

14 total wages and salaries, social security and pension charges

Wages, salaries, social security charges and pension charges are included in cost of services when they relate to candidates placed and in personnel expenses when they relate to corporate employees.

total amounts of wages and salaries, social security and pension charges

	2019	2018
Wages and salaries	17,222	17,253
Social security charges	3,243	3,366
Pension charges - defined contribution plans	177	172
Pension charges - defined benefit plans	16	15
Other post-employment benefit plans charges	13	2
Share-based compensations	40	35
	20,711	20,843

15 net finance costs

net finance costs

	2019	2018
Finance income		
Interest and similar income	7	6
Changes in value of other liabilities[1]	-	7
Interest due to passage of time[1]	4	4
Foreign exchange gains, net[1]	-	7
	11	24
Interest due to passage of time for net investments in subleases[1]	1	-
	12	24
Finance expenses		
Interest and similar expenses	9	10
Interest and commitment fees on non-current borrowings	15	14
Dividend on non-controlling interests classified as other liabilities	-	-
Amortization of transaction cost non-current borrowings[1]	6	1
Interest due to passage of time[1]	3	4
Foreign exchange losses, net[1]	4	-
	37	29
Interest due to passage of time for lease liabilities[1]	20	23
	57	52
Net finance costs	45	28

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 (including net investments in subleases), and deferred considerations and lease liabilities, 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 25), as well as dividend paid to non-controlling interests classified as other liabilities, are also reported under net finance costs. Since drawings on the multi-currency syndicated revolving credit facility were zero as at December 31, 2019, the related transaction costs were recorded as expenses in the income statement under net finance costs.

net finance costs, statement of cash flows

	2019	2018
Finance income	12	24
Deduct: non-cash items	5	18
Cash items	7	6
Change in interest receivable	-	-
Finance income, cash	7	6
Finance expenses	57	52
Deduct: non-cash items	33	28
Cash items	24	24
Acquisition of subsidiaries	-	-
Change in interest payable	(3)	-
Finance expenses, cash	21	24
Net finance costs paid, statement of cash flows	**14**	**18**

16 net income

Net income includes foreign exchange losses of € 4 million (2018: gains of € 6 million). For other items included in net income, see note 13.2.

17 total other comprehensive income

	2019	2018
Translation differences	43	14
Tax on translation differences	2	9
Translation differences, net of taxes	45	23
Items that subsequently may be reclassified to the income statement	45	23
Remeasurements of post-employment benefits	(25)	(8)
Tax on remeasurements of post-employment benefits	7	2
Fair value adjustments of equity investments	6	5
Items that will never be reclassified to the income statement	(12)	(1)
Total other comprehensive income, net of taxes	**33**	**22**

notes to the

consolidated statement of financial position.

18 property, plant and equipment

	buildings and land	computer hardware	leasehold improvements, furniture and fixtures	total
Balance as at January 1, 2019	17	43	99	159
Movements in 2019				
Acquisition of subsidiaries	-	-	-	-
Additions	-	24	36	60
Disposals	-	(3)	(3)	(6)
Depreciation/impairment	(1)	(20)	(36)	(57)
Translation differences	-	1	-	1
Balance as at December 31, 2019	16	45	96	157
Cost	42	253	441	736
Accumulated depreciation and impairment	26	208	345	579
Balance as at December 31, 2019	**16**	**45**	**96**	**157**
Balance as at January 1, 2018				
Cost	61	259	402	722
Accumulated depreciation and impairment	37	220	311	568
	24	39	91	154
Movements in 2018				
Disposal of subsidiaries	-	(1)	-	(1)
Additions	-	23	44	67
Disposals	(7)	(1)	(4)	(12)
Depreciation/impairment	(1)	(18)	(32)	(51)
Translation differences	1	1	-	2
Balance as at December 31, 2018	17	43	99	159
Cost	42	257	418	717
Accumulated depreciation and impairment	25	214	319	558
Balance as at December 31, 2018	**17**	**43**	**99**	**159**

Based on appraisals made by independent and expert appraisers, the estimated fair value of buildings and land is approximately € 20 million higher than the carrying amount. The fair value represents the market value, taking into account that the property is in a rented status.

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.

additions to property, plant and equipment by segment

	2019	2018
North America	10	6
France	9	13
Netherlands	7	10
Germany	3	2
Belgium & Luxembourg	2	4
Italy	2	5
Iberia	1	4
Other European countries	4	3
Rest of the world	7	6
Global Businesses	11	4
Corporate	4	10
Total	60	67

19 software

software

	2019	2018
Cost	421	374
Accumulated amortization and impairment	320	294
Balance as at January 1	101	80
Acquisition of subsidiaries		-
Additions	68	58
Amortization and impairment	(42)	(38)
Translation differences	1	1
Balance as at December 31	128	101
Cost	474	421
Accumulated amortization and impairment	346	320
Balance as at December 31	128	101

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, for which it is probable that these will generate economic benefits exceeding costs beyond one year, are recognized as developed 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. In 2018, we impaired software to the amount of € 4 million (see note 5.2 for more information).

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 the 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.

net additions to property, plant and equipment, and software, statement of cash flows

	2019	2018
Additions		
Property, plant and equipment	(60)	(67)
Software	(68)	(58)
	(128)	(125)
Disposals		
Proceeds property, plant and equipment	6	13
(Profit) / Loss	-	(1)
	6	12
Statement of cash flows	(122)	(113)

additions to software by segment

	2019	2018
North America	18	10
France	7	10
Netherlands	-	-
Germany	4	5
Belgium & Luxembourg	1	-
Italy	3	8
Iberia	-	-
Other European countries	2	-
Rest of the world	4	4
Global Businesses	20	17
Corporate	9	4
Total	68	58

20 acquisition-related intangible assets

	client relationships	brand names	talent profiles	technology	total
Balance as at January 1, 2019	158	57	18	29	262
Movements in 2019					
Acquisition of subsidiaries	12	4	-	-	16
Amortization and impairment	(62)	(27)	(18)	(11)	(118)
Translation differences	(1)	1	1	1	2
Balance as at December 31, 2019	107	35	1	19	162
Cost	288	92	1	67	448
Accumulated amortization and impairment	181	57	-	48	286
Balance as at December 31, 2019	**107**	**35**	**1**	**19**	**162**
Balance as at January 1, 2018					
Cost	290	113	88	63	554
Accumulated amortization and impairment	72	28	39	17	156
	218	85	49	46	398
Movements in 2018					
Acquisition of subsidiaries	(1)	-	-	-	(1)
Amortization and impairment	(59)	(30)	(33)	(19)	(141)
Translation differences	-	2	2	2	6
Balance as at December 31, 2018	158	57	18	29	262
Cost	291	111	81	66	549
Accumulated amortization and impairment	133	54	63	37	287
Balance as at December 31, 2018	**158**	**57**	**18**	**29**	**262**

accounting policy

Acquisition-related intangible assets (client relationships (including franchise agreements), brand names, talent 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 client relationships is 4 to 8 years, of brand names 1 to 10 years, of talent 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. In 2018, we impaired acquisition-related intangibles to the amount of € 21 million (see note 5.2 for more information).

21 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.

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

	2019	2018
Loans and receivables	412	518
Equity investments	42	40
Financial assets	454	558

21.1 loans and receivables

	2019	2018
Loans	122	114
CICE receivable	273	386
Net investments in subleases	17	18
Loans and receivables	412	518

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.

Loans and CICE receivable have counterparties such as governmental or semi-governmental bodies. Loans and CICE receivable comprise financial assets relating to our French subsidiaries.

Net investments in subleases comprise receivables originating from sublease contracts in respect of right-of-use buildings in which the Group is an intermediate lessor. These sublease contracts qualify as finance lease under IFRS 16.

The Group does not hold any collateral as security.

Loans and receivables are hold-to-collect contractual cash flows. In determining expected credit losses (ECL) and in estimating the probability of default of these loans and receivables over a 12-month ECL period, the Group has taken into account factors such as historical default experiences, the counterparties involved, and various other (external) sources of actual and forecast economic information. The Group did not observe any major change in risk compared to the prior year. No allowance for expected credit losses has been included for these loans and receivables, as the default risk is estimated to be zero.

21.1.1 loans

loans

	2019	2018
Balance as at January 1	118	109
Acquisition of subsidiaries	-	-
Additions at fair value	9	9
Redemptions	(4)	(4)
Interest due to passage of time	4	4
Balance as at December 31	127	118
Non-current part	122	114
Current part	5	4
Balance as at December 31	127	118

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 (2018: 11 years) and an effective interest rate of 3.4% (2018: 3.5%). The nominal value of these loans amounts to € 162 million (2018: € 159 million) and best represents the maximum exposure to credit risk. As at December 31, 2019, the fair value was approximately € 33 million higher than the carrying amount (2018: € 29 million).

The difference between additions at nominal value (€ 10 million) and at fair value is recognized in cost of services, and amounts to € 1 million (2018: € 11 million and € 2 million respectively).

21.1.2 CICE receivable

CICE receivable

	2019	2018
Balance as at January 1	493	473
Acquisition of subsidiaries	-	-
Additions at fair value	-	120
Redemptions	(104)	(100)
Interest due to passage of time	-	-
Balance as at December 31	389	493
Non-current part	273	386
Current part	116	107
Balance as at December 31	389	493

This financial asset arises from tax credits under the French Competitive Employment Act (CICE). This act was aimed at improving the competitiveness of the French economy and at reducing unemployment (the act was discontinued as of January 1, 2019). 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 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, 2020, which is presented under current receivables. In the statement of cash flows, the yearly additions at fair value of the CICE receivable were presented in 'other items' under cash flow from operating activities (the CICE arrangements were discontinued as of January 1, 2019), 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 € 389 million (2018: € 493 million), which best represents the maximum exposure to credit risk. As at

December 31, 2019, the carrying amount equals the fair value.

21.1.3 net investments in subleases

	2019	restated 2018
Balance as at January 1	24	14
Additions at fair value	7	16
Redemptions	(7)	(6)
Interest due to passage of time	1	-
Balance as at December 31	25	24
Non-current part	17	18
Current part	8	6
Balance as at December 31	25	24

The Group subleases some of its right-of-use assets. In these instances, the Group is an intermediate lessor. Most of the Group's sublease arrangements are classified as finance leases under IFRS 16. The classification of finance sublease is satisfied when substantially all the risk and rewards incidental to the underlying right-of-use assets arising from the head lease have been transferred. Sublease contracts with the classification of financial leases are recognized as a net investment in sublease, which is presented as a financial asset. The carrying amount of the underlying right-of-use asset is derecognized. The net investments in subleases are measured at the present value of the (future) lease receipts, discounted using our incremental borrowing rate at commencement date of the sublease. Sublease contracts with the classification of operating leases result in sublease income being recognized periodically during the sub-rental period. Operating subleases have no impact on the right-of-use asset measurement.

The maturity of net investments in subleases is set out in the table below, showing the undiscounted lease amounts to be received after the balance sheet date.

The nominal value of the net investments in subleases amounts to € 27 million (2018: € 26 million), which best represents the maximum exposure to credit risk. As at December 31, 2019, the carrying amount equals the fair value.

maturity of net investments in subleases

	2019	2018
year 1	9	7
year 2 -5	16	19
More than 5 years	2	-
Undiscounted lease amounts to be received	27	26
Unearned finance income	(2)	(2)
Present value of lease amounts to be received	25	24
Impairment loss allowance	-	-
Balance as at December 31	25	24

21.1.4 impairment of financial assets

The carrying amounts of loans and receivables 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.

21.2 equity investments

equity investments

	2019	2018
Balance as at January 1	40	28
Fair value adjustments	6	5
Additions	6	7
Disposals	(10)	-
Balance as at December 31	42	40

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.

The fair value of the investments have increased by € 6 million (2018: € 5 million). This was based on share transactions and other market information. During the year 2019, the Group divested some of its minority participations. These divestments had a carrying amount of € 10 million.

22 associates

As at December 31, 2019, the Group has investments in associates of € 24 million (2018: € 23 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 €138 million and € 38 million respectively as at December 31, 2019 (2018: € 134 million and € 32 million respectively). Total revenue in 2019 amounted to € 96 million (2018: € 98 million). Our share in profit was € 5 million (2018: € 3 million).

During the year 2019, the Group acquired 100% of the shares in one its associates (Optedis Sas in France), in which it already held 5% of the shares (see note 11 'business combinations' for more information). At the moment of acquisition of the majority of the shares, the carrying amount of the associate, 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 the majority of the shares resulted in a gain of € 0.3 million.

associates

	2019	2018
Balance as at January 1	23	22
Share in profit	5	3
Additions	-	1
Fair value adjustment	-	-
Accounted for as a consolidated subsidiary	-	-
Dividend	(4)	(3)
Balance as at December 31	24	23

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 on the carrying amount of the associate.

23 total equity and dividends per share

23.1 shareholders' equity

23.1.1 authorized and issued capital

Authorized capital is € 106 million (2018: € 106 million) and consists of 350,000,000 (2018: 350,000,000) ordinary shares with a nominal value of € 0.10, a further 106,000 (2018: 106,000) type-A preference shares with a nominal value of € 500, 30,000,000 (2018: 30,000,000) type-B preference shares with a nominal value of € 0.10, and 150,000,000 (2018: 150,000,000) type-C preference shares with a nominal value of € 0.10.

At year-end, issued share capital consists of 183,303,552 ordinary shares (2018: 183,301,821), 25,200,000 type-B preference shares (2018: 25,200,000), and 50,130,352 (2018: 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, which 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 type-B and type-C is reviewed every seven years. In November 2019, the Company reached agreement with the holders of the preference shares type-B and type-C on the reset of the dividend. The dividend for preference shares type-B was set at 2% of the capital contribution. The dividend on type-C preference shares was set at 3,5% of the capital contribution. The next review of the dividend will take place in November 2026. 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)

	2019		2018	
	ordinary shares	preference shares	ordinary shares	preference shares
January 1	183,302	75,330	183,264	75,330
From share-based compensation arrangements	2	-	38	-
December 31	183,304	75,330	183,302	75,330

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.

accounting policy

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.

As at December 31, 2019, the company held 361,775 treasury shares (2018: 197,616).

23.1.2 share premium

At year-end, share premium consists of € 1,989 million share premium on ordinary shares (2018: € 1,988 million) and € 298 million share premium on preference shares (2018: € 298 million).

23.1.3 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 of, these translation differences are recognized in the statement of comprehensive income. The translation reserve also includes the tax effect on translation differences.

23.1.4 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 29. The income statement includes an amount of € 40 million (2018: € 35 million) for share-based compensations.

At year-end 2019, 2 million performance shares (2018: 2 million performance options and performance share) 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 the re-issue of treasury shares.

23.1.5 employee benefits reserve

The employee benefits reserve comprises the cumulative remeasurements of post-employment benefit obligations. The amounts are net of corporate taxes.

23.1.6 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.

23.2 dividends on ordinary and preference shares

dividends on ordinary and preference shares

	dividend related to		
	2019	2018	2017
Ordinary shares			
Dividend paid during 2018			505
Dividend paid during 2019		619	
Dividend 2019 proposed	792		
Preference shares			
Dividend paid during 2018			13
Dividend paid during 2019		13	
Dividend 2019 proposed	12		
Statement of cash flows	804	632	518

23.2.1 proposed profit appropriation

At the Annual General Meeting of Shareholders, to be held on March 24, 2020, the Executive Board, with the approval of the Supervisory Board, will propose that a dividend of € 4.32 per ordinary share be paid for the year 2019; the dividend of € 4.32 per ordinary share consists of a regular dividend of € 2.09, representing a payout of 50% of basic underlying earnings per share and an additional special cash dividend of € 2.23, in line with our dividend policy (see note 3.1.1 for more 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 € 4.3 million and € 7.7 million be paid respectively. The difference in the amount of € 198 million between the total of dividends proposed (€ 804 million) and net income for the year (€ 606 million), will be deducted from retained earnings.

23.3 non-controlling interests

In 2019 no transactions took place with non-controlling interests without a change of control (2018: transactions with non-controlling interest without a change of control, which resulted in an amount of € 1 million charged to equity in 2018, with a cash consideration of € 1 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.

24 employee benefit obligations

Employee benefit obligations comprise obligations from defined benefit pension plans, other post-employment benefits, and other long-term employee benefits.

	defined benefit pension plans					
	obligation	plan assets	net	other post-employment benefits	other long-term employee benefits	total
Balance as at January 1, 2019	331	(251)	80	9	50	139
Movements in 2019						
Current service costs, total	25	-	25	13	15	53
Contributions, employees	-	(9)	(9)	-	-	(9)
Contributions, employers	-	(14)	(14)	-	-	(14)
Withdrawals/benefits paid	(14)	13	(1)	(1)	(4)	(6)
Total amount in statement of cash flows	11	(10)	1	12	11	24
Remeasurement results	54	(30)	24	1	-	25
Interest due to passage of time, net	6	(4)	2	-	-	2
Translation differences	4	(5)	(1)	1	(1)	(1)
Balance as at December 31, 2019	406	(300)	106	23	60	189
Non-current	406	(300)	106	12	43	161
Current	-	-	-	11	17	28
Balance as at December 31, 2019	**406**	**(300)**	**106**	**23**	**60**	**189**
Balance as at January 1, 2018						
Non-current	317	(248)	69	9	37	115
Current	-	-	-	-	13	13
	317	(248)	69	9	50	128
Movements in 2018						
Current service costs, total	24	-	24	2	11	37
Contributions, employees	-	(9)	(9)	-	-	(9)
Contributions, employers	-	(13)	(13)	-	-	(13)
Withdrawals/benefits paid	(20)	19	(1)	(2)	(11)	(14)
Total amount in statement of cash flows	4	(3)	1	-	-	1
Remeasurement results	2	6	8	-	-	8
Interest due to passage of time, net	5	(4)	1	-	-	1
Translation differences	3	(2)	1	-	-	1
Balance as at December 31, 2018	331	(251)	80	9	50	139
Non-current	331	(251)	80	9	30	119
Current	-	-	-	-	20	20
Balance as at December 31, 2018	**331**	**(251)**	**80**	**9**	**50**	**139**

24.1 employee benefit obligations

employee benefit obligations charged to comprehensive income

	2019	2018
Current service cost, total	53	37
Contributions, employees	(9)	(9)
Current service cost net, charged to operating profit	44	28
Interest expense due to passage of time	6	5
Interest income due to passage of time	(4)	(4)
Charged to net finance costs	2	1
Remeasurement losses, net	25	8
Charged to comprehensive income	71	37

The discount rates used to calculate employee benefit obligations are in the following ranges:

discount rates (employee benefit obligations)

	2019	2018
Defined benefit pension plans	0.05%-1.1%	0.7%-2%
Other post-employment benefits	0.5%-4.5%	0.85%-4.5%
Other long-term employee benefits	(0.4)%-2%	(0.3)%-3.0%

The obligations regarding other post-employment benefits and other long-term employee benefits are unfunded.

24.2 pensions

defined benefit pension plan schemes

	2019	2018
Defined benefit plan, corporate employees in Belgium	43	32
Defined benefit plan, corporate employees in France	35	24
Defined benefit plan, corporate employees in Germany	10	8
Defined benefit plan, staffing and corporate employees in Switzerland	8	6
Defined benefit plan, corporate employees in Japan	4	4
Defined benefit plan, corporate employees in the Netherlands	6	6
	106	80

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 cost 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 (based upon the 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.

Withdrawals/benefits paid also include the net transfer of participants' vested benefits.

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 2019 and 2018, no transactions occurred, and balances as at December 31, 2019 and 2018 were zero. On January 1, 2020, 'Stichting Pensioenfonds Randstad' transferred the pension entitlements of employees of Randstad Groep Nederland BV and Randstad NV to Stichting 'Het nederlandse pensioenfonds'. As part of this transfer, Randstad paid a one-time settlement amount of € 16 million related to the future execution of the pension plan. In 2019, the transactions with 'Stichting Pensioenfonds Flexsecurity' amounted to € 59 million (2018: € 57 million); the balance as at December 31, 2019 amounted to € 4 million (2018: € 4 million) payable.

For Belgium, the pension fund is 'Pensioenfonds Belgische werkmaatschappijen van Randstad OFP' for corporate employees employed by Belgian Group companies. 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. The fund operates a defined benefit pension plan, which is a final-salary pension plan, providing benefits to (former) employees in the form of a guaranteed level of pension payable for life upon retirement. The pension entitlement of corporate employees is based on the average pensionable salary in the last three years before retirement. The employer's contribution is capped at a maximum of 5% of salaries. In 2019, transactions with this fund amounted to € 4 million (2018: € 4 million). The balance as at December 31, 2019 amounted to € 1 million (2018: € 1 million) payable.

In France, the defined benefit pension plan is a final-salary pension plan, which provides benefits to (former) employees in the form of a guaranteed level of pension payable for a lump sum upon retirement. 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 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 guaranteed payment based on the pension obligation towards employees.

breakdown of obligations for defined benefit pension plans

	2019	2018
Present value of funded obligations	406	331
Present value of unfunded obligations	-	-
Total present value of obligations	406	331
Fair value of plan assets	(300)	(251)
Liability in the balance sheet	106	80

major categories of plan assets

as a % of fair value of total plan assets

	2019	2018
Cash	3%	3%
Bonds	30%	31%
Equity instruments	42%	44%
Real estate	9%	9%
Other	16%	13%
	100%	100%

The actual return on plan assets was € 34 million positive (2018: € 2 million negative), due to favorable results on investments.

principal actuarial assumptions used for defined benefit pension plans

	2019	2018
Discount rate	0.05%-1.1%	0.7%-2%
Expected salary increases	0.0%-3.65%	0.0%-3.3%
Expected pension increases	0.0%-1.8%	0%-2%

average life expectancy[1]

in years

	2019	2018
Male	19.6-22.5	19.6-22.5
Female	23.8-26.3	23.8-26.3

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 2020 contributions to be paid for defined benefit plans to be approximately € 15 million (expectation 2019: € 15 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%-point, with all other variables held constant, would result in a deviation in the range of € 7 to € 8 million (2018: € 5 to € 6 million).

24.3 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 (based upon the projected unit credit method). These plans mainly consist of state-driven plans in Italy and India, post-employment health benefits in the US and transition fee payments related to temporary workers in the Netherlands, based on the Dutch 'Wet Arbeidsmarkt in Balans' (WAB).

Remeasurements of the obligation – comprising gains and losses arising from experience adjustments and changes in actuarial assumptions – are recognized in other comprehensive income.

24.4 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 schemes related to sickness and long-term disability 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 (based on 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.

25 other liabilities

other liabilities

	2019	2018
Balance as at January 1	11	33
Changes in value	-	(7)
Deferred compensations from acquired subsidiaries/activities	15	(2)
Considerations paid in respect of acquisitions in preceding years	(2)	(14)
Interest due to passage of time	-	1
Translation differences	-	-
Balance as at December 31	24	11
Non-current part	10	9
Current part	14	2
Balance as at December 31	24	11

The effective interest rate amounts to 5% (2018: 5%).

accounting policy

Other liabilities include liabilities arising from arrangements with the previous owners of acquired companies who still hold a non-controlling interest ('deferred considerations') and deferred payments (including earn out) 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.

26 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

	2019	2018
Trade payables	665	598
Other taxes and social insurance charges	1,005	1,102
Pension contributions	17	17
Wages, salaries and other personnel costs	1,348	1,442
Other accruals	457	522
Deferred income	88	74
	3,580	3,755

notes to the

consolidated statement of cash flows.

27 statement of cash flows

The statement of cash flows has been prepared applying the indirect method.

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 consolidated statement of financial position. 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 consolidated statement of financial position is shown in this note.

27.1 change in presentation of consolidated statement of cash flows

Due to the prolonged low interest rates on uncommitted short term bank overdrafts and other drawings, these borrowings are used more and more as financing arrangements that replace drawings on revolving committed credit facilities. Depending on various circumstances including interest rates offered by banks, we draw on bank overdrafts and/or other drawings. We do not foresee this to change in the near future. As a result, these current borrowings do no longer meet the requirement in IFRS to be able to net these with cash and cash equivalents. We therefore changed the presentation in the cash flow statement to better reflect our financing activities. The impact of the restatement of the 2018 financing cash flows amounted to € 55 million.

For the details of this restatement, see the table on the next page (for the effect of the implementation of IFRS 16 'Leases', see note 8.3).

restatement of 2018 consolidated statement of cash flows

in millions of €	reported 2018	effects of IFRS 16	after IFRS 16	effects cash and cash equivalents	restated 2018
Net cash flow from operating activities	747	227	974	-	974
Net cash flow from investing activities	(130)	-	(130)	-	(130)
Issue of new ordinary shares	1	-	1	-	1
Net purchase of own ordinary shares	(15)	-	(15)	-	(15)
Net drawings on/(net repayments of) non-current borrowings	(163)	-	(163)	-	(163)
Net increase of current borrowings	-	-	-	55	55
Repayments of lease liabilities	-	(227)	(227)	-	(227)
Net financing	(177)	(227)	(404)	55	(349)
Net reimbursement to financiers	(536)	-	(536)	-	(536)
Net cash flow from financing activities	(713)	(227)	(940)	55	(885)
Net (decrease) in cash, cash equivalents, and current borrowings	(96)	-	(96)	55	(41)
		-			
Cash and cash equivalents	326		326	-	326
Current borrowings	(712)	-	(712)	712	-
At beginning of year	(386)	-	(386)	712	326
Net movement	(96)	-	(96)	55	(41)
Translation and currency losses	(9)	-	(9)	(3)	(12)
	(105)	-	(105)	52	(53)
Cash and cash equivalents	273	-	273	-	273
Current borrowings	(764)	-	(764)	764	-
At end of year	(491)	-	(491)	764	273
Free cash flow[1]	**627**	**-**	**627**	**-**	**627**

1 Restated free cash flow compromises net cash flow from operating and investing activities and repayments of lease liabilities. Investing activities are excluding acquisition, disposal of subsidiaries/activities, equity investments and associates, as well as dividend from associates.

27.2 trade and other receivables

trade and other receivables

	2019	2018
Trade and other receivables as at January 1	4,875	4,680
Adjusted for:		
Current part of loans and receivables	(117)	(107)
Operating working capital assets as at January 1	4,758	4,573
Acquisition of subsidiaries	13	-
Disposal of subsidiaries	-	(8)
Translation gains	28	15
Statement of cash flows	(217)	178
Operating working capital assets as at December 31	4,582	4,758
Adjusted for:		
Current part of CICE receivable	116	107
Current part of other loans and receivables	5	4
Current part of net investments in subleases	8	6
Balance as at December 31	4,711	4,875

27.3 trade and other payables

trade and other payables

	2019	2018
Trade and other payables as at January 1	3,755	3,674
Adjusted for:		
Interest payable	(6)	(6)
Operating working capital liabilities as at January 1	3,749	3,668
Acquisition of subsidiaries	10	-
Disposal of subsidiaries	-	(7)
Translation losses	12	5
Statement of cash flows	(200)	83
Operating working capital liabilities as at December 31	3,571	3,749
Adjusted for:		
Interest payable	9	6
Trade and other payables as at December 31	3,580	3,755

27.4 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 (including the current part of net investment in subleases), minus current liabilities, excluding current borrowings, current income tax liabilities, and the current part of provisions, of employee benefit obligations, of other liabilities and of lease 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

	2019	2018
Current assets	5,066	5,254
Current liabilities	(4,994)	(4,905)
Working capital	72	349
Current assets	5,066	5,254
Adjusted for:		
Cash and cash equivalents	(225)	(273)
Current income tax receivables	(130)	(106)
Current part of loans and receivables	(129)	(117)
Interest receivable	-	-
Operating working capital assets	4,582	4,758
Current liabilities	(4,994)	(4,905)
Adjusted for:		
Current borrowings	981	764
Current income tax liabilities	96	73
Current provisions	91	77
Current employee benefit obligations	28	20
Current other liabilities	14	2
Interest payable	9	6
Current part lease liabilities	204	214
Operating working capital liabilities	(3,571)	(3,749)
Operating working capital assets	4,582	4,758
Operating working capital liabilities	(3,571)	(3,749)
Operating working capital	1,011	1,009

27.5 other items

other items (movements)

	2019	2018
CICE receivable	-	(120)
Loans	1	2
Net result of net investments in subleases	(7)	(8)
Net result of remeasurements of right-of-use assets, lease liabilities and provision site restoration	(2)	-
Non-cash	(8)	(126)
Redemptions of CICE receivable	104	100
Redemptions of net investments in subleases	7	6
Cash	111	106
Statement of cash flows	103	(20)

For the CICE receivable, see note 21.1.2.

27.6 corporate income taxes paid

corporate income taxes paid

	2019	2018
North America	2	4
France	51	56
Netherlands/Corporate	67	101
Germany	13	19
Belgium & Luxembourg	27	39
Italy	26	21
Iberia	12	6
Other European countries	11	11
Rest of the world	(8)	39
Global Businesses	3	6
Total	204	302

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 N.V. and its Dutch subsidiaries form a fiscal unity for corporate income tax. In 2018, an amount of € 28 million was paid that related to 2017. In the 'Rest of the world' region, prepayments of corporate income tax took place in Japan in 2018, that were partly received back in 2019.

27.7 free cash flow

Free cash flow comprises net cash from operating and investing activities, excluding the cash flows from the acquisition and disposal of subsidiaries/activities, of equity investments, and of associates, as well as the dividends from associates. Repayment of lease liabilities is also deducted in order to arrive at free cash flow (following the change in accounting policy for IFRS 16 'Leases'; see note 8 for further information).

free cash flow

	2019	restated 2018
Net cash flow from operating activities	1,269	974
Net cash flow from investing activities	(137)	(130)
	1,132	844
Acquisition of subsidiaries, equity investments and associates	23	23
Disposal of subsidiaries / equity investments	(10)	(10)
Dividends from associates	(4)	(3)
	1,141	854
Repayment of lease liabilities	(226)	(227)
Free cash flow	915	627

other notes to the consolidated financial statements.

28 subsidiaries

28.1 subsidiaries

Subsidiaries are companies controlled by Randstad N.V. 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. Intragroup transactions take place on an arm's length basis.

28.2 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.

28.3 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 part 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.

28.4 overview of selected subsidiaries, as at december 31, 2019[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

france

- Randstad SAS
- Randstad Sourceright SASU
- Ausy SAS
- Atoll SASU
- Monster Worldwide SAS

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

germany

- Randstad Deutschland GmbH & Co KG[2]
- Randstad Automotive GmbH & Co KG[2]
- Tempo-Team Personaldienstleistungen GmbH
- Randstad Sourceright GmbH
- GULP Information Services GmbH
- GULP Solution Services GmbH & Co KG[2]
- Pentasys AG
- Ausy Engineering GmbH
- Monster Worldwide Deutschland Gmb

belgium & luxembourg

- Randstad Belgium nv, Belgium
- Randstad Sourceright nv, Belgium
- Tempo-Team nv, Belgium
- Ausy Consulting nv, Belgium
- Ausy IT Consulting nv, Belgium
- Randstad Interim sa, Luxembourg

italy

- Randstad Italia SPA Società di fornitura di lavoro temporaneo

iberia

- Randstad Empleo, Empresa De Trabajo Temporal S.A. Sociedad Unipersonal, Spain
- Randstad Recursos Humanos, Empresa de Trabalho Temporario S.A., Portugal

other european countries

- Randstad Austria GmbH, Austria
- 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
- Randstad Schweiz AG, Switzerland
- Randstad Work Solutions Istihdam ve İnsan Kaynaklary Ltd. Şti., Turkey
- Randstad CPE Limited, United Kingdom
- Randstad Financial & Professional Limited, United Kingdom
- Randstad Sourceright Limited, United Kingdom

rest of the world

- Sesa Internacional S.A., Argentina
- Randstad Pty Ltd, Australia
- Aurec 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 SAR[3]
- Randstad India Private Ltd, India
- Randstad 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 SA, Uruguay

other subsidiaries

- Randstad Holding Nederland bv, the Netherlands
- Randstad Holding Luxembourg Sarl, Luxembourg
- 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 N.V. 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').

[3] Region in the case of Hong Kong SAR (Special Administrative Region)

29 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 and 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.

29.1 performance share plans

29.1.1 executive board performance share plan

Since 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 18 companies (2018: 18 peers) measured over a three-year period starting on January 1 of the year of grant. The number of shares to vest also depends on achieving certain non financial 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.

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.

29.1.2 senior management performance share plan

Since 2007, conditional performance shares have also been granted to a limited group of senior management. Since 2015, terms and conditions are identical to those of the Executive Board.

The performance shares 2016 of the Executive Board and senior management vested at December 31, 2018, based on relative TSR performance and reaching certain non financial targets of the company, resulting in 160,696 shares being allocated (share price at allocation date of € 44.40), compared to an on-target award of 490,263 shares.

The performance shares 2017 of the Executive Board and senior management vested at December 31, 2019, based on relative TSR performance and reaching certain non financial targets of the company, resulting in 520,969 share to be allocated in February 2020 , compared to an on-target award of 423,965 shares.

The expenses charged to the 2019 income statement amount to € 30.6 million (2018: € 26.6 million).

29.1.3 retention performance share plan

In 2017, conditional performance shares were 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 2019 income statement amount to € 1.0 million (2018: € 0.9 million).

29.1.4 other share plans

These share plans are implemented to reward the participants for specific contributions. The shares granted are conditional, and vesting depends on performance on non-market-based conditions and/or the rendering of employee services during the vesting periods, which may vary from 1 to 4 years.

parameters used for fair-value determination

	2019	2018	2017
Average share price at grant date	€ 44.78	€ 56.77	€ 55.89
Expected volatility, based on historical prices over the three-year period to the valuation date	26.0%	28.0%	30.0%
Expected dividends	3.7%	3.5%	3.4%
Risk-free interest rate (yield on Dutch government bonds)	-0.1%	0.0%	0.0%

The expenses charged to the 2019 income statement amount to € 0.3 million (2018: € 0.3 million).

In 2019, 11,152 shares were allocated at the respective allocation dates, at an average share price of € 44.68, with the on-target award being 11,152 shares.

details of all (performance) share plans

	number of shares (x 1,000) on target					
year of grant	january 1, 2019	granted	forfeitures	allocated in 2019	december 31, 2019	average fair value at grant date per share (in €)
2016	502	-	(2)	(500)	-	43.26
2017	538	-	(40)	-	498	50.44
2018	493	-	(33)	(1)	459	53.87
2019	-	755	(34)	-	721	39.37
Total	1,533	755	(109)	(501)	1,678	

29.2 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 30.2.

29.3 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 (2019: € 8.0 million; 2018: € 6.8 million). In 2019, a total of 165,670 (2018: 128,316) bonus shares were allocated to employees.

29.4 executive board share matching plan

As of 2017, 25% of the net annual bonus of the Executive Board is 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 € 0.2 million in 2019 (2018: € 0.1 million).

29.5 total share-based compensations

x € 1,000	2019	2018
Performance share plans	30.6	26.6
Retention performance share plan	1.0	0.9
Other share plans	0.3	0.3
Share purchase plan	8.0	6.8
Share matching plan	0.2	0.1
	40.1	34.7

30 related-party transactions

30.1 key management

The members of the Executive Board and Supervisory Board are considered the key management of the Group. Details of the renumeration of the members of the Executive Board and Supervisory Board are included in the governance section of the annual report, under remuneration report (see page 115).

30.2 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.

executive board remuneration

x € 1,000

	2019	2018
Fixed compensation		
Base salary	4,353	3,758
Fringe benefits	96	117
	4,449	3,875
Variable compensation		
Short-term bonus	3,030	1,452
Share-based payments	4,736	3,770
	7,766	5,222
Pension expenses	1,167	1,016
Social charges and taxes	506	859
Total	13,888	10,972

In 2019, the remuneration of former Executive Board members amounted to € 1,052,000 (2018: € 1,747,000).

The expenses for performance shares refer to the fair value of share-based payments charged to the income statement for the years 2019 and 2018 respectively.

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 2019 and 2018.

number of performance shares outstanding in 2019

	january 1, 2019	number of shares on target 2019[1]	transfer[2]	forfeitures	performance adjustment at allocation 2019	allocated in february 2019	december 31, 2019
Total performance shares outstanding of Executive Board members	162,868	130,561	9,049	-	(34,356)	(13,940)	254,182
Total matching shares outstanding of Executive Board members	4,600	5,033	-	-	-	-	9,633
Total shares outstanding of Executive Board members	167,468	135,594	9,049	-	(34,356)	(13,940)	263,815
Total shares outstanding of former Executive Board members	56,004	-	-	-	(20,390)	(8,275)	27,339

1 The number of shares on target 2019 refer to the granted shares according the executive performance plan (29.1) and the share matching plan (29.4).
2 Performance shares of new board members granted in previous years.

number of performance stock options outstanding in 2019

	year of granting	january 1, 2019	exercised in 2019	share price at exercise	december 31, 2019	exercise price	end of exercise period	average fair value at grant date
Former Executive Board members	2012	1,731	(1,731)	€ 45.85	-	€ 28.11	February 2019	€ 11.31

The performance shares 2016 were allocated in February 2019. The allocation amounted to 29% of the on-target award (share price at allocation date of € 44.40)

The performance shares 2017 vested on December 31, 2019, based on relative TSR performance of the company and the achievement of certain non-financial targets over the period January 1, 2017 – December 31, 2019, resulting in an overall vesting of 123% of the on-target award.

Allocation after vesting of conditional shares awarded in 2017, 2018, and 2019 will take place in February 2020, 2021, and 2022 respectively.

number of ordinary shares in randstad nv held by executive board

as at december 31

	2019	2018
Unrestricted ordinary shares	160,971	122,653
Locked-up ordinary shares	78,306	146,931
Total	239,277	269,584

For the conditions and criteria governing the granting and exercise of stock options and performance shares, see note 29.1.

30.3 remuneration of the members of the supervisory board

Remuneration of the members of the Supervisory Board is included in the income statement. The remuneration is fixed and includes gross expense allowances. In 2019, the total remuneration amounted to € 681,500 (2018: € 687,500).

Total remuneration of former Supervisory Board members amounted to € 24,000 (2018: € 24,000).

The company has not issued any loans, commitments to provide loans, or guarantees to members of the Supervisory Board.

30.4 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 N.V. 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 million (2018: € 2 million).

See note 25.2 'Employee benefit obligations' for transactions with company pension funds through which certain pension schemes are operated.

31 number of employees (average)

	2019	2018
Candidates working	649,000	670,900
Corporate employees	38,280	38,820
	687,280	709,720

number of employees by segment

	Candidates working		Corporate employees	
	2019	2018	2019	2018
North America	94,600	100,300	5,690	5,760
France	87,200	87,200	4,610	4,510
Netherlands	77,800	83,800	4,190	4,370
Germany	40,200	46,800	2,770	3,100
Belgium & Luxembourg	47,000	48,100	2,080	2,150
Italy	49,900	50,600	2,240	2,230
Iberia	65,000	68,600	2,170	2,210
Other European countries	59,800	64,600	3,710	3,820
Rest of the world	117,200	110,300	5,780	5,190
Global businesses	10,300	10,600	4,790	5,230
Corporate	-	-	250	250
Total	649,000	670,900	38,280	38,820

32 commitments

	2019	restated 2018
Commitments less than 1 year	95	95
Commitments more than 1 year, less than 5 years	126	154
Commitments more than 5 years	3	3
	224	252

Commitments, after the implementation of IFRS 16 'Leases', relate mainly to service contracts.

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.

33 auditors' fees

The following auditors' fees were expensed in the income statement in the reporting period:

auditors' fees

	2019	2018
Audit of the financial statements[1]	4.6	4.0
Audit of the financial statements of subsidiaries by other audit firms	1.5	1.4
Subtotal for audit of the financial statements[2]	6.1	5.4
Other audit procedures[3]	0.3	0.2
Total	6.4	5.6

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 € 3.8 million respectively (2018: € 0.9 million and € 3.1 million)).

2 Including the audit fees with respect to the local statutory financial statements.

3 The fees listed above for 2019 and 2018 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.

34 events after balance sheet date

Subsequent to the date of the balance sheet, no events material to the Group as a whole occurred that require disclosure in this note.

company

financial statements.

(before profit appropriation for ordinary shares)

income statement

in millions of €	note	2019	restated 2018
Revenue	2	287	309
Gross profit		287	309
Selling expenses		3	2
General and administrative expenses		94	81
Total operating expenses		97	83
Operating profit		190	226
Finance income		40	37
Finance expenses		(168)	(147)
Net finance costs		(128)	(110)
Income before taxes		62	116
Taxes on income		(29)	(36)
Income from subsidiaries after taxes	4	573	628
Net income		**606**	**708**

statement of financial position as at december 31

in millions of €	note	2019	restated 2018
assets			
Software	3	10	4
Intangible assets		10	4
Subsidiaries	4	8,929	8,337
Long-term loans receivable from subsidiaries	5	953	882
Financial assets		9,882	9,219
Non-current assets		9,892	9,223
Receivables	6	251	477
Income tax receivable		26	44
Cash and cash equivalents		2	18
Current assets		279	539
Total assets		**10,171**	**9,762**
equity and liabilities			
Issued capital		26	26
Share premium		2,287	2,286
Legal reserves		240	160
Other reserves		1,313	1,266
Net income for the year		606	708
Shareholders' equity	7	4,472	4,446
Non-current liabilities/borrowings	8	3,294	3,157
Borrowings	8	945	672
Trade and other payables	9	1,460	1,487
Current liabilities		2,405	2,159
Total liabilities		5,699	5,316
Total equity and liabilities		**10,171**	**9,762**

notes to the company financial statements.

1 accounting policies for the company financial statements

The company financial statements of Randstad N.V. 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. The expected credit losses , if any, are eliminated in the carrying amount of these receivables.

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.

As disclosed in note 2 and note 8 of the notes to the consolidated financial statements, the Group has applied IFRS 16 'Leases' as of January 1, 2019, with a full retrospective approach to each prior year. The impact of the implementation of IFRS 16 'Leases' is fully related to subsidiaries of the company. The effect on shareholders' equity as at January 1, 2018 amounted to € 36 million, with the same effect on the subsidiary value as at January 1, 2018. The effect on income from subsidiaries after taxes for the year 2018 amounted to € 4 million.

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

	2019	2018
Balance as at January 1	4	-
Additions	9	4
Amortization	(3)	-
Balance as at December 31	10	4
Cost	13	4
Accumulated amortization and impairment	(3)	-
Balance as at December 31	10	4

Additional information with respect to software is given in note 19 of the notes to the consolidated balance sheet.

4 subsidiaries

subsidiaries

	2019	restated 2018
Balance as at January 1, restated	8,337	7,676
Capital (repayments)/contributions	12	(8)
Disposal of subsidiaries	(24)	-
Dividend	(23)	-
Net income	573	628
Share-based compensations, subsidiaries	14	2
IAS 19 effects, subsidiaries	(18)	(6)
Fair value adjustment on equity investment	6	5
Disposal of non-controlling interest	-	(1)
Translation differences	52	41
Balance as at December 31	8,929	8,337

See note 28.4 of the notes to the consolidated financial statements for an overview of the selected subsidiaries.

The effects of the application of the full retrospective approach for IFRS 16 'Leases' are in full accounted for in the subsidiaries of Randstad N.V. and therefore impacted the balance as at January 1, 2018 and the income from subsidiaries after taxes for 2018. See note 8 of the notes to the consolidated financial statements for additional information with respect to the effects of the application of IFRS 16 'Leases'.

5 long-term loans receivable from subsidiaries

This mainly relates to various loans to subsidiaries that are issued with maturity dates from October 2021 to January 2027. The average interest on all loans is 1.8% (2018: 3.4%). The current part of loans to subsidiaries is included in receivables, if applicable.

6 receivables

receivables

	2019	2018
Receivables from subsidiaries	245	309
Current part of loans receivable from subsidiary	-	164
Other receivables	6	4
	251	477

7 shareholders' equity

Additional information is given in the consolidated statement of changes in equity and in note 23 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

	2019	2018
Translation reserve	106	61
Developed software	121	92
Fair value reserve	13	7
	240	160

Movements during 2019 relate to translation gains and to the net balance of capitalization and amortization of internally developed software.

7.2 other reserves

'Other reserves' includes a reserve with respect to share-based compensations to the amount of € 63 million (2018: € 55 million).

8 borrowings

borrowings

	2019	2018
Promissory note	-	150
Loans	-	344
Non-current borrowings, payable to subsidiaries	3,294	2,663
Non-current borrowings	3,294	3,157
Current borrowings	438	672
Current borrowings	438	672
Short-term part of non-current borrowings third parties	507	-
Total borrowings	4,239	3,829

Total borrowings payable to subsidiaries consist of various loans amounting to € 3,294 million (2018: € 2,663 million), maturing from September 2021 to October 2029. The average interest rate on all loans is 3.5% (2018: 3.8%).

movements in non-current borrowings from third parties

	2019	2018
Balance as at January 1	494	640
Repayments of syndicated loan	(1)	(514)
Loans	-	351
Amortization of transaction costs	6	1
Translation differences	8	16
Non-current borrowings before reclassification	507	494
Reclassification to short-term part of non-current borrowings	(507)	-
Balance as at December 31	-	494

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

	2019	2018
Trade payables	6	4
Payables to subsidiaries	1,439	1,465
Other taxes and social insurance charges	1	2
Wages, salaries and other personnel costs	7	7
Accruals and deferred income	7	9
Balance as at December 31	1,460	1,487

10 number of employees (average)

In 2019, the company employed an average of 206 employees (2018: 200), of which 46 (2018: 40) have their place of residence outside the Netherlands.

11 remuneration

See note 30 of the notes to the consolidated financial statements.

12 related parties

In addition to notes 28, 29 and 30 of the notes to the consolidated financial statements, all companies within the Group are also considered to be related parties of Randstad N.V.

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 € 682 million (2018: € 681 million).

As at December 31, 2019, guarantees issued on behalf of subsidiaries amounted to € 3 million (2018: € 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 € 6 million (2018: € 6 million) and for the period between one and five years to € 12 million (2018: € 18 million) with respect to service contracts.

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 33 of the notes to the consolidated financial statements.

Diemen, the Netherlands, February 10, 2020

The Executive Board

Jacques van den Broek, Chair
Henry Schirmer
François Béharel
Karen Fichuk
Rebecca Henderson
Chris Heutink

The Supervisory Board

Wout Dekker, Chair
Jaap Winter, Vice-Chair
Annet Aris
Barbara Borra
Frank Dorjee
Henri Giscard d'Estaing
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 27 and 28 of the Articles of Association concerning profit appropriation.

subsection 1.

1. Any such amounts from the profits as will be determined 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. 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.

b.1. 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.

b.2. 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.

b.3. 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.

b.4. 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.

b.5. 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.

b.6. 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 3, paragraph 4 under b and c, preference A shares dividend reserves, preference B shares dividend reserves and preference C shares dividend reserves.

b.7. 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 27, 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.

b.8. 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 27, 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 Article 27 calculated over the period the deficit occurred and the moment the deficit has been made good.

b.9. 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 Article 27 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 Article 27 may only be adopted 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 3, 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 27, paragraph 1b.4. and Article 33, paragraph 4.

Article 28 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. 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 the Supervisory Board of Randstad N.V.

report on the audit of the financial statements 2019 included in the annual report

our opinion
We have audited the accompanying financial statements 2019 of Randstad N.V., registered in Amsterdam. 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 N.V. as at December 31, 2019, and of its result and its cash flows for 2019 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 N.V. as at December 31, 2019, and of its result for 2019 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 December 31, 2019.
2. The following statements for 2019: 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 December 31, 2019.
2. The income statement for 2019.
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 N.V. 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 (2018: € 50 million). The materiality is based on 6,2% 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.

Audits of the components were performed using materiality levels determined by the judgement 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 performance materiality did not exceed € 21 million.

We agreed with the supervisory board that misstatements in excess of € 2.5 million, identified during the audit, would be reported to them, as well as smaller misstatements that in our view should be reported on qualitative grounds.

scope of the group audit

Randstad N.V. is the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Randstad N.V.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group engagement team and by the auditors of components. We directed and supervised the work of component auditors 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 components so as to be able to conclude whether sufficient appropriate audit evidence was obtained as a basis for our opinion on the group financial statements as a whole. For each component we determined whether we required an audit of their complete financial information or whether other procedures would be sufficient. The following components were subject to a full scope audit: the United States, France, The Netherlands, Germany, Belgium, Italy, Spain, United Kingdom, Sweden, Japan, Australia, Canada and Ausy France. In most cases, these components 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 specified audit procedures at other components.

audit coverage

Audit coverage of consolidated revenues	86%
Audit coverage of consolidated assets	86%

The group consolidation, financial statement disclosures and certain centrally coordinated accounting topics were audited by the group engagement team at the head office. These subjects included among others the annual goodwill impairment test.

By performing the procedures mentioned above at components, 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.

scope of fraud and non-compliance with laws and regulations

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error.

Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements go undetected, even though the audit is planned and performed in accordance with Dutch law. 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. Also, we are not responsible for preventing and cannot be expected to detect non-compliance with all laws and regulations. Our audit procedures differ from those performed as part of a specific forensic or legal investigation, which often have a more in-depth scope.

In identifying potential risks of material misstatement due to fraud and non-compliance with laws and regulations, we evaluated the group's risk assessment, had inquiries with management, those charged with governance and others within the group, including but not limited to, general counsel, global business risk & audit and global financial reporting & corporate accounting. We involved a forensic specialist in our identification of fraud risk factors.

Following these procedures, and the presumed risks under the prevailing auditing standards, we considered the fraud risks in relation to management override of controls. Furthermore, we identified and considered the fraud risk related to manual adjustments in the recording of revenue, which include all non-standard entries that are not related to the systematic recording of invoices. Such entries are considered as fraud risk as management may override key controls or exercise undue influence on others to record improper or fictitious manual revenue journal entries to achieve targets set.

As part of our audit procedures to respond to these fraud risks, we evaluated the internal controls relevant to mitigate these risks and performed supplementary substantive audit procedures, including detailed testing of journal entries and supporting documentation in relation to post-closing adjustments. Data analytics, including testing journal entries based on certain risk-based characteristics, is part of our audit approach to address fraud risks. We refer to the audit procedures as described in the separate Key Audit Matters in addressing fraud risks in connection with revenue recognition, and potential management override on specific estimates such as the valuation of goodwill.

Resulting from our risk assessment procedures, and whilst realizing that the effects from non-compliance could considerably vary, we considered adherence to (corporate) tax law and financial reporting regulations and the requirements under Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements. Apart from these, the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance through imposing fines or litigation. Given the nature of Randstad's business we considered the risk of non-compliance in the areas of personal data, health & safety, tax, human rights and competition laws.

As required by auditing standards, we designed and performed audit procedures that address the risk of non-compliance with these laws and regulations. Our procedures included inquiries of management, those charged with governance and others within the group and we inspected (board) minutes, correspondence with relevant authorities and lawyers' letters. We also remained alert to indications of (suspected) non-compliance throughout the audit, both at component and group levels.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

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

The company's revenue for the year 2019 amounts to € 23,676 million (2018: € 23,812 million). Although the majority of the revenue comes from the staffing, inhouse services and professional businesses, the global businesses are becoming more important over time. These global businesses partially have different revenue recognition than the other revenue streams.

Revenue is considered a key audit matter due to the pervasive impact on the company's financial statements. Randstad's revenue is characterised by a large volume of transactions that have a low individual value. As a result, the risks of material misstatements in revenue have been pinpointed to non-standard adjustments to revenue and elements of revenue that are based on estimates.

The company's disclosures concerning revenue are included in note 9 to the consolidated financial statements.

Our audit procedures were performed in close cooperation with our component audit teams for the in-scope entities and included updating our understanding of the different revenue streams and the related control environment to identify and specifically pinpoint the risk of material misstatements related to revenue.

Business process controls and IT controls that are relevant to the audit were tested for design and implementation. 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.

In addition to testing controls, we performed substantive audit procedures on revenue which included among others tests of manual journal entries posted to revenue, tests of details and substantive analytical procedures on revenue transactions including data analytics techniques. In addition, we analyzed differences between hours written, billed and paid of temporary workers to address completeness of revenue.

observation

The scope and nature of the procedures performed were appropriate and sufficient to address the risks of material misstatement of different revenue streams. Our procedures did not result in any reportable matters with respect to the revenues recorded in the year.

goodwill

description

On December 31, 2019 the company's goodwill carrying balance is € 3,057 million (2018: € 3,018 million). Under EU-IFRS, the company is required to annually perform an impairment test of goodwill. This annual impairment assessment was significant to our audit because the assessment process involves management judgement and is based on assumptions that are affected by expected future market and economic conditions. The company's annual impairment test resulted in the conclusion that no impairment was needed for 2019.

We have pinpointed the risk to those operating segments where the headroom between the carrying value of the goodwill and the recoverable value is such that a reasonable change in the assumptions or estimated cashfows could result in an impairment.

The key assumptions and sensitivities are disclosed in note 5 to the consolidated financial statements.

Our audit procedures included 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 group. We challenged management's assumptions that were most sensitive including projected revenue growth over the forecasted period, EBITA margin and discount rate.

Our procedures included corroborating management's judgements and estimates by comparing the assumptions to historic performance, future outlooks, analyst reports, local economic developments and industry outlook. We assessed the sensitivity of changes to the respective assumptions on the outcome of the impairment calculations.

As part of our audit procedures we have paid specific attention to operating segments that are more sensitive to changes in assumptions and determined that the disclosure in note 5 adequately reflects such sensitivity, which is mainly related to the EBITA margin of the operating segment UK.

observation

Our procedures did not result in any reportable matters with respect to the goodwill recorded at the end of the period.

key audit matter	how the key audit matter was addressed in the audit
IFRS 16	
description 'IFRS 16 – Leases' became effective for annual reporting periods beginning on or after January 1, 2019. The company decided to apply the full retrospective approach. The application of the new standard results in a right-of-use asset of € 581 million and corresponding lease liabilities of € 664 million as at January 1, 2018, and a right-of-use asset of € 533 million and lease liabilities of € 620 million as at December 31, 2019. The impact of the new standard is significant to our audit, as the balances recorded are material and required an effective implementation process to capture and evaluate lease (and sublease) contract data to ensure complete and accurate accounting entries. The measurement of the right-of-use asset and lease liability is based on assumptions such as the incremental borrowing rates and the lease terms, including termination and renewal options. The company's disclosures concerning the implementation and accounting of IFRS 16 are included in note 8 to the consolidated financial statements.	Our audit procedures were performed in close cooperation with our component audit teams for the in-scope entities and included evaluation of management implementation process, including: • The review of the updated IFRS 16 accounting policy. • We tested the key controls in relation to IFRS 16 on design and implementation at local and group level. • We performed independent testing on a sample basis to assess the accuracy of the lease contracts in the lease accounting system and performed procedures to test the completeness of the identified lease contracts. • We recalculated the right-of-use asset and lease liability calculated by the system for each material lease contract type. • We challenged management's assumptions, specifically the assumptions used to determine the incremental borrowing rates and the assessment of renewal options. • We assessed the adequacy of the company's disclosures of the impact of the new standard in note 8 to the consolidated financial statements. **observation** Our procedures did not result in any reportable matters with respect to the implementation and accounting of IFRS 16 at the end of the period.

Compared to last year, we excluded a key audit matter regarding the developments in taxation as in the prior year there were significant one-off transactions that are not applicable in the current year.

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 of shareholders as auditor of Randstad N.V. on April 3, 2014 as of the audit for year 2015 and have operated as statutory auditor ever since that financial year.

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 components. Decisive were the size and/or the risk profile of the components or operations. On this basis, we selected components 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 board and the 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.

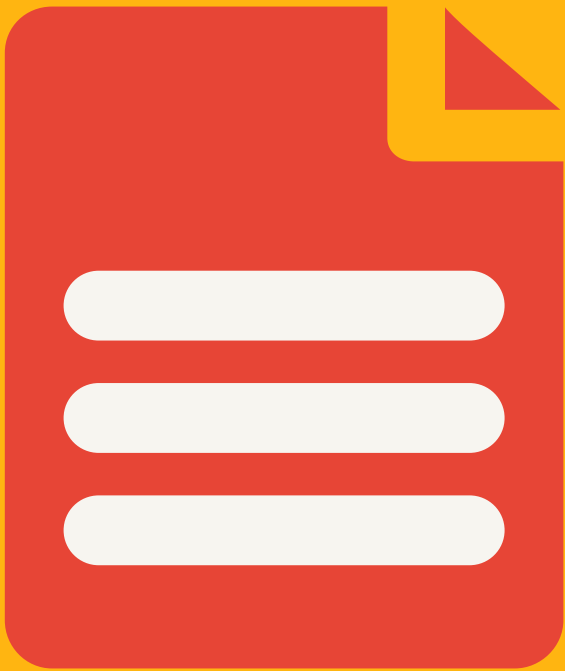
From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, February 10, 2020

Deloitte Accountants B.V.

B.E. Savert

supplementary



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march 24, 2020
Annual General Meeting of Shareholders

march 26, 2020
Ex-dividend

march 27, 2020
Record date

april 2, 2020
Dividend available for payment

april 22, 2020
Publication of Q1 2020 results (pre-market)
Analyst conference call Q1 2020 results

july 21, 2020
Publication of Q2 2020 results (pre-market)
Analyst conference call Q2 2020 results

october 21, 2020
Publication of Q3 2020 results (pre-market)
Analyst conference call Q3 2020 results

february 9, 2021
Publication of Q4 and annual results 2020 (pre-market)
Analyst conference call Q4 and annual results 2020

ten years of randstad (1).

amounts in millions of €, unless stated otherwise	2019	restated 2018[1]	2017[1]	2016[1]	2015[1]
Revenue	23,676	23,812	23,273	20,684	19,219
Growth %	(0.6)%	2.3%	12.5%	7.6%	11.4%
Gross profit[2]	4,705	4,701	4,706	3,935	3,595
EBITDA[2]	1,278	1,355	1,081	966	897
EBITA[2]	977	1,061	994	892	832
Operating profit[2]	859	842	860	791	705
Net income	606	708	631	588	519
Growth %	(14.4)%	12.2%	7.3%	13.4%	52.5%
Net cash flow from operations	1,269	974	688	560	566
Free cash flow	915	627	586	465	499
Shareholders' equity	4,472	4,446	4,250	4,140	3,862
Net debt, excluding lease liabilities	756	985	1,026	793	173
Net debt, including lease liabilities	1,377	1,640			
Operating working capital, excluding lease liabilities[3]	1,011	1,009	890	712	621
Market capitalization, year-end	9,979	7,349	9,390	9,431	10,529
Number of ordinary shares outstanding (avg in millions)	183.2	183.1	183.1	182.7	181.7
Closing price (in €)	54.44	40.09	51.24	51.53	57.53
Ratios in % of revenue					
Gross profit[2]	19.9%	19.7%	20.2%	19.0%	18.7%
EBITDA[4]	5.4%	5.7%	4.6%	4.7%	4.7%
EBITA[2]	4.1%	4.5%	4.3%	4.3%	4.3%
Operating profit[2]	3.6%	3.5%	3.7%	3.8%	3.7%
Net income	2.6%	3.0%	2.7%	2.8%	2.7%
Basic earnings per ordinary share (€)	3.24	3.80	3.38	3.15	2.79
Diluted earnings per ordinary share (€)	3.23	3.79	3.36	3.13	2.76
Basic earnings per ordinary share, underlying (€)[5]	4.18	4.55	4.13	3.77	3.35
Dividend per ordinary share (€)	4.32	3.38	2.76	1.89	1.68
Payout per ordinary share in %	103%	74%	67%	50%	50%
Non-financials[6]					
Number of branches, year-end	2,761	2,827	2,900	2,974	2,750
Number of inhouse locations, year-end	2,100	1,999	1,958	1,778	1,723
Average number of corporate employees	38,280	38,820	37,930	32,280	29,750
Average number of candidates working	649,000	670,900	668,800	626,300	597,400
Number of permanent placements	260,700	262,500	212,200	183,900	120,300
% of women in senior leadership positions	47%	48%	47%	45%	46%
Number of candidates trained	330,500	306,000	-	-	-
Number of employees trained	34,300	29,200	-	-	-

1 2018 figures have been restated for the effects from the implementation of IFRS 16 Leases; prior years have not been restated.
2 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 expenses.
3 Operating working capital (as from 2013): 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.
4 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.
5 Before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs. Basis for dividend since 2012.
6 Non-financial data have been measured and reported since 2012, except for the number of employees and candidates trained, for which 2018 was the first year of measurement.

ten years of randstad (2).

amounts in millions of €, unless stated otherwise	2014[1]	2013[1]	2012[1]	2011[1]	2010[1]
Revenue	17,250	16,568	17,087	16,225	14,179
Growth %	4.1%	(3.0)%	5.3%	14.4%	14.4%
Gross profit[2]	3,178	3,010	3,107	2,954	2,669
EBITDA[2]	726	598	548	634	599
EBITA[3]	661	530	464	553	514
Operating profit[2]	515	366	128	250	341
Net income	340	231	37	179	289
Growth %	47.4%	528.6%	(79.5)%	(38.0)%	326.8%
Net cash flow from operations	558	341	529	520	369
Free cash flow	488	293	467	435	309
Shareholders' equity	3,313	2,908	2,725	2,898	2,851
Net debt, excluding lease liabilities	422	761	1,096	1,303	899
Net debt, including lease liabilities					
Operating working capital, excluding lease liabilities[4]	488	460	528	632	526
Market capitalization, year-end	7,215	8,366	4,785	3,908	6,717
Number of ordinary shares outstanding (avg in millions)	178.9	175.5	171.9	170.8	169.9
Closing price (in €)	40.06	47.15	27.81	22.86	39.50
Ratios in % of revenue					
Gross profit[2]	18.4%	18.2%	18.2%	18.2%	18.8%
EBITDA[2]	4.2%	3.6%	3.2%	3.9%	4.2%
EBITA[2]	3.8%	3.2%	2.7%	3.4%	3.6%
Operating profit[3]	3.0%	2.2%	0.7%	1.5%	2.4%
Net income	2.0%	1.4%	0.2%	1.1%	2.0%
Basic earnings per ordinary share (€)	1.83	1.25	0.17	1.00	1.65
Diluted earnings per ordinary share (€)	1.81	1.23	0.17	1.00	1.63
Basic earnings per ordinary share, underlying (€)[5]	2.57	2.09	2.13	2.42	1.98
Dividend per ordinary share (€)	1.29	0.95	1.25	1.25	1.18
Payout per ordinary share in %	50%	45%	59%	53%	60%
Non-financials[6]					
Number of branches, year-end	2,816	3,161	3,191	3,566	3,085
Number of inhouse locations, year-end	1,595	1,426	1,305	1,145	1,110
Average number of corporate employees	28,720	28,030	29,320	28,700	25,680
Average number of candidates working	580,300	567,700	581,700	576,800	521,300
Number of permanent placements	105,400	85,650	70,000	-	-
% of women in senior leadership positions	45%	43%	44%	-	44%
Number of candidates trained	-	-	-	-	16,500
Number of employees trained	-	-	-	-	-

1 Not restated.
2 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 expenses.
3 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.
4 Operating working capital (as from 2013): 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.
5 Before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs. Basis for dividend since 2012.
6 Non-financial data have been measured and reported since 2012, except for the number of employees and candidates trained, for which 2018 was the first year of measurement.

about this report.

reporting guidelines

Integrated reporting and transparency have become increasingly important over the past few years. As part of a pilot program completed by the International Integrated Reporting Council in 2014, Randstad has been publishing an integrated report since 2013. Integrated reporting and integrated thinking have increasingly become part of our processes.

This annual report has been composed using the most relevant international guidelines and best practices and was drawn up in the spirit of the Global Reporting Initiative (GRI) standards (core option). A GRI content index, which has been included under supplementary information, shows where in the annual report information can be found.

Randstad complies with the UN Global Compact principles. By signing these ten principles, Randstad has committed to considering key themes such as human rights, working conditions, and anti-corruption in its core processes and towards all stakeholders.

scope of the report

This report covers the Randstad Group, including all our consolidated entities as stated in 'Note 22 subsidiaries'. Our financial and non-financial results are presented in one integrated report and relate to all consolidated entities for the period of January 1 until December 31, 2019, unless stated otherwise. Our Tech & Touch strategy has remained the same, as well as the associated ultimate goal and underlying focus topics.

To identify key material matters in the dynamic world of work, we take input from both inside and outside Randstad, and conduct a materiality assessment. We have identified 23 material matters in the social, economic, and environmental domains. These matters are captured in a materiality matrix. We report on our 10 key material matters based on GRI, and provide additional information on the remaining 13 matters. Unless stated otherwise, the data reported is based on all operating companies (>99% coverage).

reporting structure

This annual report was written around the value Randstad creates for its stakeholders in the long term. An integrated value creation model is presented at the beginning of the report and follows the sequence from input of key assets to the way Randstad adds value with its business model and strategy, resulting in the value we create and deliver while simultaneously promoting the interests of all our stakeholders. In our integrated reporting framework, we present the cohesion of the different elements of our strategy, ultimate goal, targets, material matters, SDGs, KPIs, and related risks.

We further enhanced our non-financial reporting to increase the alignment with our strategy, our ultimate goal, and strategic focus topics. The non-financial data is reported through our financial system every quarter in accordance withour global non-financial reporting guidelines by our local sustainability representatives. At headquarter level, the data is consolidated, validated and discussed with management. At local, as well as on a global level, data reviews are performed and discussed with the relevant data and content owners in the event of irregularities, so that the data can be validated. Although the data reported in the annual report was collected and verified in a structured way in order to ensure its reliability, some information may be based on assumptions, such as extrapolations for energy consumption, if the full-year data could not be provided by energy providers before the date of reporting.

assurance

Currently, the financial data and related information is covered by external assurance. For non-financial information, we decided to not seek external assurance at this moment. At the end of 2019, non-financial data collection was part of internal audits for some of our largest operating companies in order to pay additional attention to professionalizing our non-financial reporting. We expect to be able to increasingly report on the progress made towards our ultimate goal based on the adjusted reporting and set of KPIs and continuously professionalize our non-financial reporting.

safe harbor statement

This management report contains forward-looking statements on Randstad N.V.'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.

sustainable development goals.

goal	our contribution	subtargets	randstad kpi
SDG 4	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	• # of candidates placed younger than 25 or older than 50 • employees by age group • # of interns • # of candidates placed with no educational degree • # of candidates/employees trained • training hours (candidates/employees)
SDG 5	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	• thought leadership events • research and publications
		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	• % of males and females in senior leadership positions • thought leadership events
SDG 8	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	• # of digital initiatives • investments in innovation
		SDG 8.5 – By 2030, achieve full and productive employment and decent work for all women and men, including for young people and people with disabilities, and equal pay for work of equal value	• # of candidates placed • # of permanent placements • # of candidates placed younger than 25 or older than 50 • # of initiatives to guide people from unemployment to employment • # of candidates placed with disabilities • # of candidates placed who were unemployed > 1 year • by end 2020, 10,000 marginalized people made employable through VSO partnership
		SDG 8.6 – Reducing the proportion of youth not in employment, education or training	• # of candidates placed younger than 25 or older than 50 • employees by age group • by end 2020, 10,000 marginalized people made employable through VSO partnership
		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	• thought leadership events • research and publications
SDG 10	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	• % of males and females in senior leadership positions • # of candidates placed with disabilities • thought leadership events • research and publications
		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	• thought leadership events • research and publications
		SDG 10.4 – Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	• thought leadership events • research and publications

GRI content index.

GRI standards for sustainability reporting

ref.	description	reference
organizational profile		
102-1	Name of the organization	Main notes to the financial statements - general information (see page 140)
102-2	Activities, brands, products and services	About Randstad (see page 8) Our brands and service offering (see page 39)
102-3	Location of headquarters	Main notes to the financial statements - general information (see page 140)
102-4	Number of locations	About Randstad (see page 8) Our global presence (see page 14)
102-5	Ownership and legal form	Our value for investors - listing and indices (see page 49)
102-6	Markets served	Our global presence (see page 14) Our value for clients and talent - our services (see page 39) Market performance (see page 82)
102-7	Scale of the organization	Key financials (see page 5) Our value for investors - capital structure (see page 48) Consolidated statement of financial position (see page 137) Our value for clients and talent - our services (see page 39)
102-8	Information on employees and other workers	Our value for employees - gender equality, inclusion and diversity (see page 42)
102-9	Supply chain	Sustainability basics - supply chain responsibility (see page 66)
102-10	Significant changes to the organization and its supply chain	Sustainability basics - supply chain responsibility (see page 66)
102-11	Precautionary principle or approach	Risk & control framework (see page 89)
102-12	External initiatives	Our value for society - industry involvement (see page 56) Sustainability and industry memberships and partnerships (see page 228)
102-13	Membership of associations	Our value for society - memberships (see page 56) Sustainability and industry memberships and partnerships (see page 228)
strategy		
102-14	Statement from senior decision-maker	Message from the CEO (see page 6)
ethics and integrity		
102-16	Values, principles, standards and norms of behavior	About Randstad - core values and human forward principles (see page 10) Sustainability basics - business principles (see page 60) Sustainability basics - corporate policies Sustainability basics - human rights (see page 62)
governance		
102-18	Governance structure	Corporate governance - principles (see page 128) Report of the supervisory board - supervisory board committee activities (see page 110)
stakeholder engagement		
102-40	List of stakeholder groups	Value creation model (see page 19) Our impact - key material topics (see page 22)
102-41	Collective bargaining agreements	Our value for employees - reward & recognition (see page 44)
102-42	Identifying and selecting stakeholders	Our impact - key material topics (see page 22)
102-43	Approach to stakeholder engagement	Our impact - key material topics (see page 22) Our value for clients and talent - our promise to clients (see page 36) Our value for clients and talent - our promise to talent (see page 38) Our value for employees - engagement (see page 45)

ref.	description	reference
		Our value for investors - dialogue with investors, analysts and other stakeholders (see page 47) Our value for society - industry involvement (see page 56)
102-44	Key topics and concerns raised	Our impact - key material topics (see page 22) Our value for society - thought leadership (see page 53) Our value for society - industry involvement (see page 56)

reporting practice

102-45	Entities included in the consolidated financial statements	Main notes to the financial statements - general information (see page 140) Other notes to the consolidated financial statements - subsidiaries (see page 193)
102-46	Defining report content and topic boundaries	About this report (see page 220)
102-47	List of material topics	Our impact - key material matters (see page 22) Integrated reporting framework
102-48	Restatements of information	Randstad applies IFRS 16 'Leases' as of January 1, 2019. This means that comparative reported numbers related to 2018 have been restated to reflect the changes resulting from the application of IFRS 16 'Leases'. For more information on this restatement see note 8 Leases (see page 157). Change in presentation of consolidated statement of cash flows (see page 189)
102-49	Changes in reporting	About this report (see page 220) Our impact - key material matters (see page 22)
102-50	Reporting period	About this report (see page 220)
102-51	Date of most recent report	12 February 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Back cover
102-54	Claims of reporting in accordance with the GRI Standards	About this report (see page 220)
102-55	GRI content index	Supplementary information (see page 223)
102-56	External assurance	About this report (see page 220)

management approach

103-1	Explanation of the material topic and its boundary	Key material topics (see page 22) About Randstad (see page 8) Value creation model (see page 19) Integrated reporting framework (see page 24) About this report (see page 220)
103-2	The management approach and its components	Key material topics (see page 22) Key figures (see page 4) Value creation model (see page 19) Sustainable development goals (see page 222) Sustainability basics (see page 58) Integrity and grievance mechanism (see page 64) Integrated reporting framework (see page 24)
103-3	Evaluation of the management approach	Key material topics (see page 22) Our services (see page 39) Integrated reporting framework (see page 24) Corporate governance - supervisory board (see page 129)

ref.	description	reference
topic-specific disclosures		
client and talent data protection		Definition: Keeping client and candidate data and networks safe and protecting privacy in order to create a more secure digital environment where people can safely work and socialize.
418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	Misconduct reporting (see page 64)
diversity & inclusive employment		Definition: Ensure fairness, equality and diversity in attracting, hiring, compensating, motivating and promoting a top performing workforce, including employees and talent. This involves the inclusion of everyone in the workplace independent of age, color, disability, gender, marital status, nationality, race, religion or sexual orientation or any other irrelevant or illegal characteristics (at all levels in the organization).
405-1	Diversity of governance bodies and employees	Gender equality, inclusion and diversity Executive Board biographies (see page 102) Supervisory Board biographies (see page 104) Composition, diversity and independence (see page 106)
talent attraction & staff retention		Definition: Our policy for successful talent management improves employee quality and increases employee loyalty. This will, in turn, ensure an adequate pipeline of talent, with the aim of delivering results to our clients, talent and shareholders.
401-1	New employee hires and employee turnover	Employee engagement (see page 45)
business principles & human rights		Definition: Promoting and living Randstad's business principles to project a positive message and maintaining our core values. It ensures that business needs as well as our business and personal behavior are well aligned and reinforce one another. It includes recognising our role in public labor market debates and therefore aiming to increase our efforts in safeguarding human rights.
412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability basics - human rights (see page 62)
412-2	Employee training on human rights policies or procedures	Sustainability basics - business principles (see page 60)
legislation & regulation		Definition: Adherence to laws and regulations as a fundamental part of Randstad's role as a corporate citizen in the business world, as well as being a trusted HR partner.
419-1	Non-compliance with laws and regulations in the social and economic area	Risk & opportunity management - Compliance (see page 99)
competitiveness of the company (own indicator)		Definition: Randstad's ability to differentiate its services by combining expertise, new technological solutions and data to create real connections between people (clients, talent, employees, etc.).
own	Global market share	The world around us - global HR market (see page 26)
client relationship management (own indicator)		Definition: Maintaining the relationship with clients, to keep clients satisfied with the company's services.
own	Clients	Value creation model - output (see page 19) Our value for clients and talent - our promise to clients (see page 36) Our value for clients and talent: quote byJason Philips, Novartis (see page 36) Our value for clients and talent: quote by Elzbieta Trzeciak, Develey (see page 53)

ref.	description	reference
digitalization & data management (own indicator)		Definition: Integrating technology into our everyday activities in such a way that we manage our data effectively to enhance the quality of our services and connection with people (talent, employees, clients, etc.). This includes managing the protection of data and privacy.
own	Digital transformation	The world around us - trends and structural growth drivers (see page 26) Our strategy and progress (see page 31)
tech & touch innovation management (own indicator)		Definition: Randstad's activities to develop technology-driven HR innovations and solutions, while ensuring harmony, to become the trusted human partner in the technology-driven world of work.
own	Platform visitors & applicants	Our ultimate goal (see page 20) Integrated reporting framework (see page 24)
engagement & empowerment (own indicator)		Definition: Continuously engaging our people, in order to encourage innovation, accountability, and business performance. Including a performance management which has room for new ways of working and thereby empower employees.
own	Average engagement score	Employee engagement (see page 45)

global compact index.

global compact principles	reference
human rights	
1. Randstad supports and respects the protection of internationally proclaimed human rights	The world around us - materiality matrix (see page 22) Corporate social responsibility - human rights (see page 62) Our ultimate goal - 500 million people plan (see page 20) Sustainability and industry memberships and partnerships (see page 228)
2. Randstad makes sure that it does not complicit in human rights abuses	The world around us - materiality matrix (see page 22) Corporate social responsibility - human rights (see page 62) Our ultimate goal - 500 million people plan (see page 20) Sustainability and industry memberships and partnerships (see page 228)
labor and working conditions	
3. Randstad upholds the freedom of association of employees and their right to collective bargaining	The world around us - regulatory environment in our markets (see page 29) Our value for society - industry involvement (see page 56) Sustainability basics - human rights (see page 62) Rankings and awards (see page 230) Highest randstad positions in industry associations (see page 231)
4. Randstad eliminates of all forms of forced and compulsory labor	Sustainability basics - human rights (see page 62)
5. Randstad refrains child labor	Sustainability basics - human rights (see page 62)
6. Randstad eliminates discrimination in respect of employment and occupation	Sustainability basics - human rights (see page 62) Our ultimate goal (see page 20) The world around us - sustainable development goals[no target-node] Value for society - promoting equal opportunities (see page 52) Sustainability basics - corporate policies (see page 61) Risk and opportunity management - concepts and best practices (see page 91)
environment	
7. Randstad supports a precautionary approach to environmental challenges	The world around us - materiality matrix (see page 22) Sustainability basics - corporate policies (see page 61) Sustainability basics - benchmarks (see page 69) Sustainability basics - taking environmental care (see page 66) Sustainability and industry memberships and partnerships (see page 228)
8. Randstad undertakes initiatives to promote greater environmental responsibility	The world around us - materiality matrix (see page 22) Sustainability basics - corporate policies (see page 61) Sustainability basics - benchmarks (see page 69) Sustainability basics - our impact on the environment (see page 66) Sustainability and industry memberships and partnerships (see page 228)
9. Randstad encourages the development and diffusion of environmentally friendly technologies	The world around us - materiality matrix (see page 22) Sustainability basics - corporate policies (see page 61) Sustainability basics - benchmarks (see page 69) Sustainability basics - our impact on the environment (see page 66) Sustainability and industry memberships and partnerships (see page 228)
anti-corruption	
10. Randstad disputes corruption in all its forms, including extortion and bribery	Sustainability basics - human rights (see page 62) Sustainability basics - corporate policies (see page 61) Risk and opportunity management - concepts and best practices (see page 91) Sustainability and industry memberships and partnerships (see page 228)

sustainability and industry memberships and partnerships.

Through our membership in the World Employment Confederation and the World Employment Confederation Europe, 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.

With more than 150 business and employer organization members, the International Organization of Employers (IOE) is the largest network of the private sector in the world. 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 industry relations.

In 2018, Randstad became a member of the World Business Council for Sustainable Development (WBCSD). As a CEO-led organization of over 200 leading businesses, WBCSD envisages to accelerate the transition towards a more sustainable world. In 2019, the organization will be officially launching its Future of Work program, in which Randstad is a leading partner. In this program, the organization is aiming to bring the collective voice of leading sustainable businesses into the global dialogue on the Future of Work, and to build partnerships with governments, experts, educational institutions, and civil society in order to shape solutions that create value for people, companies, and the global economy.

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.

The Global Apprenticeship Network (GAN) is a coalition of committed companies, international organizations, and business and employers' federations, who jointly create work-readiness programs for youth and foster skills for business.

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.

BusinessEurope is the leading advocate for growth and competitiveness at European level, standing up for companies across Europe and campaigning on the issues that most affect their performance. Through our BusinessEurope membership, Randstad contributes to the world of work on a European and international level.

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

- Randstad France, Germany (including Professionals and Tempo-Team), Randstad Belgium (Inhouse) and Tempo-Team Belgium (Staffing and Inhouse), Spain, Randstad Portugal (Staffing, Professionals, Outplacement, Contact Centers and Healthcare), Italy, Hungary, India, Japan, Brazil, Australia, Austria, Argentina, Greece, China, UK, Sweden, Norway, New Zealand, Randstad Interim Luxembourg, Chile and all Randstad companies in the Netherlands are certified under the ISO 9001 label for quality management.
- Randstad Group Netherlands, Randstad Italy, Randstad Sweden, Randstad Norway, Randstad Brazil, Randstad Professionals Germany hold the ISO 14001 environmental management certification.
- Randstad Italy holds the Social Accountability SA 8000 accreditation.
- Randstad Belgium, Randstad Construct Belgium, and Randstad Netherlands (Randstad Techniek, Randstad Bouw, Randstad Transport and Randstad Uitzendbureau B.V.) are VCU certified (where VCU stands for 'Health and Safety'). Ausy and Randstad RiseSmart Belgium are Qfor certified (where Qfor stands for 'Quality training and consulting organizations').
- Randstad RiseSmart Belgium is certified with the RSS quality label (Recruitment, Search & Selection) from Federgon.
- Randstad RiseSmart Belgium is certified with the Certo (outplacement) quality label from Federgon and VDAB.
- Randstad Italy holds the certification for credit management process according to the CRMS - FP 07/2015 standard.
- Randstad Norway is a certified employer with the certificate 'Revidert Arbeidsgiver' and is also qualified in the Achilles Joint Qualification system for suppliers.
- Randstad Sweden is a member of the Swedish industry federation and is an authorized supplier of staffing, recruitment and outplacement services.
- Randstad Italy holds the Gender Equality European & International Standard (GEEIS) certificate for their professional gender diversity practices.
- Randstad, Tempo-Team and Yacht in the Netherlands have been certified by MVO-Register for sustainability assurance based on ISO 26000, consulted by purchasing organizations.
- Randstad Germany has been certified by the German Sustainability Code (Deutscher Nachhaltigkeitskodex DNK).
- Selected locations of Randstad Germany have been certified under the Employment Promotion Act (§5 AZAV) by TüV Rheinland Cert GmbH for the scope of application 'performance-related remunerated employment agency'.
- Randstad Germany holds the 'TÜV.com geprüfter Datenschutz (certified data protection)' awarded by TÜV Rheinland.
- Randstad Germany holds a certificate for its inclusion concept, awarded by the Federal Ministry of Labor and Social Affairs.
- Gulp Germany holds the Bildungsträger AZAV certificate.
- Randstad Switzerland holds the Swiss Staffing SQS label, which stands for ethical working and for high professional standards in the industry.
- Randstad Germany's labor management system 'AMS' was certified for systematic and effective industrial protection of employers' liability. This certification includes the standards NFL/ILO-OSH 2001 and OHSAS 18001:2007.
- Randstad Brazil and Randstad Spain hold the OHSAS 18001 certificate (Occupation Health and Safety Assessment Series) for their health and safety management system.
- Randstad Australia has the AS/NZS 4801 accreditation (internationally known as OHSAS 18001).
- Randstad Spain holds the Youth Employment Certificate.
- Tempo-Team Belgium holds the Label Diversité, and Randstad France holds the Label Afnor Diversité (Diversity) and Egalité Professionnelle (Gender Equality f/m) femmes/hommes .
- GULP Information Services GmbH holds the seal of approval 'Arbeits- und Gesundheitsschutz nach LS-Standard' from TÜV SÜD Life Service GmbH as one of only four enterprises in Bavaria.
- Randstad Austria holds the seal of approval 'Austria Gütezeichen AKÜ' from ÖQA Zertifizierungs GmbH.
- Randstad US is certified as a 2020 Military, Military Spouse, Military Supplier Friendly employer.
- Randstad Italy is certified ISO 27001, the best-known standard providing requirements for an information security management system.
- Randstad Canada has received Bronze parity certification from Women in Governance.
- Randstad Care UK has been part of Health Trust Europe's total workforce solutions framework since 2016. Awarded onto the Nursing Lots, Randstad Care supplies into a number of NHS trusts through the framework. Randstad Care UK is audited annually and has consistently achieved platinum status.
- In April 2017, Randstad Care UK was awarded an NHS Wales contract for the supply of agency nurses, midwives and healthcare assistants. The contract means Randstad Care is an approved supplier to all seven health boards in Wales. The contract has been extended to 2021.
- Randstad Care UK has been a provider on the NHS CPP Clinical staffing framework since 2016. The framework has been extended to 2020 and will be replaced by the CCS workforce alliance in April 2020. CPP is a collaboration between the four main NHS procurement hubs, and the framework covers all of England. Randstad supplies nursing and AHP staff to a number of NHS Trusts under this framework.
- Randstad Student Support UK underwent a Government audit in 2019 by the Disabled Students Quality Assurance Group (DSA QAG). This includes the audit of approx 1,000 support workers and 5,000 student records in relation to support funded by the Disabled Students Allowances (DSAs).
- Randstad Education UK has been inspected by an independent professional auditor, who has verified that they meet the REC (Recruitment & Employment Confederation) Audited Education standard.

rankings and awards

- Randstad N.V. is the only HR services provider included as a member in the Professional Services industry of the DJSI world and DJSI Europe indices 2019.
- Randstad N.V. has been included in the top 50 companies for diversity of US Diversity Inc. We are the only staffing company to ever be recognized.
- Randstad N.V. received confirmation of its continued membership of the FTSE4Good Index Series.
- According to the Euronext Vigeo index, Randstad N.V. 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 N.V. has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe.
- World Finance Magazine ranked Randstad as the most sustainable HR services company in 2019.
- Eight executives were included in the Global Power 150 – Women in Staffing List 2019, compiled by Staffing Industry Analysts. The list highlights women's contributions to the staffing industry.
- Randstad's Annual Report 2018 won the FD Henri Sijthoff Prize in the Netherlands.
- Randstad Investor Relations won the NEVIR Dutch IR Award in the AEX companies category. NEVIR is the Dutch Association for IR Professionals.
- Randstad Switzerland was awarded best staffing agency 2019 in the categories professional search and temporary work by Handelszeitung, Le Temps et Statista.
- Randstad HR Partners won Gold in the Annual HR Director Magazine - Annual Australian Recruiter awards in the HR Recruiter category.
- Randstad Spain won the Best Workplace 2019 award in the category of companies with more than 1,000 employees.
- Randstad Spain received the medal of honor in recognition of the high contribution and commitment to support the practices and labor contracts of UDIMA (Distance University of Madrid).
- In Spain, Compromiso y Transparencia Foundation recognized Randstad Foundation as one of the most transparent foundations in Spain, achieving 14 positive points out of 20 indicators.
- Randstad CPE UK was again confirmed as a Sunday Times Top 100 employer.
- Randstad CPE UK was awarded Gold Standard of the Supply Chain Sustainability School.
- Randstad RiseSmart won the HR Excellence Awards in 2019 as 'Best career transition company'.
- Randstad Group was certified TOP Employers Belgium and Great Place to Work in 2019.
- Randstad US once again earned the Safety Standard of Excellence mark (SSE), a national program developed by the American Staffing Association (ASA) and the National Safety Council (NSC). A rigorous and randomized safety audit evaluated Randstad's policies and initiatives and unveiled our continuous commitment to promoting worker safety.
- Randstad US was named in the 2019 Diversity Inc. Top 50
- Randstad US Hire Hope program awarded the 2019 Freedom Council Impact Award in Excellence & Commitment by the Alliance for Freedom, Restoration, and Justice AFRJ
- Randstad US named Georgia Women's Business Council (GWBC) 2018 and 2019 Top Corporation
- Randstad US awarded 2019 and 2020 Military, Military Spouse and Military Supplier Friendly awards
- Randstad US awarded and recognized as a 2019 "Leading Disability Employer" by the National Organization on Disability (NOD)
- Randstad Canada was recognized in 2019 as one of the Best Workplaces™ for Inclusion for 2019 by the Great Place to Work® Institute
- Randstad Portugal was considered the best HR company in the HR Portugal Awards 2019.
- Randstad Portugal won 1st prize as 'Best supervisor' in the APCC Fortius Awards 2019.
- Randstad Portugal won Gold in the APCC Best Awards 2019 in the category contact centers with >50 agents.
- In 2019, Randstad Portugal won Bronze in the APCC Best Awards 2019 in the category 'Contact centers in the energy sector'.
- Randstad Portugal was awarded in APCE's external campaign services 'What if they stole Christmas talents?'.
- The DfE launched the Crown Commercial Services Framework for supply teachers and Randstad Education UK was awarded a place on the framework, attesting to our commitment to support schools with their temporary recruitment requirements.
- Randstad Education in the UK is a preferred supplier on The Crescent Purchasing Consortium. The CPC is utilized by 5,000+ schools across the country for purchasing goods and services, such as facilities equipment, technology deals and utilities.
- In 2019, Randstad Japan was awarded as the Staffing Company with the highest Recommended Score determined in the 32nd Temporary Worker Satisfaction Survey conducted by The Monthly Jinzai Business.
- In 2019, Randstad Poland was awarded by Forbes Monthly Diamonds 2019 (category: companies with a revenue level of PLN 50-250 million in the Mazowieckie region) and by local news magazine Wprost (Wprost Eagles 2019) and was the winner of the Outsourcing Stars 2019 prize (category: recruitment).
- Tempo-Team (Netherlands) won the DDMA Award for Best Email Campaign of 2019.
- Randstad Canada was awarded the 2019 CSR Award by the Association of Canadian Search, Employment and Staffing Services (ACSESS).
- Randstad Canada's Women Transforming the Workplace Program received an honorable mention by the PR Daily's Media Relations Awards in the category of Best Cause Marketing Campaign.
- Randstad Canada was a finalist for the Best Corporate Social Responsibility Strategy and the Best Service Provider awards by the Canadian HR Awards.
- In 2019, Randstad placed in the top 10 on Glassdoor's list of Best Places to Work in Canada.
- Randstad Australia was a finalist in the 2019 Multicultural Awards for our Shaping Young Futures Program for refugees.
- Randstad US received an honorable mention distinction by the American Staffing Association Elevate in 2019.
- In 2019, Randstad US was named National Organization on Disability Leading Disability Employer.
- Randstad US was awarded the AFRJ® Freedom Council Impact Award in 2019.
- Randstad China was awarded with Professionals Top 10 and HRop 50 in Beijing, 2019.
- Randstad China was awarded the title of '2018 Excellent Headhunting Partner' by Huawei in 2019.
- Appraised by the Shanghai Human Resources and Social Security Bureau, the Municipal Federation of Trade Unions, the Municipal Enterprise Association and other units, Randstad China was awarded the title of 'Shanghai Harmonious Labor Relations Compliance Enterprise' in 2019.
- Randstad China was listed in the first batch of implementation of the Global Service Providers – Human Resources Service Special Plan in the Jing'an District of local government.
- In 2019, Randstad China was listed top HRO and ranked third for its staffing and outsourcing business.

highest randstad positions in industry associations.

		position			
market	association name	president	vice-president	board member	member
Argentina	FAETT			x	
	CASEEC[1]			x	
Austria	ÖPD				x
Australia	RCSA				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
	Beijing HR service industry association [1]		x		
	Shanghai Jing'an District Labor Security Association [1]				x
	Shanghai Jing'an District Foreign Investment Enterprises Association [1]			x	
	European Union Chamber of Commerce in China [1]				x
	China Talent Exchange Association,Shanghai Branch [1]				x
Czech Republic	APPS				x
Denmark	Vikarbureaernes Brancheforening			x	
France	PRISME			x	
Germany	BAP		x		
Greece	ENIDEA			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				x
Poland	Polskie HR Forum		x		
Singapore	Singapore Professional Staffing Organisation			x	
Portugal	APESPE			x	
Slovakia	APAS				x
Spain	Asempleo			x	
Sweden	Kompentensföretagen			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	x			

1 Non-WEC member.

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.

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.

inhouse location
An Inhouse location is a branch that is located at a client's premises, where our consultants work on-site at a client's location, exclusively for that client.

inhouse
Inhouse 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 at a client's location, exclusively for that client, providing a large number of candidates.

managed services programs (MSP)
A managed services program is a highly effective way for employers to manage their contingent workforces.The MSP can act as an integral part of a company’s procurement or HR function, managing the entire contingent talent life cycle from requisition through invoicing and payment.

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 qualification from a wide range of industry backgrounds. Professionals covers temporary and permanent placements, and statement of work (SOW).

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 blue-collar and white-collar candidates with temporary or permanent positions at our clients. Staffing also covers payrolling, training, and specialties focusing on specific market segments.

statement of work (SOW)
Advanced technology consultancy and innovative project-based services where we take on responsibility for achieving project milestones and deadlines. We offer these services in the higher-level professionals segment. In Europe, these services are mainly provided by Ausy.

talent
Another term for candidates.

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

engagement score
Employee satisfaction or engagement is the degree to which our employees are happy to work at our company. The higher the score, the healthier and happier our employees are.

fatality
An incident causing the death of an 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.

key material matters
These are topics that are material to our business and our key stakeholders based on input from both inside and outside Randstad. A definition of the 10 key material matters can be found in the GRI content index (see page 223).

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.

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.

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)
The worldwide/European industry federation that strives for well-regulated working conditions for 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 to 10 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 2024. The loan documentation allows a leverage ratio of 3.5x EBITDA. 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 recorded 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.

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.

2018
Launch of Randstad With Heart.

design
Smidswater

infographics
C&F Report
Cadform

photography
Valéry Kloubert

text and editing
Baxter Communications BV
Randstad N.V.

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Report Company
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